

# 4 Steps to a **BIGGER**



Bottom

Line

**W**e all make spending decisions every day, whether it's choosing between domestic beer and more expensive local-brewed IPA or finding the service provider that offers the best price on telecommunications.



And as people start careers, or launch and grow a business, they tend to know where every dollar goes. Over time, however, as income increases or the

business grows in size, they focus less time on their spend. This isn't to say they don't check their account balance or the bottom line of the profit and loss statement for the month, but their attention tends to shift to other items and they ignore the details.

Over the course of my own career, I have helped individuals and organizations control spend, saving anywhere from a few thousand dollars per year for a family of four to hundreds of millions for large organizations. Here are a few tactics I share with my clients to improve profitability. They can be applied both to personal and business spend:



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# Step 1.

## ***Identify Your Spend List***

Make a list of any monthly spend that is a recurring charge. This list should include items like utilities, services, licenses, rent, laundry, and any other charge that happens on a regular frequency, whether it's monthly, quarterly, or annually. Alongside each recurring item, note the cost, frequency, contact information, contract renewal date, and any other pertinent details.

# Step 2.

## ***Look for Easy Opportunities to Save***

The goal here is to identify opportunities for instant savings that can be scooped up quickly and deposited to the bottom line. You might need to create categories and take a section at a time, depending on the size of your list. As you review each item, ask yourself a few questions:

- Do you still use the service? You might be surprised by how much money gets automatically deducted for subscriptions, for instance, that you have forgotten about and no longer need.
- Is there an alternative free solution to the service or product? Particularly in the technology area, there are plenty of free software options that provide the same solutions as paid software.
- Have you compared your spend to prices from multiple vendors within the last two years? Your suppliers aren't likely to approach you unprompted with an offer to lower their price. Shopping multiple vendors gives you leverage on price and quality of service.

# Step 3.

## *Take a Deeper Dive*

These next few questions might challenge you to review your business processes and what is important to the brand or to you.

- How important is the product or service to your customer experience? Would customers miss it if you removed it? Do you really need it? Be very cautious with this one – you don't want to diminish the quality of your brand in order to save a buck.



- Can the service be done by your employees without impacting their primary responsibility? You might find that someone on your team has the skills to complete a service for you at less cost than an outsider, and that you can schedule that service during slow times.

- Is it cheaper and better to buy versus make a particular product? Understanding the real cost of a product delivered to a customer is very important. You should always add the cost of materials and labor to determine the total cost of an item. If you serve food, you should complete this exercise for each menu item or condiment.

## Step 4.

### ***Prioritize and Act***

By now you should have a list of items that you can focus on. At the top of your list, put the items that can be dealt with quickly and give you the biggest return. Below those, list the items that warrant a more cautious approach to avoid negatively impacting the customer or employee experience. Start at the top of your list, take action and correct the spend.

Make it a habit to repeat all four steps on a regular basis to prevent your spend from creeping upward un-noticed. And finally, be sure to put in writing how you plan to spend the savings!

## Author's Bio

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*Dave Gates is a veteran operations executive within the restaurant industry who helped grow the Red Robin brand from a private company of 50 restaurants to a public company with over 500 restaurants. Throughout his career, he has been able to develop sales, people, and profits by connecting people to purpose, focusing on key small details, and delivering excellence. He has extensive experience building and managing restaurant operations teams, planning and implementing major projects and technology, and opening new restaurants. Dave is currently a Partner at Fixmyprofits where he helps other companies overcome their barriers in building sales, taking care of people, and generating profits.*