



Tips & Tricks

7 WAYS TO CUT COSTS AND BOOST YOUR CASH FLOW

When times get tough, businesses must do what they can to protect their cash flow to keep operations going. One way to do that is to look at cutting your costs to prevent a decrease in revenue depleting your profitability. Here are seven things you can do to reduce your business expenses.

1. CUT OVERHEAD WASTE

Are you paying for anything you're not using? Monthly software and app subscription fees, for example, can add up. So can subscriptions to trade publications and other industry research, reports and other resources that don't add value anymore.

Now could be the time to examine all your expenses and cut anything that isn't providing a good return on your investment. It's worthwhile examining your business operating costs as well, such as your [insurance cover](#) and [commercial energy costs](#).

2. RESTRUCTURE YOUR ORGANISATION

It's a good idea to regularly assess the efficiency of your organisational structure and workflows. Client and customer needs change over time, so your service offering may have evolved in recent years and new tech tools could unlock more efficient ways to run your workflows. As your business operations change, old structures may not be as cost-effective now as they used to be.

3. AUDIT YOUR SUPPLIER AGREEMENTS

Over-paying suppliers can really hurt your cash flow. Talk to your long-term suppliers to see if you can negotiate more favourable deals.

Extending your supplier payment terms, for example, can give you more time to pay your bills. This could help to ease short-term cash flow bottlenecks. You could also ask your suppliers if they would consider offering a discount for early payments.

4. OFFER PART-TIME WORK OPTIONS

You may not necessarily need to let employees go to reduce your payroll costs. Offer your full-time employees the opportunity to switch to part-time roles or job-sharing arrangements on reduced salaries. While this will not be favourable for all your people, some may jump at the chance to spend more time with family or dedicate extra hours to their side hustle.

5. CONSIDER A VIRTUAL WORKFORCE

Online communications and project management tools have developed in leaps and bounds. Adopting a virtual or remote workforce model could save you a significant amount. With some employees working from home where possible, you may be able to downsize your physical office space. And that means less rent and associated overheads to pay.

6. TRANSITION TO E-COMMERCE

If you're in the retail game, consider investing more in e-commerce. Moving as much of your [sales online](#) as possible could mean you'll be able to reduce the number of bricks-and-mortar stores you operate while maintaining your sales revenue. Fewer stores likely means reduced overheads and a smaller workforce on your payroll.

7. EXPLORE OUTSOURCING

Outsourcing [non-critical business processes](#) to third parties could also help reduce costs. For example, using a virtual assistant service may come in significantly cheaper than employing a full-time personal assistant.

Using a marketing agency may also be more cost-effective than maintaining an in-house marketing department, and a chatbot service might help take some pressure off your customer service department.

There are really only two ways to make your business more profitable: sell more or save more. When economic conditions make selling more difficult, it can be a good idea to look inwards to identify where you can reduce expenditure to ensure the longevity of your business.