

12 Cost Cutting Ideas for Your Small Business to Save Money & Reduce Expenses

As a small business owner, you're always looking to bring in more business and increase profits.

However, another way to boost profits is by cutting expenses. Even if you're having a good quarter full of brisk sales, out-of-control costs will quickly eat up your profits.

Avoid the mistakes that other businesses are making. Keep close track of your expenses (using a small business accounting tool like Quickbooks) and cut them every chance you get. Your competitors might overlook some of these expenses, but you won't.

Hiring Staff

1. Try Cloud Sourcing

Studies show that it costs about \$4,000 to find and hire a new employee. And once you've hired a new staffer, you'll have to spend time and money on training, sick leave, vacation time, and insurance. As a result, many companies are turning to cloud sourcing, which has revolutionized the way small businesses compete in the world's marketplace.

Cloudsourcing involves hiring qualified professionals who work remotely for a fraction of the cost of traditional employees. Some of the best professionals out there, especially in today's job market choose to work for themselves. They'll post their portfolios on sites like [Elance](#), [Freelancer](#) and [oDesk](#).. You can hire the individuals for a set period of time based on your specific needs. This way, you don't have to keep a writer, graphic artist, and website designer on your full-time payroll. By using cloud sourcing for your marketing, business administration, or technology needs, you'll be able to cut down on your expenses substantially.

2. Bring in Interns

Sometimes you just can't use a remote worker, like when the paper filing has piled up or you need other hands-on tasks completed. Most businesses use "temps" for these types of jobs, but agencies can be expensive.

Instead, call your local college or business trade school and ask about using interns for the work. Especially when they're getting school credit, college students work for small fees or sometimes for nothing at all. You can also hire a virtual assistant to work remotely. Many college students aren't able to find an internship in their local area, and they look to the net. Sites like [Urban Interns](#) will post an [internship opportunity](#) for you and then make it visible to thousands of college students.

Going Shopping

3. Pool Purchasing Power

Find other small-business owners and collaborate with them to save money on supplies and other goods. Keep in mind you can even form an alliances with other business owners in your niche. It's called "co-opetition," and it is one of the latest trends in business. You're certainly not cutting yourself short by forming these partnerships if you can save yourself some cash.

4. Always Ask for a Discount

They don't advertise it, but many top retailers will discount their items for small business owners. You just have to take the initiative to ask. You won't necessarily get a discount on a \$2 pack of pens, but if you're outfitting your home office with new equipment or other big-ticket items, you'd be surprised at the number of times you'll get a better deal for just mentioning that you own a small business. You may even have success asking for a wholesale rate. But even if you only get a small discount, you're still saving money.

5. Don't Buy in Bulk

No, that's not a misprint. Often, small business owners buy things like office supplies in bulk because it seems less expensive to buy that way. For instance, if you buy a thousand pens, your cost per pen will be less than if you bought them one at a time. But you have to ask yourself: Will you ever really use a thousand pens? More likely, you'd either lose them or find that most of them dry out before you get around to using them. As a small business owner, you could greatly reduce their expenses by buying only what you need today – not what you think you'll need tomorrow.

6. Shop Around for Insurance

There are a lot of great ways to lower your insurance costs, but the most important step is to find and compare insurance policies. You should always be looking for the best rates out there, especially at renewal time. I use an independent agent for all of my insurance needs. Agents aren't financially bound to any one company and can usually find great rates based on your unique needs.

Being Responsible

7. Eliminate Finance Charges

Many small business owners spend hundreds – sometimes thousands of dollars on unnecessary expenses like late payments on loans, credit card processing fees and membership fees on certain business credit cards. By actively staying on top of bills and paying them when they're due, you'll save your business a good amount of money every year.

Keeping up with business bills can be more complicated than balancing your personal checkbook, but online payment services can make everything easier. You can schedule alerts that will notify you when bills are due and never miss a payment again. Take a close look at the membership fees and processing fees that you pay for using credit. Are they necessary, or can you shop around and get better rates elsewhere?

8. Don't Waste Time

As a small business owner, you put in a lot of hours, but time is still a limited resource. Wasting time can cut into your sales and hurt your bottom line. As a general rule, anything that you can implement to save time will also save you money in the long run. If you don't feel you manage your time wisely, look into some effective time management techniques and stop procrastination at all costs. This is probably the biggest lesson that I've learned in my time as a small business owner.

Going Green to Save Green

9. Cut Out Paper

According to research by Xerox, about 40% of office paper is discarded within 24 hours of anyone printing on it. If you add up how much you spend on printing

supplies, paper, and labor, you'll quickly see that using electronic file storage can save you loads of money. By making use of free online space through services like Google Docs, Microsoft Office Live Workspace, Amazon Cloud Drive, and DropBox, you'll be putting the dust jacket on the money-draining printer in no time.

10. Use Energy-Efficient Appliances

You try to save energy at home, so why treat your office any differently? At the top of the list of way to reduce your utility bills, is using energy-efficient appliances, specifically ones with the Energy Star label, and compact florescent light bulbs. They're sometimes more expensive up front, but most energy-efficient appliances come with government-sponsored rebates and are eligible for green energy tax credits.

You can save money in the long run by making your office more energy-efficient. Remember that you can request a free energy audit from your power company. An inspector will come out and do an assessment of your place of business and point out ways you can further reduce your energy bills.

Finding Free Stuff

11. Try New Advertising

Consumers need to hear your advertising message an average of seven times before they'll consider buying your product. And if you're paying for traditional advertising such as print, television, or radio, your advertising budget can get very big very quickly.

It's tough to compete with big business budgets and get your message out there. But digital media has leveled the advertising playing field, and today's small businesses aren't just seeing better results, they're spending less. It doesn't require any financial expense to open a business Facebook or Twitter account, and the amount you save on your advertising expenses will be well worth the time you spend.

12. Barter

It used to be tough to make the right connections to build a good bartering relationship. But recently, business-to-business barter sites like [U-Exchange](#) and [TradeBank](#) have been springing up all over the web, opening up bartering

opportunities and making it possible for small business owners to get what they need without increasing their expenses. Bartering can make a big difference in your expenses, especially when you're first starting your business. For instance, I provide editing and proofreading services to a few of my colleagues in exchange for materials that I need.

Final Word

Cutting expenses only means one thing: more profit for you and your business. By looking at these areas, you'll be able to increase your profits – even in the current economic climate.