

Strategy #5

Embrace Technology

Come to terms with technology's place in today's world and master it

CHAPTER 10

If Cash Flow is King, Technology is Queen

Using technology to automate, to save costs and to simplify

Technology is a useful servant but a
dangerous master - Christian Lous Lange

As a consultant and business owner, I constantly hear about the latest and best apps and gadgets available. Many are useless but there are some which are effective in streamlining cash flow, cutting expenses, generating greater revenues and saving you time. The problem is that there are literally hundreds of these apps now and several phone carriers to consider.

The best way to proceed is to check out your app store for specific business apps that you might find useful such as auto

mileage record keepers, charitable donation record keepers, expense recordkeepers or banking apps.

YOUR PHONE CARRIER

One piece of technology that I changed during my 2008 review of business expenses was my phone carrier. I was using one of the big phone companies. We had five phone lines and a fair amount of long distance calls which meant I had a monthly phone bill of about \$300. Today, I pay less than \$100 a month. The cost of my hardware (the phones) went down from a whopping \$35,000 to \$1,000! We started using VOIP (Voice Over Internet Protocol) whereby you access the telephone lines through your internet connection. We no longer have expensive service calls to repair our phone system. We never again have to pay thousands of dollars to upgrade the phone system. Our phone bill is far less than what the big phone companies are charging now for the same service.

We use an independent carrier who does not say “save a little money using VOIP” because VOIP is nearly free for them and they pass this on to us. We have steady, reliable service and this is available to companies of any size. Check it out and pass the word

along. You can find out my carrier's rates and compare against yours at www.getsoundline.com.

I know many small businesses who have gone straight to using cell phones which is typically pretty affordable. I would argue, first, to take a look at the cost of a VOIP which will enable you to use the phone through any internet connection. Second, take a close look at competitor rates for cell phone plans. You could save thousands of dollars through a diligent review of usage, functionality, number of units and shared payment plans (by staff who are using the phone for personal use too). There are also many useful apps now for things like monitoring activity, locations and uses of the cell phones by your employees.

THE MAGICJACK

Consider also the Magicjack. It is a device that plugs into a USB port on your computer (or a router) and has a standard phone jack into which any standard phone can be plugged. This allows the user to make unlimited phone calls to the US and Canada. It also allows you to use your fax machine over the internet and is extremely affordable.

THE FAX MACHINE

While the fax machine is now a lesser used option with the advent of email and other communication systems, it is still widely used in many industries. So, for those who still use faxes, make sure to use software that offers an ability to digitize the entire process. Such software can be purchased and integrated in many fax machines.

THE SCANNER

Are you using a printer for many of your critical documents? To save costs, consider using a printer that allows you to email directly to your clients, rather than print, mail or fax. Instead of

printing out all the documents that you need to send clients, consider scanning and emailing them instead.

We used to spend \$8,000 annually on printer ink and paper to prepare all the tax returns and those requisite copies. Today, we scan and email those same files, reducing our printing costs to just below \$1,000 annually!

CUTTING COSTS

There are many useful apps available, either for free or for a nominal fee. Spend time to educate yourself and your staff so that you can avoid spending company dollars when you could use these apps to plan your spending more efficiently and at a lower cost.

Take, for example, the issue of security. There are now tools and apps for you to monitor your buildings and obtain enhanced security. These devices or apps do not require a monthly fee for these monitoring activities. You have the benefit of real-time information on any activity as well as the ability to automate or personally respond to potential intruders, right from your phone. If your company spends a large amount of money on computer hardware and software, you need to keep abreast of developments that can potentially reduce your fees.

- i) iPads and cell phones, relatively inexpensive, can now replace the use of computers;
- ii) a centralized server can eliminate hard drives at every work station;
- iii) online software subscriptions and POS systems, along with inexpensive remote backup services can eliminate the need for big servers and computer terminals while increasing security and cash in hand;
- iv) wireless networks are replacing and simplifying networking;
- v) focused efforts to use email, integrated apps and texting are decreasing mailing and faxing needs which are more costly;
- vi) a good review of network administration options (including various kinds of outsourcing options) are eliminating or heavily reducing computer support and networking requirements;
- vii) another improvement has been the use of technology to automate many procedures such as bookkeeping, typing, phone answering, marketing activities and much more.

One way in which technology can save you thousands of dollars is by hiring people to work from home.

Entire books have been written just on technology alone. This is, however, a good start for any business thinking of cutting costs and streamlining their operations.

SHOULD YOU OUTSOURCE?

Could your business utilize any aspect of outsourcing whether it is using a specialized external contractor locally or for technology maintenance? Could you consider outsourcing to reduce your labor or overhead costs such as accounting and the work done by your receptionist?

Today, I no longer have a marketing person. I spend about \$20,000 annually in various outsourcing activities such as to manage our social media channels, to create website content on a regular basis and to develop marketing materials. I used to pay for one marketing position at a loaded annual cost of \$69,600.

One way in which technology can save you thousands of dollars is by hiring people to work from home. This used to be very hard to manage but not any longer. Technological advances have now made it easier to ensure that your staff, who access and use any type of electronic device to do their work, can be monitored. The common misconception about these hires is that you need to pay these staff more since they are independent contractors in many cases. This is false.

The way to approach this is from the perspective of the person being hired :-

- i) they have the ability to save time and travel costs;
- ii) if they work independently, they also save on payroll taxes;
- iii) if they do not need benefits (let's say that their spouse covers them), they can cut that shared cost out;

- iv) they are also able to write off home office expenses, home office supplies (which they can also use for personal use simultaneously), cell phone, travel and internet expenses directly against their income, further reducing their tax liability with the IRS; and
- v) they have the added convenience of choosing their hours (in most cases), being at home with the kids and family (if desired or needed) and many other perks.

This combination of benefits means that they can be compensated less and the employer can save money in multiple ways. Many employers today provide much of the resources necessary for an employee to succeed when working from home and are still able to save many thousands annually by renting less space, paying less taxes and lowering administrative or direct costs absorbed by the external hires.

COMPETITION IS YOUR WINNING HAND

When you're playing poker, a full house is a fabulous hand! It's much better than three-of-a-kind or two pairs of any number or suit. However, if the player across you has a flush in their hand, your full house will mean nothing. You will lose.

In business, every financial aspect of your company can be viewed as a poker hand. The good news however, is that frequently, you can win when others compete against you.

Take, for instance, outsourcing your computer technology and networking needs. Let's say, that you currently have a part-time IT guy you pay \$2,000 a month to look after your machines and company network. You decide to outsource and get three outsiders to bid for the work.

To make this a smooth apples-to-apples comparison, you diligently prepare a summary of everything that is needed to successfully manage your network and put it out there to be bid on. Whether it's a local provider or an international one (this might be needed if you are looking for remote access), you get at least three bids (maybe a few more) and then conduct a close comparison of their offerings. You might be surprised at the outcome. There are many networking companies that employ top quality technical staff who look after dozens of

companies simultaneously, thus spreading their costs across multiple revenue streams. They have a winning hand, and by allowing them to compete for your business, you get the best deal.

What aspect of your business do you think you can outsource? For some, the question may be answered by considering what aspects cannot be outsourced. Whether it is technology, accounting, reception services, administrative tasks, marketing activities, order fulfillment, warehousing, shipping, selling or production.... the list and the possibilities are endless!

Take a look at all the expenses in your business. Rather than assume that outsourcing will not work for you, carry out an internet search of companies who provide the services you currently complete in-house. Create an effective summary of exactly what needs to be done and allow competition to play its part. Do due diligence on final candidates, of course. Then, where possible, test

and measure your results. If it's a winning relationship, you could win big.

There are a number of positive consequences to such activity such as improved performance, better service, more efficient output, higher quality finished products, more freedom and less stress to you and others within your company as well as the ability to scale.

End of Chapter Action Items

1. Review potential apps you can use in your business

Check out your cell phone's App Store for a wide variety of apps that could make bookkeeping, taxes, mileage tracking, expense tracking and other industry specific activities easier, faster and more accurate.

2. Use VOIP

Consider switching to VOIP and review the options available because this could save you thousands a year.

3. Review your cell phone plan

Do an analysis on all aspects of your plan including the rate you're paying, staff usage, what you need and what you don't, what competitors are offering, the number of lines you need, what tools are available to monitor employee usage and productivity on the job etc.