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The Cost Reduction Experts

Cut Costs or Cut Staff?

In the summer of 2022, economists debated whether the U.S. economy was officially in recession, and the argument boiled down to semantics. Regardless of the literal definition, the US Federal Reserve and the Bank of Canada, along with other central banks from around the world, have been increasing interest rates with the goal of controlling inflation. Consequentially, many businesses in North America are preparing themselves for the worst.

“Can you minimize costs and optimize your bottom line while keeping your employees on the payroll and your profit opportunities on track?”

For many of them, that means cutting jobs. In fact, reducing full-time equivalent (FTE) is often the first step a business takes to reduce operating costs. But FTE reductions also reduce operational capacity, among other unintended consequences. So how can you minimize costs and optimize your bottom line while keeping all your employees on the payroll and your profit opportunities on track?

An analysis of a businesses third-party expenses represents an opportunity for significant savings. Simply put, most businesses are overpaying for their vital business services. These are services such as their telecommunications, credit card processing, waste removal and more – services their business needs to function.

One of the major underlying issues contributing to cutting personnel in the event of economic struggle is that most companies don't understand the full breadth of their business expenses. By conducting a targeted optimization of these costs, a business can directly improve profits and avoid the consequences of layoffs.

These savings can come from several different methods – direct negotiations with incumbent providers, consolidation of services, recovery of billing errors, vendor switches and more. Importantly, these cost reductions apply directly to the bottom line, making a dollar saved even more impactful than a dollar earned through sales.

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Opportunities to cut costs exist across all businesses, but one of the main difficulties is in knowing where to look and what expenses can be reduced without



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sacrificing level of service. Most of their expenses are much more complicated than they appear.

Most companies simply do not have the time nor specific tools to pursue significant savings in these areas. Optimizing business expenses can cost hundreds of hours spent analyzing, negotiating and waiting on hold, and even then can fall short. In these cases, where a business lacks the resources to create a team specifically to reduce costs, they can turn to Schooley Mitchell. Schooley Mitchell utilizes networks of cost reduction specialists leveraging software, pricing databases and long-standing influence with service providers to find savings for their clients.

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While layoffs often seem like a simple solution to immediate economic concern, they can cause morale issues with current employees, reduce operational capacity, and cause damage in the long term when it's time to ramp up for recovery. By making cost-cutting a priority, your business can create a more sustainable bottom line, build resiliency to economic downturn, and avoid headcount-based speedbumps on the road to recovery.

