



Business - Securing Your Financial Health - 10 Ways You Can Save Money and Increase Profit

By Dr. Linda Hancock

ABOUT THE AUTHOR

Dr. Hancock has written a regular weekly column entitled “All Psyched Up” for newspapers in two Canadian provinces for more than a dozen years. Over the years, her readers and clients have said that they have benefited from her common-sense solutions, wisdom, and sense of humour. Dr. Linda Hancock, the author of “Life is An Adventure...every step of the way” and “Open for Business Success” is a Registered Psychologist who has a private practice in Medicine Hat. She can be reached at 403-529-6877 or through email office@drlindahancock.com

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As a solo professional, you are dealing with investing your own time, energy and money on a daily basis. Your profit is therefore based on the number of billable hours you complete less your expenses. You can reduce your expenses to increase your profit if you are wise. Following are ten specific things you can do to save money in your practice:

1. RESEARCH - There is so much competition in the marketplace that investing a little bit of time to research your options can often save a great deal of money for you. Telephone plans, office equipment or insurance rates are good examples of costs which can greatly vary in price. Sometimes an internet search or a telephone call will help you to find a "better deal". You need to be careful however, that the goods or services are the same and that you do not risk losing benefits in the name of price.
2. NEGOTIATE - My son-in-law is a salesman who negotiates EVERYTHING. Sometimes my daughter is embarrassed when he asks for a discount on items but he usually gets one. Most companies and employees have the ability to reduce prices. All you need to do is ask.
3. UNDERSTAND THE DIFFERENCE BETWEEN NEEDS AND WANTS - Before you buy anything ask yourself "Do I really NEED this?" The answer will involve a process of determining the number of times you will use the item and whether another less expensive one will do just as well. This is about getting your business and personal needs met and not about filing your ego.
4. TAKE ADVANTAGE OF TIMING - Most items are less expensive at certain times of the month or year. Buying a car, for example, can be less expensive at the end of the month (if the salesman wants to meet a quota) or in the fall (when the new models arrive). You might want to purchase office supplies in August when the back-to-school sales are on. Also, your accountant will help you to schedule larger purchases to obtain the best tax benefits.
5. BUY IN QUANTITY - Sometimes you can save a great deal of money by making bulk purchases. Buying two cases of paper instead of one might be a good saving. Placing an order in a specified amount might result in you not having to pay shipping. Even signing contracts for longer periods of time might provide discounts for you. The key, of course, is that you ensure that you really need the products or services and are not investing your money into things that will not provide you full benefit to your business.
6. AVOID INTEREST COSTS - It is very important that you pay all of your bills on time. Companies might charge you as much as 30% interest on late or unpaid bills and it doesn't take long until the amount you owe them is doubled. You can actually save thousands of dollars a year by paying your credit card balances in full each month or having a lower-rate line of credit instead. Interest is toxic in that it eats away at your profit.
7. KNOW THE CONSEQUENCES OF PENALTIES AND SERVICE FEES - Banks tend to charge a number of fees to maintain accounts and if you are not aware of these, you can pay a number of costs that are not necessary. Check your bank statements and question anything that is listed. There might be a different plan that would better suit your needs for a lower cost. Also, be aware of penalties and late payment charges. You might pay \$50.00 in addition to interest for late payment of a credit card (and lose your reputation and lower interest rate) or as much for a NSF cheque. Sometimes the fees are more than the initial payment! Be careful!
8. CONSIDER WAYS YOU CAN EARN ADDITIONAL INCOME - Are you using your office all the time or could you possibly rent it out to another professional? Over the years I have paid at least half of my lease each month by sub-letting the office on specific days of the month. An added benefit is that having someone else use your office space keeps you out of it! You are not tempted to work too

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hard when you have someone else using your space. As well, you might create additional income by writing a book, contracting paid speaking engagements or charging clients for handouts and/or photocopying.

9. KEEP IT SIMPLE - The more paperwork you do - the more expensive it is - for purchase of paper and ink, storage and accounting fees. Also, other professionals charge by the hour so the more you meet with them or contact them, the more you will pay. Ask what they need from you and provide with for them without all the details or "chit chat". Remember, their clock is running!

10. HIRE FAMILY - I have two of three children and four of six grandchildren who work with me. They are always so creative in showing me how their skills and abilities can be used to prosper my business. When you hire family, you provide them with income, develop loyalty and understanding about your career and help them to learn professionalism. You can also consult with your accountant about how their work hours might be a tax deduction for your business.

President Harry S. Truman had a sign on his White House desk that stated "The buck stops here". As a solo professional, you also have the responsibility to make decisions that will help to reduce expenses and increase profit.. Be wise for the buck stops with you!