

PRACTICAL ADVICE ON CUTTING OPERATIONAL EXPENSE

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There is a Japanese proverb that says “Getting money is like digging with a needle; spending it is like water soaking into sand.”. Whilst this applies when not in recession it highlights how hard it is to stop the hard earned money soaking into the sand. This article is aimed at investigating a number of cost areas that can be reviewed to reign in expenditure.

Telecom costs are always a good place to start. Does our organization take advantage of voice over IP (VOIP) technologies? You can now use the internet to speak to people, video conference them and it all comes without call costs as long as they are using the technology. Look at getting the most regular people you have dialogue with to communicate with you in the same way. Take a look at Skype for business (<http://www.skype.com/intl/en-gb/business>), you can reduce and/or eliminate a vast number of call costs, instant message people around the globe, video conference, send files and more.

Reducing expenses can also be done easily by using VOIP technology and products like “go-to-meeting” which allows a group of people to view a presentation over the internet each from their own office. Web conferencing saves travel time and also travel expenses. There are a number of products on the market, some of them free of charge, others with a small cost associated, however when considering the amount of time and money that can be saved getting numerous geographically dispersed people together to either go through a training session, present a new idea or simply to have a team meeting a web conference solution could quickly deliver a valuable return.

If getting money is like digging with a needle, then why not make it as easy as possible to receive the funds by providing your donors and supporters with as much convenience as possible – allowing them to make payments with their credit cards from your website. Some organizations are already doing this with considerable success – however there are lots of providers out there so it is worthwhile investigating which are delivering value for money. As a not for profit organization you should not be paying any more than 3% per transaction for your solution, with no admin or setup charges. So it would be worthwhile reviewing your current provider if you have one and ensuring that you are getting the best deal.

Hardware equipment in the form of application servers can be consolidated which saves substantial amounts not only in reducing hardware spend, but also it saves space, electricity, air conditioning and software licensing costs. New technology in the form of server virtualization allows for server consolidation. You need to have an existing server farm of approximately 10 servers to make savings, but many suppliers will evaluate the cost saving potential free of charge. This new method of deploying hardware and software also provides the added advantage of delivering new applications more speedily as there is no requirement to keep purchasing hardware and operating software licenses every time you have a new application to deploy. When considering information systems investments make enquiries with the supplier as to whether they can deliver the software as a service, or subscription based. This saves time and money as you do not need any infrastructure on your premises to run the application. Also known as cloud computing it takes away all the headaches of having a server or data storage room,

removes the need for you to keep hardware and software up to date, backed up and of course the software is available wherever you are as long as you have connectivity to a browser, negating the need to consider disaster recovery processes.

Whilst on the subject of electricity savings – even small charities are leaving equipment running overnight and at weekends. Products are now available for businesses and consumers which shut equipment down at the flick of a switch, particularly those that are in standby mode - <http://www.byebyestandby.co.uk>. Although the product is mainly aimed at households, small charities or those with numerous small buildings can benefit from using this product.

Do you have a business continuity or disaster recovery supplier? An organization that provides you with access to services should your building be under threat from sources beyond your control? With the technology available to remotely connect almost anywhere at any time, it could be more cost effective to investigate whether you can still perform your operations by keeping people at home in the event of a disaster – thus eliminating the need for DR premises.

Outsourcing support services, (IT, HR, Finance, procurement) which are not core to the charities objectives can also deliver cost savings, so this option should be considered. Also dependent upon how your organization currently delivers support services you might find that outsourcing delivers additional benefits: improved management information of the function outsourced; productivity gains freeing employees to devote their time to the organizations key objectives; access to the latest best practice and technology not always affordable or available to smaller organizations;

Procurement is a particularly good place to start when looking at how to save cost. Take a look at those suppliers that you spend the most with. In this climate suppliers are looking to keep their customers; renegotiating a large contract even if there is a fixed term is not out of the question. Challenge your suppliers to deliver better value, compare their offering with prevailing market trends. Procurement advisors can often come into your organisation to review your spending habits – they take a percentage of the sum saved, but year on year you could be making a substantial saving.

Of course many of these areas only provide a good return if the organization is of a certain size, however the key is to keep challenging what you are spending money on and ask the question – **“could we do this differently?”** This applies regardless of whether you are a small or a large organisation.

For further advice on any of the items mentioned in this article please contact Val Austin at valerie.austin@zen.co.uk

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