

Authors



Renee Nymeyer
Managing Partner



Brent Wise
Senior Director

As companies navigate this unprecedented business environment, it is imperative that all expenses are tightly managed. If you have had to make any people changes (pay cuts, reduced hours, furloughs, downsizing) then stakeholders expect that you have also analyzed ALL of the non-payroll SG&A costs that impact the bottom line! How has your organization approached this effort?

Individually, many such items may appear to be insignificant, especially those incurred on a per employee or per use basis. Many of these costs are buried so far down in the P&L they are hard to find yet add up to be a material burden, sometimes even remaining long after the original need has been fulfilled.

The costs could be as simple as eliminating mobile hot spots that are no longer needed to reviewing and adjusting all non-real estate leases, rentals and subscriptions. In the aggregate, these costs can significantly impact profit margins in a short period of time.

As companies adjust their business plans to meet the current needs, how is your company effectively addressing expenses and the related policies to bring operating costs in line with the reduced revenue being experienced?

Many companies are evaluating the opportunity to reduce their Facilities footprint as the business moves to a more virtual model.

What additional costs can be cut when this is done?

- You can act now to contain ancillary costs like parking, janitorial services, building security, and office supplies.
- The risk management profile of the enterprise may have changed, and corresponding policies and mitigation plans should be addressed as well.

Many changes have likely been required for the IT organization to meet the demands of the enterprise in the current operating environment. Are all costs being reviewed to stay aligned to critical priorities?

- Software licenses and systems maintenance contracts should be updated to track with the revised focus of business operations.
- With narrower focus and possibly reduced operations, teams should be eliminating duplicate platforms enabling reduced spend on Software as a Service (SaaS) and cloud solutions across the enterprise.
- IT services and use policies require reviews and changes to reflect current conditions. IT policies need to be updated or created to bring IT expenses in line with sales and operations.

Continued on next page



As the Business Development effort adapts to the current environment, significant changes may be needed to ensure success. Are you getting the most out of the spend in this area?

- Existing policies should be updated to manage the new expenses these functions are incurring.
- You can work with your partners to get the most value out of sunk costs on sponsorships and sporting event tickets where the original intended value is not being realized.

There are many other General Expenses that need to be addressed. Are your leaders proactively managing their respective cost categories?

- There is value to be captured from non-real estate leases and subscriptions as they are brought in line with revised operating plans.
- General liability insurance coverages may need to be adjusted to stay aligned with business.

Given that there is no such thing as business-as-usual there is a real need for urgently managing many of the indirect costs across your enterprise. With your leaders focused on their functional responsibilities, how is your organization making sure these opportunities are being addressed with discipline and transparency?

About Primed Business Consulting, LLC

We partner with our clients to address complex business problems, determine and implement the right solution to drive positive change, and deliver sustainable results. Our core competencies include interim leadership, business strategy, operational efficiencies, organizational and culture alignment, mergers and acquisitions, restructuring, remediation, spinoffs, and performance improvement. Our complimentary and compatible team of experts know where, when and how to add value across Strategy, Finance, Human Resources, and Information Technology.

Contact Us

817.400.4017 | info@primedllc.com | www.primedllc.com