

جمعية التجار البرهانية

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# **53 WAYS** **TO REDUCE YOUR** **BUSINESS EXPENSES\$**



# INTRODUCTION

- ❑ A profitable business is a combination of **increasing sales** and **reducing cost**.
- ❑ **No business wants to spend in excess.**
- ❑ Being revenue driven, the primary focus usually is placed on maximizing sales.
- ❑ As a result cost consciousness is not given the attention it deserves.
- ❑ **Remember cost saving potential is there in major and minor elements of business operations.**

**JATAB brings you**

**53** cost saving tips

**from**

**21** Business Leaders

# LET US INTROSPECT

- Why are we talking about this topic today?
- What in your opinion is the reason for the state of the market today?
- What can be done to improve this scenario and by whom?
- How can a business not just survive but thrive in the current scenario?

# THE BASICS

**Do not CUT cost  
but OPTIMISE costs**

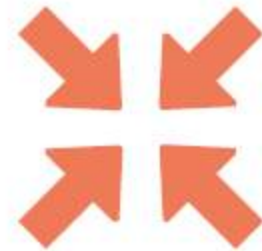
**Reduce costs but  
without reducing value.**



**OPTIMIZATION**



does not mean



**REDUCTION**

# 1 – Ask: why spend?

Set up a system to monitor all your costs on a periodic basis and then analyse:

- a. What benefit do you get from this cost in the long and short term?
- b. Do you still need this for your business [*Itna varas si kari rahya che*]?
- c. Is there any alternative available?



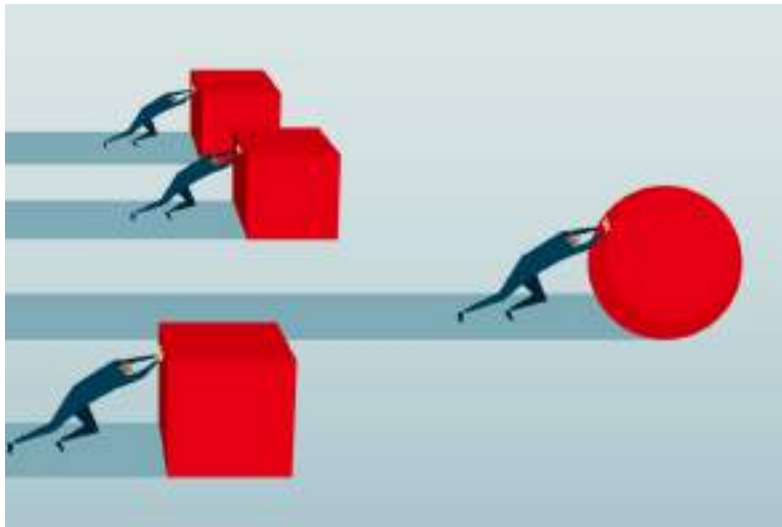
**COST ANALYSIS**

## 2 – Check: How can it be done?

Look at the way you do your business tasks, selling, delivery, purchasing, hiring, etc.

Check if it is

- a. Efficient [the best and fastest way]
- b. Effective [get positive results always]
- c. Error-free [Do it right the first time every time]



**COST ANALYSIS**

# 3 – Non-profit activities

**Eliminate activities that are high on effort and low on profit**



**You may be losing opportunities of other profitable avenues by focusing on less profitable activities.**

**COST ANALYSIS**

# 4 – Resource Utilisation

1. Identify and list ALL resources
2. Evaluate these resources
3. Measure utilization levels

This will include

Fixed assets – warehouse, vehicles ...

Inventory

Funds

Staff ...anything else?

**COST ANALYSIS**

**Which is  
THE  
single most  
important  
resource in your  
business**

**COST ANALYSIS**

# The irreplaceable resource



**COST ANALYSIS**

# The time thieves

1. Repeating instructions again and again
2. Correcting mistakes
3. Approvals for every minor task
4. Hiring unskilled employees for skilled tasks, which needs constant monitoring and correction.

**COST ANALYSIS**

# 5 – Timesheet

**Record and monitor how every person in the business spends work time.  
Ensure all work is result oriented.**

**Remember: every person includes**



**you**

**COST ANALYSIS**



## 6 – WPS charges

- **Negotiate with or Change Service Provider.**
- **Many exchange houses charge AED 5/- (or lower) employee. Most banks charge more.**



نظام حماية الأجور  
WAGES PROTECTION SYSTEM

# 7 – HIRE RIGHT - RETAIN RIGHT.

## REDUCE EMPLOYEE TURNOVER.

In addition to the direct cost of hiring new employees, the costs of training and retraining staff is higher than most people realize.



# 8 – LISTEN TO YOUR STAFF



Ask for  
feedback &  
**LISTEN  
TO STAFF.**

- Involve your team (driver, helper, sales staff, accountant, etc) and align them towards your goal of reducing expenses.
- Teach your employees the importance of saving.

- It is easier to save money than earn money.  
Give employees incentives for bringing about cost savings.

# 9-Make Employees Multi-Task

Make your employees multi-task.

- Look for opportunities to cross-train your team.
- This will reduce boredom from repetitive tasks and add flexibility to your business.



# 10- THE RIGHT PERSON FOR THE RIGHT JOB

- Assess the current usage of employee experience and skills.
- Give responsibilities to the employees with the most skill and efficiency in those areas.
- Don't use expert sales people for word processing or "numbers" people for design functions.



# 11- INTERNSHIP - PART TIME WORKING.

- The UAE now issues part time labour permit for students.
- So you can hire your teenage son or other non working family member.
- Hire Interns. They bring fresh ideas and work for lower salaries.
- *INTERN: a student or trainee who works, sometimes without pay, in order to gain work experience or satisfy requirements for a qualification.*

# 12 – OUTSOURCE ON-LINE / OVERSEAS.

- Many freelance and professional services websites such as Fiverr can be used to source services for cheap.
- These sites are useful for logo designing, digital Sales & Marketing, website designing, data entry work where specialized knowledge of UAE is not needed.
- In most sites other users have given ratings and reviews for the service provider to help you choose better.

# 13 – HIRE PROFESSIONALS FOR SPECIALISED SERVICES

- Don't try to save money by doing specialized tasks your self; this may result in higher costs through penalties if you go wrong. Instead, hire a qualified professional who knows his job well.
- Government rules change from time to time and you may not be able to keep track of all these changes.

- The time you spend doing these tasks will be better used in doing your business tasks.

- Examples are VAT, PRO Services, Legal and Commercial agreements etc.



# 14- TRAIN STAFF TO GO THE EXTRA MILE

**Even one customer is important today.**

- **A minor slip-up can result in a series of lost business opportunities.**



# 15- NON MONETARY INCENTIVES

**Provide non-monetary benefits to employees to boost morale; not just paid incentives.**



# 16 – CASH DEALINGS

## AVOID BAD DEBT

Often to increase sales, traders give large credit to customers and eventually this results in bad debts.

Understand and measure ALL the costs of giving credit –

- Time spent in following up for collection that can be spent in generating business.
- Opportunity cost of blocked capital
- Mind being pre-occupied with cash flow management issues when you can be thinking of how to expand the business



## 17 – CENTRALISATION - COST SHARING

Group of Companies or a Company operating in more than one location can centralize its operational functions i.e. Purchase, finance, HR and other functions as appropriate. This will reduce rentals, staff costs etc.

If you are not a group you can also look at cost sharing options with other companies –

- a) Companies with same sponsor can share an office.
- b) Hiring services/buying supplies could be cheaper if you do it as a group.



GROUP OF COMPANIES

## 18- Shipping costs: LCL VS FCL.

**Do a cost benefit analysis before your decision.  
Due to local port handling charges, FCL can be  
cheaper than LCL sometimes.**

**Remaining space in your container can be used to  
add goods from another supplier at a low cost.**



## 19- Take shipping quotations for each shipment.

**Take quotations from 3-4 shipping companies every time you have a consignment. Don't assume that one specific shipper will always have the lowest rate.**



## 20- Order Goods When Needed

### 20- ORDER GOODS WHEN NEEDED

- Ask supplier to reduce Lead time.
- When talking about imports, lead time refers to the time period between placing an order and shipment date.
- By reducing lead time, you can order less quantity and save on warehousing costs.
- Also your additional freed-up cash can be used to import other products. [The Toyota Way - Do you know what Toyota did with JIT years ago?]



## 21- Stock only as much required

Stock only as much required and not more for Discounts as this would require more warehousing and additional cost.



## 22– SPACE PLANNING

1. Plan your warehouse carefully before buying racking to make maximum use of height. As warehouse rents are high, it is more cost effective to build warehouse racking as high as possible. To avoid fines and modifications later, obtain Dubai Municipality & Civil Defence permission.

2. Build an office or showroom in your warehouse instead of keeping an office in separate location.



## 23– NEGOTIATE RENT TERMS

- Tenants have more power to negotiate today.
- Look at other options such as -
  - Same rent but longer contract with free rent period
  - Free parking slots
  - Waiver of service fees



## 24– Domestic Courier Service

- You can use many domestic courier service in UAE that charge just 15 dhs to 25 dhs per box for door to door delivery.
- This will be a good way to enable other city deliveries, Northern Emirates, Abu Dhabi, Al Ain etc.



## 25– Promotion Budget From Supplier

- **Ask your suppliers for promotion budget.**

*One Mumin bhai narrated how the supplier was not willing to give 2% discount but he was willing to offer 2% **SALES & MARKETING** budget for promotion of the brand.*



## 26– print media advertising

- **Advertise in a suitable directory.**
- **All directories and product finders are not beneficial.**
- **Since most people now search online, check which directory has the best ranking on google and advertise in that directory.**
- **Do not just renew last year's directory advertisement. The directory sales person makes it very easy to stamp and confirm but you must review yearly contracts with trade magazines; analyze leads received through such means and decide to continue accordingly.**

## 27– DIGITAL SALES & MARKETING

- This is the digital age, don't get left behind, make proper use of email, whatsapp, LinkedIn, other social media.
- Reduce traditional SALES & MARKETING such as directories, brochures, used right the digital marketing medium will not only reduce costs but also prove more effective.
- You can target specific profile of people and get a higher success rate.

**REMEMBER THIS IS TODAY'S SALES AND MARKETING PLATFORM THE LATER YOU SHIFT THE MORE YOU DELAY YOUR BUSINESS GROWTH!!**

## 28- Search Engine Optimize your website

Search Engine Optimize your website and you will get many more enquiries



# 29- MOBILE FRIENDLY WEBSITE

Internet usage on mobile has grown and it is now more than desktop.

- Design a website which is mobile optimized. Today, 52% of global web traffic is from mobile devices



## 30- MOBILE APPS AS PER CUSTOMER NEEDS

Understand the needs of your customer and look at the possibility of designing a Mobile or Web APP to make it easier to deal with you



## 31– SELL THROUGH ONLINE STORES

- To sell online, you do not need your own store.
- You can sell on several marketplaces such as Souq.com and Noon.com without any initial fees.
- You simply pay commission when you sell.



## 32-TELECOMMUTE

**32- Allow your outdoor sales people to TELECOMMUTE. TELECOMMUTING means they can work from anywhere using Internet, mobile, email, telephone.**



## 33- Virtual Meetings

**33- Virtual meetings help minimize travel expenses. Technologies such as Google docs allow collaboration and team work without the need to meet physically.**



## 34- Monitor Energy Efficiency

### SWITCH OFF / SAVE LEAKAGES / MONITOR EFFICIENCY

- Many appliances drain power when plugged in even when switched off.
- Did you know that leaving your computer on overnight can add \$200+ a year in unnecessary energy consumption.
- It also safeguards appliances from damage due to power surge etc.
- Similarly you can also save water, fuel etc by checking there are no leakages in the pipes, storage tanks etc. When buying a new vehicle, check fuel economy.



## 35- Use Programmable Timers

Use Programmable Timers for your signboard and shop lights to save electricity



## 36- Banking expenses

- Review your banking relationship. Some Hidden charges you should be aware of are:-
- Internet banking fees
- TT fees
- Teller Transaction charges
- Currency exchange rate
- Others



## 37- Travel Expenses

When purchasing air tickets check multiple sites such as **SKYSCANNER.com** and **CLEARTRIP.ae** before making the purchase.



## 38- WASTE NOT WANT NOT

- Don't just throw away things you think you don't need.
- Most items have a value in the scrap market
- Sell scrap materials- cartons, pallets, etc
- Legally Recycle Printing and Toner Cartridges



## 39- Take 3 quotations before buying anything

Take 3 quotations before buying anything. This may be obvious but we often tend to keep buying at the same old price from the same supplier. Avoid last minute purchases so you have ample time to take 3 quotations.



## 40- Renegotiate

**Call even large regular suppliers to renegotiate your rates. Suppliers want to hold on to the business too nowadays.**



# 41- CASH PURCHASE

- In today's competitive market, purchasing material in cash will straight away reduce your cost by 2- 3 %.

*Buying on credit increases your temptation to buy more in anticipation of future business, when you may not immediately need it. Buying in cash will ensure you buy only what is needed and avoid dead-stock.*



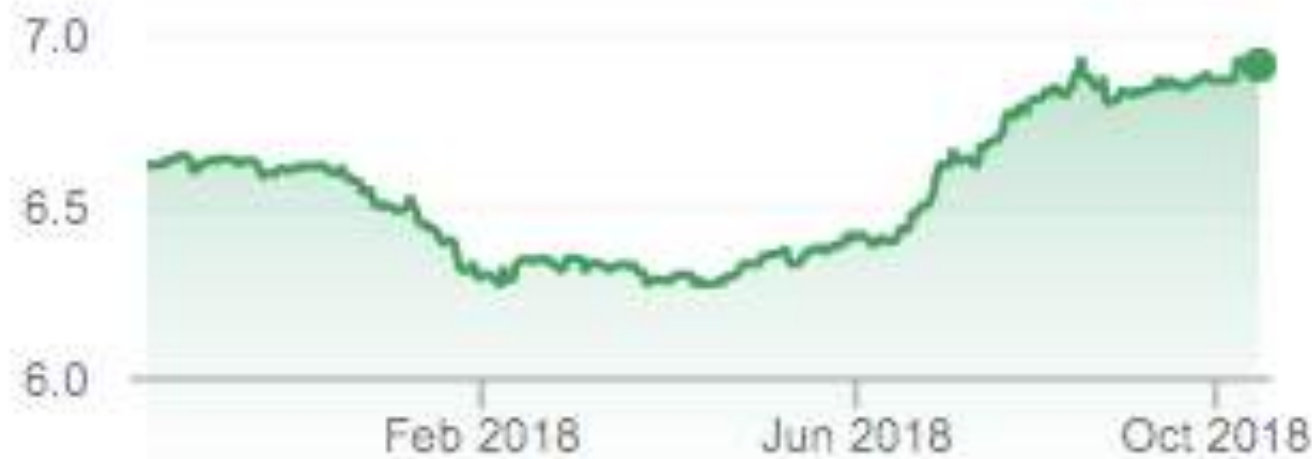
## 42- DOCUMENT IN WRITING

- Document your dealings after all verbal agreements, even if it is through a simple email.
- There have been major losses due to a gap in understanding of the terms.
- This is important for both new and old customers and suppliers.



## 43- Analyze Currency fluctuations

- Be aware of international markets, currency fluctuations and prices of raw materials such as steel.
- This may allow your suppliers to reduce prices.
- Having this information would give you a better bargaining position.



Were you aware that Chinese currency gained against USD for first half of 2017 but is now becoming weaker again?

## 44- LEASE VS BUY

### Benefits of leasing

- Lease vehicles for 1,2,3,4-years instead of buying.
- Save Costs
- Easier on your cash flow - have a vehicle even in case of accident when vehicle is in service
- Save time spent on vehicle registration, insurance
- Better cost monitoring

## Are you aware of the real cost of owning a pickup?

<u>Sl #</u>	<u>Particulars</u>	<u>Total Cost</u>	<u>Yrly Cost (8 yrs)</u>	<u>Monthly Cost</u>	<u>Daily Cost</u>
	<b>Famous Japanese brand 3.0 Ton Pickup</b>	85,000	10,625	885	29.51
	Diesel (100 Lt. Tank) (Cost Less Resale Value)	17,820	17,820	1,485	49.50
	Vehicle Insurance	2,975	2,975	248	8.26
	Vehicle Maintenance - servicing	2,400	2,400	200	6.67
	Vehicle - RTA/Yr registration n renewal	500	500	42	1.39
	Driver - Salary	33,600	33,600	2,800	93.33
	Driver Leave Sal + Air Tkts 1 / Yr	4,000	4,000	333	11.11
	Driver - Medical	650	650	54	1.81
	Driver - Visa + Labour fees	2,500	2,500	208	6.94
			<b>75,070</b>	<b>6,256</b>	<b>208.53</b>
	<b>Outsourcing a Vehicle</b>				
<u>Sl #</u>	<u>Particulars</u>	<u>Total Cost</u>	<u>Yrly Cost (8 yrs)</u>	<u>Monthly Cost</u>	<u>Daily Cost</u>
	Monthly Pickup contract	24,000	24,000	2,000	66.67
	Daily / Hourly Pickup Contract	30,000	30,000	2,500	100.00
	Area / Location Contract	45,000	45,000	3,750	150.00
	No. Of Cartons / Wt. Contract	0	0	0	
	Courier Charges ( bases on no. of cartons) at an average couriers work @ 20 to 25 dhs/AWB	0			

## 45- Renegotiate air courier contracts

There are many courier companies to choose from. TNT, DHL, Fedex, Aramex, etc.

Major discounts can be obtained from courier companies if you compare rates and negotiate with them.



## 46- BUY ONLINE

- UAE has many websites such as Souq.com and Noon.com that offer very competitive rates on office supplies.
- You can check prices in a few minutes even with your mobile.



# 47- STUDY THE NUMBERS

## 47- STUDY THE NUMBERS AND MAKE INFORMED DECISIONS

- For example : Make Better use of the Inventory Control Module in your Accounting package .



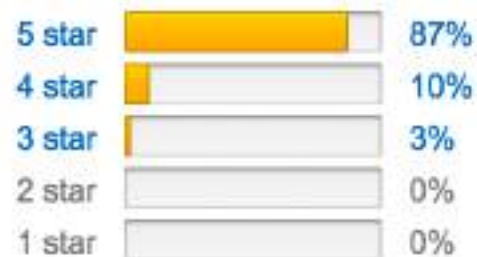
## 48- Check Online reviews

- Study quality reviews of products before buying. For instance, Amazon.com star rating is an good indicator.
- When buying a printer, one Mumin bhai read reviews and was alerted that cost to print per page was extremely high. He decided to buy a laser printer instead of an ink-jet printer.

### Customer Reviews

★★★★★ 38

4.8 out of 5 stars ▾



Share your thoughts with other customers

Write a customer review

[See all 38 customer reviews ▸](#)

## 49- Offer staff long leave

- Employees would rather go on leave for 3 slow months of the year than lose their job.





Use of Information  
technology can help reduce  
business cost

## 50- Security CCTV Cameras



## Advantages of Security Cameras

- **Reduce cost and risk-** lowers the risk and prevents costly incidents such as burglary, fire, vandalism, etc.
- **Prevent and Deter Crime-** Criminals target facilities when they see there is no monitoring .
- **Fool proof coverage-** monitoring is not hampered by human errors such as the guard being on shut-eye or being busy with something else.
- **Keep Your Employees** it will prevent wrong doing by company employees. Even if something happens, the recorded video will prevent wrong accusation and lack of trust among all staff.
- **Encourage Good Behavior-** CCTV cameras help in creating discipline among employees and. It also gives customers a sense of security and safety as they know they are protected
- **Assist Law Enforcement-**, allow law enforcement agencies to use the footage

# 51-Vehicle Tracking Devices



## Detailed Reports help you monitor outdoor staff and drivers.

N 31971/Mazda6

3 October 2018 00:00

### Day Summary

Work begin time	Work begin location	Work end time	Work end location	Working duration	Stop duration	Mileage passed	Idling duration
3 October 2018 01:01	7 Street, 19, Dubai, Dubai, United Arab Emirates, (Near emirates driving school, Al Qusais First,,)	3 October 2018 18:52	Al Satwa Road, 263, Dubai, Dubai, United Arab Emirates, (Mehaboob Home, Mehaboob Home, Near emirates bank satwa, Al Diyafa area , Al Satwa area , jumeira area , al badaa area )	04:54:53	18:03:30	175.057 km	00:51:52

\* Fuel data is calculated according to average fuel consumption of the vehicle specified in its settings

### Trips Details

Work begin time	Work begin location	Work end time	Work end location	Working duration	Stop duration	Mileage passed	Idling duration
3 October 2018 01:01	7 Street, 19, Dubai, Dubai, United Arab Emirates, (Near emirates driving school, Al Qusais First,,)	3 October 2018 01:31	Al Satwa Road, 246, Dubai, Dubai, United Arab Emirates, (Satwa Bustand parking area , Satwa Lals area , Satwa Bus stand area , Near emirates bank satwa, satwa area , Al Satwa area , jumeira area , al badaa area , Al Satwa area , al satwa area)	00:30:02	10:52:28	18.110 km	00:04:00
3 October 2018 12:24	Al Satwa Road, 86, Dubai, Dubai, United Arab Emirates, (Satwa Bustand parking area , Satwa Lals area , Satwa Bus stand area , Near emirates bank satwa, satwa area , Al Satwa area , jumeira area , al badaa area , Al Satwa area , al satwa area)	3 October 2018 13:31	Abu Dhabi - Ghweifat International Highway, Dubai, Dubai, United Arab Emirates, (Indogulf Office, rudiment office, Jebel ali ind area , jebel ali area )	01:07:14	00:01:52	55.761 km	00:04:56

## Advantages of GPS tracking device.

- Can monitor multiple vehicles locations on screen
- Can track if car is not in motion and engine is on.
- What speed is car running.
- Has car passed from Salik
- Get email reports of all activities required.
- What time car has started and stopped, with start and end point.
- releases mental tensions to keep tracks of our drivers locations and activities.
- Save money on misuse of vehicle
- Increase fuel efficiency of vehicle

# 52-Biometric Devices



- Time and attendance systems allow employees to clock in and out electronically .
- The data is instantly transferred into software that can seamlessly import it into your payroll solution.
- They can also Monitor mobile employees via geo-location and geo-fencing.
- Give real-time data on who is working, who is not, who showed up late and who is nearing overtime.
- Create employee schedules.
- **One time cost -will organize your staff productivity and peace of mind for employees.**

## 53- LEARN FROM OTHERS

**Talk to people- friends, neighbors, business acquaintances, etc about how they are reducing their expenses.**



**We can all learn from one another**

# WOULD YOU LIKE TO SHARE YOUR IDEAS?

Please feel free to share your feedback on below  
link

<https://tinyurl.com/FB53Exp>

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