

THE TRADIE SHOW

3 Things To Do To Cut
Costs and Reduce Your
Overheads



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'The Cost Cutting Technique'

Once a month or at least once a quarter you must:

- Review – look over your business
- Redefine – make changes to your processes
- Results – applying the changes and achieve results
- Repeat – repeat the process keeping your results in mind



The benefits and results for you as a trade business owner are:

- Saving time
- Saving money
- Taking control

‘The Cost Cutting Technique’ explains 3 actions that you can take to cut costs and reduce your overheads:

1. Trim the fat - look at Profit and Loss Statement

- Go through month-by-month, line-by-line and question what every item is. Ask yourself, “Do I really need this?” Who is going to be the best and most profitable customer to deal?
- Notice if things on the statement look odd, compare to previous months or the same month the previous year.
- Separate labour and materials out. This way at the end of a month or a year you can see how much materials you have billed out verse how much you have paid for and understand your wastage. Maybe you are not putting a big enough margin on stock or maybe your stock is going missing.
- You might notice that your suppliers have been putting prices up and because you have the figures you are in a good position to renegotiate prices overall or on particular items with them. You can more easily leverage with them because you know clearly how much you spend with them.
- You may even want to compare different suppliers. However, remember it is not all about having the cheapest supplier. It is also about service, what you get from them, how many shops they have and where the shops are located.

Example: One of our members realised by looking at their Profit and Loss Statement that using a skip bin once a week was costing the business \$1200 a month. After looking at their numbers they were able to completely remove the skip bin and save that \$1200 a month. They did this by:

- Being careful of wastage
- Returning unused stock
- Holding staff accountable with stock
- Arranging for the tradesmen to clear the rubbish at the end of the day
- Came to an agreement with suppliers to use their bins

2. Streamline Supplies

- Whatever supplies you do not use on that particular job, goes straight back to the supplier – it does not matter if you think you will use it next week or in a months time.
- Stock list per truck

- Prevent employees from carrying too much or too little stock.
 - Stop employees from forgetting stock and will therefore save trips to the suppliers.
 - Can hold employees accountable when using stock and when stock goes missing.
 - If you put the list in the same place in every truck your employees will know where to find it.
- If you have implemented Job Management Software in your business you can have an electronic record of how much stock the trucks need and can email suppliers directly with lists so your employees simply go and pick it straight up.
 - If you have a warehouse too much stock can go missing, go off or become no longer useful when you go to use it. It also wastes time (which means money you are not making) coming all the way back to the warehouse to get stock when there could be a supplier closer by where stock can be purchased, or whom with you could arrange to have stock delivered straight to the site.
 - You may consider getting the stock delivered at your Monday morning meetings.
3. Go paperless
- Adopt technology
 - Implement Job Management Software
 - Use a Cloud Accounting Software
 - Make sure the Job Management Software and Cloud Accounting Software are compatible with each other so they can send information to and from each other.

What's next?

You're the one wearing the heavy load of responsibility – and suffering major stress.

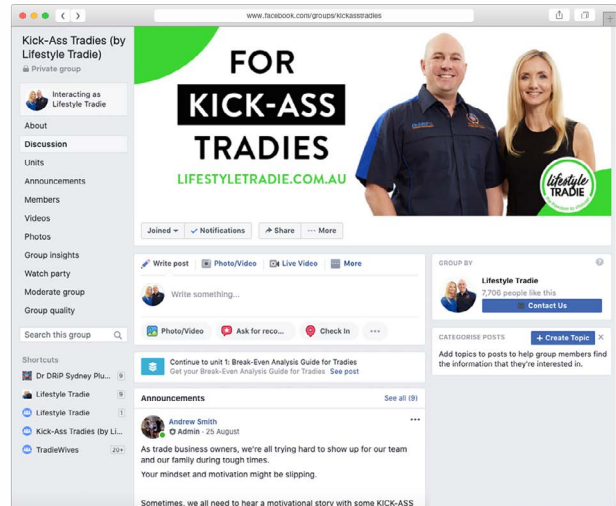
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