

Stuff That Works Building Careers

Chapter 13

“Cut Costs”

Take Action

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Chapter 13 Take Action: Content

- Identify the costs in your department. If you need help reach out to someone in finance. Try to map out where your team spends time or money.
- Study 6 sigma or LEAN. Apply what you learn
- Conduct a team meeting where you brainstorm how to cut costs
- Invest time on Stuffthatworksbooks.com

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Chapter 13 Take Action: Action 1

Identify the costs in your department. If you need help reach out to someone in finance. Try to map out where your team spends time or money.

ACTION

This is a great exercise to do a couple of times during the year.

Revenue generation is a powerful thing but it can be much less valuable than cutting costs.

When you sell something and generate revenue only a portion of that sale leads to profit. Say 20% of it. So every dollar of sales yields only \$0.20 of profit. A dollar saved however drops 100% to the bottom line. If you do not spend the dollar you save it.

Warning: You cannot save your way to prosperity. You have to sell something to make something but once operational cutting costs yields great profits to companies.

EXAMPLES

Implement an employee cost-saving suggestion plan - Reward useful suggestions with 10% of the first year's savings.

Get money back from utilities - 80% of utility bills have errors, and nearly 90% of telecom bills are incorrect. Utility bill auditors can recover past overpayments without costing you a cent.

Do away with contracted help – Shift the work to your existing employees

Implement Lean – Lean is a disciplined method for identifying and eliminating wastes in your processes whether it be services or manufacturing. Learn more at www.lean.org.

Conduct an Energy Audit. Most utilities will conduct this for free.

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Chapter 13 Take Action: Action 2

Study 6 sigma or LEAN. Apply what you learn

ACTION.

Six Sigma and Lean are great tools for improving efficiency. Training is primarily free on line and can make a significant impact on your operations.

A little time spent online learning will lead to a new way of thinking and an improved approach for driving efficiency. These approaches work for all types of processes not just operations.

EXAMPLES



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Chapter 13 Take Action: Action 3

Conduct a team meeting where you brainstorm how to cut costs

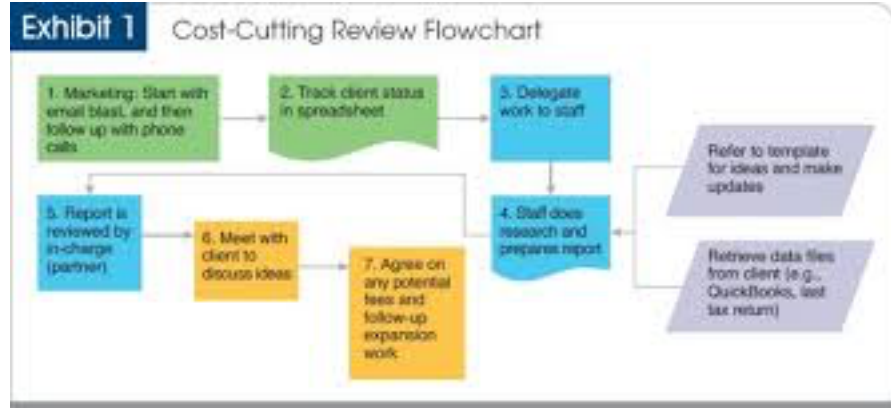
ACTION.

The key is to engage others and making them part of the solution.

In my experience the more people you have engaged in the process the better the ideas will be and the more sustainable will be the effort.

I am always surprised by the number and quality of ideas that groups can generate for saving money and time.

EXAMPLES



Cost Management Practices

- ❑ A cost control system can bring immediate savings and ensure that you remain competitive in the longer term
- ❑ Eliminating wasteful activities is beneficial but indiscriminate cost cutting can lead to falling quality and poor morale
- ❑ An organisation gains competitive advantage by creating more value for its customers than its competitors as customers demand enhanced value at reduced cost. Cost Management is one of the ways by which customers value could be enhanced
- ❑ **Value Analysis**
 - It is an approach to improve the value of a product or process by understanding its constituent components and their associated costs
 - Find improvements to the components by either reducing cost or increasing the value of the functions

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Chapter 13 Take Action: Action 5

Invest time on Stuffthatworksbooks.com .

ACTION.

This is an easy one.

I believe that each of us can help someone else.

There is so much to know and to experience. You just can not do it on your own. So the best way forward is to share and learn from each other.

Technology makes this so easy today. That is why I built the web site Stuffthatworksbooks.com .

It only reaches its potential if you join in and add the stuff that works that you have found. Please make a contribution today. Help others find the Stuff That Works.

Others have already shared their stuff that works so be sure to check the site often as there is probably something to improve every area of your life.

The community is waiting and growing. I hope you will join in and make a positive difference.

Thank you!

EXAMPLES

CONTRIBUTE

It is easy to share your Stuff That Works.

Simply click on “Contribute” from the main menu.

Then select “Submit an Idea”.

Easy!

Learn From Others

It is easy to Learn Stuff That Works from others.

Simply click on “Contribute” from the main menu.

Then select “Search for Stuff That Works”.