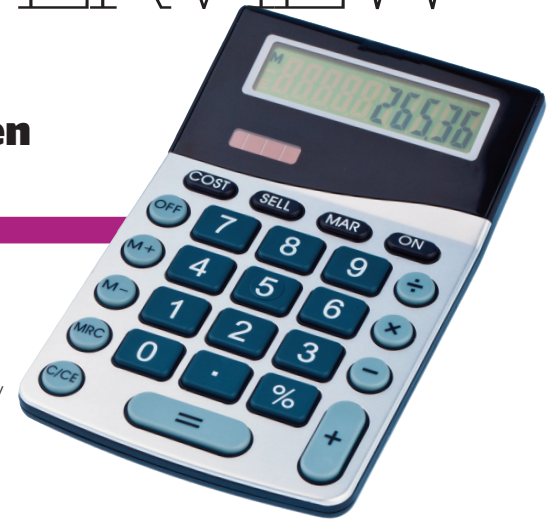


# OVERHEADS OVERVIEW



Why not make a New Year's resolution to start managing your costs better? **Stephen Gaubert** explains how to get started...



Over the last year I have provided advice to early years providers to help better manage their overhead costs. These key operational overheads include premises-related costs, utilities, telecommunications, waste management and consumables. Now, as we look to 2014, I have summarised a number of my key suggestions to help you start the year in the most efficient way.

**Organisation:** Ensure that someone within your business is responsible for the management of overhead costs. Make sure that your business is financially sound and that you are up to date with your financial reporting. Check your credit rating - suppliers will be checking it and adapting their pricing strategy accordingly.

**Energy:** Energy costs are rising as a result of market pressures, the need to fund upgrades to the UK's energy infrastructure and the push towards renewables. Smarter purchasing will help you reduce costs. Check that you are always in an energy contract. Examine prices when that contract comes up for review. Always check the billing, pay by Direct Debit and look to install smart meters. The other key initiative is to implement an energy efficiency programme to reduce consumption.

**Telecommunications:** The market for telephone calls and broadband connections is a very competitive one, but it should be looked at regularly and with a degree of scepticism. The move to telephone calls being made over the Internet (VOIP) and the use of smartphones needs to be examined carefully, without committing to long-term contracts. As a start, it is essential to audit the services you have and monitor usage, cancel any unused lines and look for better tariffs.

**Waste:** The costs of waste disposal are rising every year. Landfill tax increases annually and there is pressure on

businesses to improve waste management. These costs can be offset by negotiating cheaper rates from waste collection/disposal contractors and reducing the amount of waste being generated. Ensure that you really need any product that you are buying. Some items can be reused for the same purpose or something new. Recycle whenever possible.

**Consumables:** Every nursery needs to buy some supplies regularly. These include stationery, cleaning materials, printer/copiers, resources such as toys, art and play products, play furniture and food. The key to saving money is to identify your requirements. Concentrate on the top 20 per cent in each category and look for competitive suppliers. Ensure that there are no hidden costs such as minimum order quantity, VAT or delivery charges.

**Supply chain:** Fundamental to all buying activities is to select the best source for the product or service. For example, re-negotiate where possible with the incumbent, look for new suppliers who offer 'best value', i.e. the

balance between price, quality and service. Conduct a competitive tender and look at the new e-procurement solutions through on-line auctions.

Over the year to come I will be looking at other areas, including supplier management, business and water rates, IT and software, and the overall purchasing process.

**Stephen Gaubert helps organisations manage their overhead costs. For more information, call 020 8482 1370 or 07785 340 280, email [stephen.gaubert@auditel.co.uk](mailto:stephen.gaubert@auditel.co.uk) or visit [auditel.co.uk/stephengaubert](http://auditel.co.uk/stephengaubert)**

## GROWING CONFIDENCE



**JOHN ALLAN, NATIONAL CHAIRMAN, FEDERATION OF SMALL BUSINESSES, LOOKS AT THE PROSPECTS FOR 2014...**

How was 2013 for you? Respondents to our Small Business Index saw rising confidence throughout the year and it doesn't look set to stall in 2014. The latest survey shows businesses want to grow and invest, and they want to take on more staff too. This year is going to be the year of small business. It's the year before an election and the political parties will be trying to catch the attention of the small business vote. A key area we will continue to work on is getting a much more transparent energy market, so you don't have to contact each of the energy providers to get a good deal.

We want to see transparent prices and clearer contracts.

April also sees the Employment Allowance come into force. This will mean you won't pay employer national insurance until your bill goes over £2,000, a saving for many that will boost cash-flow. Our survey work also shows firms will use it to create jobs, which could result in increased demand for childcare services as parents return to work. Finally in 2015, a new system of childcare vouchers will enable families to claim up to £1,200 to subsidise the cost of childcare. For the first time this scheme is open to the self-employed, hopefully also contributing to an increase in business for you. It seems finally we're turning the corner out of recession.

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