

Six Ways to Uncover Hidden Money in Your Company



Jacques Jourdan
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Many business owners would be surprised by how much money they lose to suppliers each year, simply by not monitoring the suppliers' billing statements. Often the money is not lost by paying the supplier a fair price for a product or service; rather, it is lost from billing errors, high supplier pricing, price changes, and at times, paying for unnecessary items.

Due to availability of time and the multiple responsibilities the business owner is face with, the business owner can be blind to all the places money can leak out. If you don't know where the money leaks from then it's almost impossible to fix it. Finding these losses may not create a huge savings but will certainly help to increase your bottom line.

Below is a list of the more common areas where suppliers-related losses occur.

1. **Telecommunications services** - A company's phone service often represents the third largest expense. Phone bills are often written in Chinese, thus making it difficult to find the overcharges, or incorrect charges. But it is well worth the effort to review the bills carefully. Also keep in mind, because this industry is so competitive, and prices are always changing, check the statement monthly to make sure your providers are giving you the best price possible.

2. **Utilities costs** - often can be a high expense, depending on the type of industry

you are in. As a past owner of rental properties, I recall reviewing these bills very carefully. Utilities companies are known for charging you, based on the previous year's usage which often is not reflective of the current year's consumption.

3. **Banking Services** - Banks are renowned for promoting free checking; but take it from me! Read the fine print! Usually this offer is for a limited period of time, and requires a balance minimum, and a transaction maximum. Once you exceed them, then the fees start coming. Banks are also constantly adjusting these products. So request an account review with your banker twice a year, so that they can place you in the right product.

4. **Health care costs** - can easily represent the largest service expense for many businesses. It is not uncommon to find a 5-10% savings on your bill by simply reviewing carefully and removing some services that you are being billed for but don't need. Often price increases in health care may not reflect actual market conditions but simply a carrier passing on administrative costs to you. If that is the case, shop around and try to get a better deal. A 5% savings in healthcare cost can mean another salary.

5. **Taxes** - are often over paid by companies trying to be honest when filing taxes. Most states offer tax credits that some companies are not taking advantage of. Some examples include cost of training, hiring and research, to name a few. Sit down with your accountant at least twice a year to review your situation.

6. **Freight and Carrier costs** - Here is an expense that sometimes is overlooked. Review your monthly statement and ask your carrier how you can lower your freight costs.

Regardless of the type of business you own, it is critical that you stay on top of these

expenses. You may want to delegate the job of reviewing the statements to someone else, and then have that person present the information to you. The reality of today's business environment truly requires that you closely monitor *all* of your expenses. The money you save over time may well be the determining factor whether you stay in business or not.

Jacques Jourdan is a Business Banker with JPMorganChase based in Long Island, NY. He can be reached at **(516) 355-5250** or **(845) 521-5332**