

Controlling Business Expenses

One of the biggest challenges to all businessmen is controlling expenses. Do yours expenses seem out of control? Do you know how and what to control? Here are some tips to help.

- 1) Plan
Expenses control is crucial. This is how businesses spend their money that makes them more or less profitable than others. And when you're operating on a shoestring budget, as most businesses are, then planning become very important.
- 2) Measure
Key measure of expense is how much money it generated. Measure each and every business's expenditure by its contribution to profit and to sales. Then focus your limited resources on the areas of greatest benefit.
- 3) Tracking
Keep track of expenditures as a percentage of sales and also for each profit centre in your business. Compare the results with other similar businesses and to industry statistics. This allows you to time your expenditures to coincide with cash flow or with the availability of financing, and prevents unpleasant surprises.
- 4) Avoid unnecessary spending
What is each expense's contribution to sales and profit? How long will it take to recoup the investment? What is the rate of return? If the planned expenditure has uncertain returns, maybe you shouldn't spend the money, or maybe you should take another approach.