

## Cutting Cost Tips Every Small Business Owner Should Know

### Develop a Clear Mission Statement

One of the most important steps is one most business owners consider obvious – but few truly do thoroughly. Make sure that your business plan is simple, clear, and workable before you invest your capital. Have you planned out the next five years intensively? In how much detail? The more narrowly, specifically, and intelligently you articulate your business mission, the easier it will be for you to construct a cost effective budget and to keep your company in the black.

### Search for Used/Free/Discounted Equipment

When you're establishing a new company, you need not indulge in purchases of state-of-the-art furniture, Aeron chairs, and a slate of the latest company iPhones. Indeed, you can save yourself tremendous upfront capital by finding great deals on used/give-away office furniture and equipment. Businesses selling used or cheap equipment are becoming more widespread, and there are many resources online. For instance, Craigslist, a national internet site, posts hundreds of ads for used/cheap furniture every day.

You can also remodel used furniture yourself to save money. An old beat-up wooden table, for instance, can be transformed into a semi luxury furnishing with just a little sanding and painting. You can also call offices in your area to find out whether or not they might let you have or lease furniture at a discounted rate.

To keep costs low, figure out exactly what you need, and only get those items. Psychological studies show that shoppers who make lists and stick to them spend less.

### Reduce Your Use of Mail: Increase Your Use of Email

While the US Postal System, FedEx, and other major carriers do a grand job delivering for small businesses, these services can get quite expensive, particularly if you use them regularly or ship bulk materials. Cutting out paperwork can make filing easier, save on staff resources, and cut your postage costs.

If you do convert your business records and transactions to “virtual transactions,” however, be sure to keep duplicate records. You can get accounts through sites like Yahoo! and Google to store business emails online for free. You should also create a ghost copy of your hard drive to back up critical data.

### Negotiate Costs with Vendors and Clients Whenever Possible -- Don't Be Shy

Just because your small business doesn't qualify for bulk discounts doesn't mean you can't use your status as a “lean and mean” organization to your benefit. You may be able to get better deals on supplies by paying early, agreeing to a long-term contract with a supplier, or simply by hard-nosed negotiating. Frankly, one of the best ways to get a good deal is simply to ask. Know your market's prices before you make offers – you obviously want to neither insult vendors nor overpay. To bone up on how to negotiate better, read books on the psychology of negotiation. Dr. Robert Cialdini's book “Influence” is a classic in the field.

### Shop for Insurance

A good insurance plan can not only protect your business from potentially catastrophic contingencies but can also give you leverage to grow your company. Research what you minimally need before you shop policies. Business owners can choose from literally dozens of types of policies, and every business owner's needs will be different. Talk to several neutral sources before pricing plans.

### Limit Your Energy Use

With oil prices spiking and the energy markets uncertain, you can't afford not to consider the costs of fuel and power. There are many ways to reduce your consumption of energy without compromising your business model. Use fans instead of central air to keep your building cool during the summer. Replace traditional light bulbs with energy efficient bulbs (those odd, corkscrew-shaped bulbs you see at the hardware store). Energy saving bulbs can slash your energy costs, and they last much longer, too. If possible, do business out of your home to reduce the amount of gas you burn driving to and from the office.

### Budget Conservatively

As a small business, you likely don't have a huge margin of error. Budget brutally and honestly. Figure out your company's assets and its anticipated liabilities. It's natural to be optimistic about the future of your business. However, if you set your expectations at a modified level, you'll have a far greater chance of staying within budget and thus succeeding. Be mindful of the fact that you may have to survive several months without making a profit in order to get your company up and running. Budget both your personal and business expenses carefully in preparation. You can use a number of support systems to improve/refine your budget as you go, including professional accounting consultants and top end software.

#### Learn From Other Successful Small Business Owners

By forging relationships with other like-minded entrepreneurs, you will simultaneously network and get feedback on key tactical issues which may arise as you move forward with your business plan. You may be entitled to a multitude of excellent tax write-offs. You may also qualify for discounts at bulk big box retailers like Costco and Sam's Club. Subscribe to trade journals to find discounts and tips to get around fees and other business hassles.

#### Barter For Services

By trading for discounts you not only save money, you also build brand loyalty with potential vendors. If, for instance, you are starting up a web graphic service, you can likely trade your expertise for discounts on shipping, equipment, and other future favors. You may also be able to offer additional services to your clients to lower costs and build relationships.

#### About the Author

Metro Hi Speed is a leader in [Internet fax](#) solutions for any sized business. Less expensive and more reliable than traditional fax services – you'll enjoy the convenience and well as the cost. Visit us today for more information on our small business and [corporate fax solutions](#).

Source: <http://www.smarticles.org>