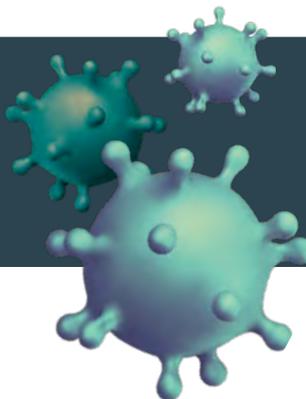


SME DIGEST

ADVICE FOR SMALL & MEDIUM SIZED ENTERPRISES



Edited by Adam Bernstein

PART TWO

20 WAYS TO SAVE IN BUSINESS

By Adam Bernstein

Profit is a simple function of revenue less cost. The greater the gap, the greater the profitability of the business. In the hustle and bustle of everyday business and particularly in a time of crisis, it's easy to lose sight of the simple steps that firms can take to strip out unnecessary cost. In the second part of a special feature, Adam Bernstein offers some tips.



11 Energy usage



Having a low-priced energy tariff is one thing, not wasting energy is another and the simplest of changes can make big savings. Start by fitting low energy bulbs. They have an upfront cost, but they last longer and use less than a fifth of the power. Turn off appliances

that aren't needed overnight or on the weekend. Clean windows – natural light is free – and fit motion detecting light switches (£10 from Amazon). You can find more tips at <http://www.conserve-energy-future.com/20-energy-saving-tips-reduce-business-energy-costs.php>.

12 Free office software



Microsoft and the other major office software manufacturers would ideally like businesses either upgrading to the latest version of their software on each release or subscribing to use their software on a monthly basis. Both options are expensive. But unless you need the genuine thing there are number of alternatives which are free and which offer most of the same features. Take OpenOffice www.openoffice.org and Libre Office <https://www.libreoffice.org>. They're very similar and offer word processing, spreadsheets, presentation and database programs - some think Libreoffice has the edge. Whichever you choose, free is always going to be less expensive than the mainstream vendors.

13 Buy compatible office products

When you buy stationery such as printer cartridges and paper, do you buy the brand name ignoring the expense? If so, you may want to consider buying compatible and alternative products that are both less expensive and which often offer greater value and volume. While this is not entirely a risk-free option, and not one I'd suggest with an in-warranty device, if you choose carefully there are savings to be made that plenty of others validate. On Amazon, for example, genuine HP951XL four-pack of cartridges is £120.96. Compatible products are £21.99. The proof of the pudding for this product is that there are 274 buyers who've given the compatible product an overall rating of 4.5 out 5.0. Read the reviews and decide for yourself.

14 Seek bids

Irrespective of what you buy in seek at least three bids on everything. Even mundane purchases merit shopping around. If you quote a competitor's lower price, a supplier or vendor will often match that price to win your business. But do bear in mind that there's price, speed and quality – and you can only really pick any two.



15 Buy secondhand equipment

When buying equipment – say a mobile or laptop for example, consider if you really need to buy brand new.

A new 64GB iPhone 8 is £479 off contract, but on eBay you can buy one for £270. Looking at computers, a new 2019 27-inch Apple iMac (base level) starts from £1749 but on eBay you can buy the same unit for around £1495. While there may be some risks to buying equipment off eBay, you do

have protection in that if it's not as described or doesn't arrive and you've paid via PayPal, you'll be able to apply for a refund. The key here is to look at the seller ratings – look for 100% perfect record based on a decent number of sales. (Apple also sell refurbished units with 15% off – the link is on the bottom of their homepage). Of course, not everyone wants to buy Apple, but the point is made... you don't need to buy new.

17 Mail drop

Royal Mail seems to be digging its own grave.

With Pricing in Proportion confusing those sending letters and small parcels and well above inflation price rises, it's no wonder that other players in the market are emerging. Sure, Royal Mail are the most convenient for letters unless you're a mass-mailer (where pre-sorting large mail drops yields discounts), when it comes to packages the likes of Hermes and Collect+ are great alternatives. Let's compare a small parcel weighing up to 2Kg that's being sent 2 day with tracking with contents to the value of £50 – Royal Mail want £7.62, but MyHermes will charge £5.75, while Collect+ charge £5.69.



16 Dial the change

Do you often call mobile numbers? Do you call these numbers from a landline? If you do and you don't have a calling package with inclusive mobile calls you're burning unnecessary cash. The solution is simple – use your mobile to make these calls while being careful not to exceed your inclusive calling plan minutes.

If you haven't done so already, consider changing your landline calling plan to something akin to BT's Unlimited Minutes plan which allows calls with no limit in duration so long as they are to standard geographic numbers including 01/02/03, 0845 and 0870. Some plans will allow free calls to mobile and international numbers too. While there's a subscription cost, it'll be minimal compared to the off-plan call charges.



18 Sign longer contracts

Another one for a reawakened world: How confident are you in your abilities and the future of your business? The better the outlook the more likely you are to want to sign up to longer contracts and so avail yourself of savings that longer term contracts offer. For example, 30 day rolling contracts for website hosting (zen.co.uk) can cost from £4.99 per month plus VAT. But the same service on an annual contract is £4.49 plus VAT – a £6+VAT saving a year. Now multiply that across other services you buy in – telephones, email, web, magazine subscriptions and memberships for example, and while you're paying up front, you are making long term savings.

19 Incorporate and save

There are many benefits to being a sole trader or a partnership. However, you will pay more in tax. But by forming a limited company and transferring your business into the new entity you'll be able to extract profits via dividends while also conferring some protection on your personal assets. The point of dividends is not lost on those who use the regime – all quite legally. Under the system, you can pay yourself a small amount of salary and a tiny amount of PAYE and national insurance contributions. The rest of the money comes out as dividends which attract no national insurance contributions, just a graduated income tax charge.

20 Avoid litigation & even disputes

The law is blunt and is seen as an ass by some. If you can sort out disputes amicably and by talking, not only do you save on legal fees and the associated stress, but you may keep future business and (former) staff onside. Many organisations offer what is called Alternative Dispute Resolution (ADR) including the HMRC, Citizens Advice, various ombudsmen and Acas, the employer/employee arbitration service. There numerous bodies listed at <https://www.tradingstandards.uk/commercial-services/adr-approved-bodies>. No matter the cause, don't ignore complaints and disputes – they won't go away and you could find yourself in court.