

# Watching the pennies



Keeping track of your business's expenditure is as easy as ABC, says **Stephen Gaubert...**



## about the author

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)

Over the next few months I will be providing some advice and tips for early years businesses, designed to help you better manage your overhead costs.

One of the key concerns of any business will be to ensure that it is managing its expenses closely. Over the next few months I will be providing some advice and tips for early years businesses, designed to help you better manage your overhead costs.

You and your colleagues will be expert in ensuring that the children in your setting are being provided with the best possible care and stimulation, and you will be working hard to satisfy Ofsted's requirements. However, the focus this requires may take resources away from fully understanding the complex issues of managing the costs of essential business services. These key operational overheads include premises-related costs, utilities, telecommunications, information technology, waste management and finance (including insurance and bank borrowings), and there are some organisational steps that you can implement immediately to better manage your associated outgoings.

Firstly, ensure that someone within the 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 yours and adapting their pricing strategy accordingly.

A simple acronym – ABC (Awareness, Benchmarking, Consistency) – provides a basic guide to managing and reducing business costs:

### Awareness

Profit-leaks directly impact on every aspect of business development by draining

resources away from growth and income-generating investment. Create a cost-conscious culture as an important business objective for everybody in your organisation. There are two aspects to this – understanding the prices and looking at the consumption and items being purchased. Make sure that you thoroughly check every invoice to ensure that it is correct and that you are being charged according to your agreed terms or price list. Encourage your staff to think about the expenses they incur and how resources are used.

### Benchmarking

Carry out a benchmarking exercise to establish exactly what you are paying for your essential services and what other suppliers are offering. Now go back to all your current suppliers and ask for their best price. If you have been with them for a few years, the chances are you are not being given the best available terms. If they will not budge on price, see if they can throw in some 'extras' in relation to service. If your insurance is arranged by a broker, do not assume that they always find you the best premium available, so shop around with several brokers.

### Consistency

The key to maintaining best value purchasing is to be consistent. Effective management of costs and purchase management is not a 'one-hit wonder' – it needs to be a continuous activity. Markets change all the time, as do the needs of your business.

Over the following issues, Stephen will be focusing on managing costs covering energy, telecommunications and waste, looking at the benefits of recycling and reviewing some of the key steps in managing and negotiating with suppliers.

## IN THE NEWS

### MEN CONTINUE TO RECEIVE MORE PAY THAN THEIR FEMALE COLLEAGUES, SAYS THE GMB...

In March, the GMB union turned the spotlight on the gender pay gap, announcing that in recent years it had pursued 80,000 pay equality claims – and secured millions of pounds for its members. At the heart of the issue is the fact that while the mean average pay for all full time women employed in the UK was £27,291 per annum in April 2012, the mean average pay for all full time men was £36,156, a figure 32 per cent higher and one that means the pay gap between men and women in full time employment was £8,865 every year.

More pertinently for readers of *Teach Nursery*, however, the pay gap between male and female nursery nurses and assistants was recorded as £1,482 per annum, a difference of 1.10 per cent, while that of 'nursery and primary education professionals' stood at £3,305, again a difference of 1.10 per cent. For kitchen and catering assistants the discrepancy was £370, equating to 1.03 per cent less pay for female employees.

Of these ongoing inequalities, Kamaljeet Jandu, inclusion & diversity officer at the GMB, commented, "In most occupations, women are paid less than men for doing the same type of job. We call on employers to work with GMB to achieve pay parity between men and women workers as this is a 'win win' for employers and women."