

Five Ways to Cut Overhead

In these uncertain economic times, tax exempt organization may have to take unusual steps to keep on an even keel. Any organization is not immune to current economic conditions and factors that may be plaguing for-profit business operations. Expect to see a trickle-down effect on your organization.

Try to reduce your regular overhead expenses. This can help you survive until the economy recovers.

The following are several practical ideas for cutting overhead expenses in the current economic environment:

Examine your present costs – Before you can determine where waste exists, you need to know what is your current overhead. Be sure to get accurate, up-to-date figures for each and every item on your books. This includes such things as equipment, stationery and forms, mail services, phone expenses, office furniture, etc. Once you have a total for this year's overhead, compare it to last year's. If the trend is upward, chances are that you have some cost-cutting to do.

Get the staff involved – A cost-cutting memo from management will probably not be as effective as sitting down with employees and getting their opinions as to how overhead can best be trimmed.



There are many reasonable and practical ways to cut overhead and reduce your daily and long-term costs.

You may want to form small, cost-cutting groups consisting of employees and a supervisor. Ask each group to come up with, perhaps, five ways for reducing expenses without sacrificing essential services.

Hold out a carrot – You might set up some type of incentive plan to encourage employees (or even volunteers) to come forward with ideas. For example, a cash award equal to a predetermined percentage of the money saved from an idea is one way to attract immediate attention of employees. Other perks may be appropriate for your organization's particular situation.

Control Purchasing – All too often, employees have the attitude that no matter how much an item

costs, your organization can afford it. It is important to let employees know that bargain-hunting is just as vital in the office as it is at home. Take the time to search for the most cost-effective prices and services.

Recycle – The same rigorous environmental standards that people are beginning to use at home should be applied on-site. Any item that can be reused – paper, folders, etc. – should be. Any items that cannot be reused should be recycled, whenever possible.

Do not dismiss these cost-cutting ideas as small potatoes. It can all add up to savings for your organization. If you can cut your overhead expenses month-in and month-out, it may be enough to get you through a rough patch. ■



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