

Using Technology to Cut Business Costs

Below are some ways we have seen IT resources be used to cut Business Costs.

Note this is different from using a pre-defined budget to cut IT costs. Cutting IT costs is the subject of hundreds of blog posts and white papers, and its best practices updates by year. What is overlooked, however, are ways to cut costs *for the entire business*, by using existing IT resources.

We have seen every one of these ideas in action. Many we implemented for clients from scratch. Others already existed and we tweaked, or just observed in place. Any one, properly implemented, will save a company hundreds of thousands of dollars per year.



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Automate Reports

Reports are one of business's basic necessities. Every manager needs reports, from the CEO to the head sales. Unfortunately, many reports are still created by typing numbers into Excel. This not only takes time, it invites user error which will cause nightmares.

Here are some kinds of Reports we automated:

- Financial Statements (Balance sheets, P&L, everything)
- Charts and statistics for use during sales calls
- Accounting reports
- Regulatory compliance

Reduce Overhead

Similar efforts can be consolidated into one unified system. Large companies often have multiple departments that have similar functions, yet operate independently.

Here are some examples: Different departments...

- store their own information about people in common.
- have their own purchase order and inventory management. Even when they order from the same vendors, and store inventory at the same warehouse!
- have their own record-keeping staff and reports, but track similar metrics.

In each of these cases, the creation of standards, and the consolidation of back-office efforts will **greatly** reduce expenses.

Prevent Catastrophes

One bad event can cost millions in damages, even billions. In the most extreme cases, it can bring the whole company down. Often it could have been prevented.

Risk Management has become a big field. There are many areas where something can go wrong:

- Risk exists for operations, retention, investments. . .
- Risk exists for certifications, government compliance. . .
- Security.

Technology can greatly help efforts to identify risk, automate prevention solutions, and monitor previously resolved crises.

Cut the Biggest Cost of them All

Then there is perhaps the biggest cost – **Opportunity Cost**. When all technology efforts are consumed putting out fires, new ideas and opportunities will be missed – because of last night's emergency. Dysfunctional technology situations will ruin any competitive advantage, drain resources and siphon away focus that could otherwise be spent growing the business.

Improve Operations

Operations is all about efficiency – the ultimate goal is for things to run as a never-failing, well-oiled machine. In our experience, these are consistently low-hanging fruit, for improvements through Technology:

- Monitoring Individual / Team / Overall performance
- Creating systems for crisis resolution & prevention
- Remote communication – video, audio, etc.
- Manufacturing: parts variance, defects, returns, etc.

Technology can help so many areas of Operations perform more efficiently. Statistics can be sliced & diced in more ways than Major League Baseball stats. The potential benefits are endless.

Improve Reconciliation

End of Period Reconciliation is time consuming, error prone, and requires endless correction efforts.

Yet there are still large companies, with entire rooms full of workers entering line-by-line items in, and then trying to reconcile month-end numbers to the penny (often taking weeks to do so). There is no need for this degree of labor intensity.

Automatic reconciliation cuts costs in a number of ways:

- Cuts data entry time – 90% fewer human hours are required.
- Cuts eyeball-reconciliation costs – time and money.
- Cuts user error which risks inaccurate payments (& more).
- Cuts user error which risks disaster – lawsuits, etc.

Cut Other Costs

- **Marketing Research** – cut labor intensity when conducting research and trend analysis. Gain more than a dozen side benefits.
- **Paperless Office** – save office/storage space, historical archives search is less costly than folder flipping, and loss from certain risks are managed (fires, etc.)
- **Intangible** – industry respect, employee morale, and public relations. Think of the intangible benefits that Wal-Mart's advanced technology systems have given them.