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## Are you paying too much for business services?

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Nina Hendy



**No matter what industry you work in, a bit of time and a fine-tooth comb is sure to turn up some pretty hefty cost savings in your business. But with SME resources often stretched to the limit, savings can go unidentified year after year, eating into profits.**



It pays to shop around for cost-effective business solutions.

But a recent Australian survey has uncovered the average costs for a range of business services, which may reveal that you're paying too much.

The data is based on more than 70,000 real business service quotes submitted through ServiceSeeking.com. The site has 15,000 quotes posted on it every month and \$1.5 million worth of work moves through the site daily.

And while the prices quoted are typically lower than those sourced through other means due to the high percentage of freelancers quoting; it becomes a useful tool when shopping for all-importance services.

Janna Fikh of Sydney's Fletcher Tax Accountants has been helping SME owners reign in their costs since 2003. She is constantly surprised by how many business owners accept the first offer when it comes to business decisions.

"Small business owners wear so many hats that often it's a case of not having time to shop around. But it's about making time. I've seen businesses that rely on the phone to run their business stuck with bills that skyrocket because they can't be fussed shopping around to find a better deal."

### Stick to a budget and shop around

Jeremy Levitt, founder of ServiceSeeking advises businesses to be clear about what they're asking for in a quote.

"Hidden costs can start to creep into the bill when you don't really know what you're asking to be included in a quote," Levitt says.

"For example, if you're asking for web development, make sure you know whether you want any back-end services quoted. And always ask for your quote to be itemised if you're after more than one item."

Competition is the key to getting a good price, he says. "The more quotes you get, the more likely it is that you will get a better deal. Let each business know that you're looking for the best price."

Ms Fikh recommends her clients stick to a budget and use the internet to shop around for quotes.

While searching the net, check out Ready, Steady Print, which promises to save an average 40% on printing through smart purchasing.

### Periodic reviews

Melbourne business coach Brian Bijdeveldt of ProfitKoach also recommends periodic reviews and an aggressive approach to negotiating price and conditions for your biggest costs. '

"Every business, no matter how big or small, should embrace the discipline of an ongoing cost management program. Quotes for larger cost items can be tendered out each year to ensure current suppliers remain competitive," Bijdeveldt says.

### Join an industry association

Consider joining an industry association, which usually offers members benefits and discounts. Gift & Homewares Australia (GHA) is the industry body for the gift and homewares sector. It offers discounted access to services

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Alby Taylor, chief executive, GHA, says industry organisations exist to provide businesses with information and assistance. "Our benefits to members have been developed to help keep costs down in a very competitive market and provide members with an advantage in their business dealings," Taylor says.

## **Consider crowd funding**

Businesses in the set-up phase could also keep costs low by crowd funding, which invites people to invest in your business concept. You can list your business idea online these days at sites like [kickstarter.com](http://kickstarter.com), [quirky.com](http://quirky.com) and [springwise.com](http://springwise.com).

## **Downsize the office**

Iain Chaney is one of the Melbourne founders of Aware Environmental. He admits he has been diligent about keeping costs down since he founded the business 15 years ago. Today, the company turns over more than \$10 million a year and is forecasting growth of 20% in the next 12 months.

He admits his would be one of the few public companies where two of the four directors work from a home office, but he says it saves his company big bucks.

"You can operate from a home office easily these days thanks to technology. An office space could set you back \$20,000 or more a year, so there's a cost saving straight away," Chaney says.

## **Use contractors or hire an intern**

Using contractors rather than hiring staff is another smart move, Chaney says. "It only takes a glitch or some sort like an economic downturn or you lose a couple of customers and all of a sudden you're in a position where you need to lay people off," he says.

"In those early stages, it's far better to lean on family to help with the business as they're often far more flexible if the work dies off."

Or, consider hiring an intern from a university. Maureen Pound is a business coach from Melbourne who hired a PR intern for a year at \$15 an hour, who managed to get her business, Boundless Potential, in various high profile publications.

"Also, just pay for what you need. A few hours of admin support or bookkeeping is all you might need. And consider exchanging services with other small business people, which is especially good when you're starting out."

## **Reduce your risk with the bank**

Nathan Keating, general manager of Pearl Financial Services says businesses can save money by reducing their risk grade with their bank.

"Every time you overdraw your account, ask the bank for a temporary limit increase or pay your loan late, you're harming your risk grade. This risk grade dictates the interest rate you pay, so keep your risk grade low and you will reduce the cost of your borrowings," Keating says.

## **Do away with fancy cars**

Chaney says Aware Environmental made a conscious decision not to spend their earnings hiring sales reps or buying fancy company cars. He says too many businesses invest in things that aren't necessary. "We just decided we could do without them in the beginning, and haven't needed them since."

## **Do you really need to pay for printing?**

Chaney still prints Aware Environmental's company letterhead from a laser printer rather than having office stationery printed to keep costs down. "Laser printers are so good these days that I bet no one would ever guess."

Fancy glossy brochures are also a waste of money in his opinion, with a professional website a far better investment. Chaney is also investigating the possibility of redirecting his marketing budget into social media, which will save costs. This will be run in-house, offering further cost savings.

ServiceSeeking.com.au Price Guide for Business Services report found:

**Brand specialist**

Average hourly rate - \$77.18  
Highest hourly rate- \$150.00  
Lowest hourly rate - \$22.00  
Average quoted price - \$1,093.00

**Advertising sales**

Average hourly rate - \$68.55  
Highest hourly rate- \$250.00  
Lowest hourly rate - \$17.00  
Average quoted price - \$9,453.00

**Internet marketing specialist**

Average hourly rate - \$58.60  
Highest hourly rate - \$125.00  
Lowest hourly rate – \$20.00  
Average quoted price – \$668.00

**Advertising copywriter**

Average hourly rate - \$60.00  
Highest hourly rate - \$90.00  
Lowest hourly rate – \$40.00  
Average quoted price - \$320.00

**Graphic designer**

Average hourly rate - \$57.57  
Highest hourly rate - \$350.00  
Lowest hourly rate – \$15.00  
Average quoted price - \$360.00

**Commercial printing**

Average hourly rate - \$47.88  
Highest hourly rate - \$120.00  
Lowest hourly rate – \$30.00  
Average quoted price \$699.00

**IT technical support**

Average hourly rate - \$79.65  
Highest hourly rate - \$165.00  
Lowest hourly rate – \$15.00  
Average quoted price - \$994.00

**Web developer**

Average hourly rate - \$59.68  
Highest hourly rate - \$500.00  
Lowest hourly rate – \$15.00  
Average quoted price - \$1,605.00

**Bookkeeping**

Average hourly rate - \$38.17  
Highest hourly rate - \$66.00  
Lowest hourly rate – \$22.00  
Average quoted price - \$396.00

**Tax returns and advice**

Average hourly rate – \$93.40  
Highest hourly rate – \$450.00  
Lowest hourly rate – \$20.00

Average quoted price - \$528.00

*Average prices quoted between October 2007 and March 2010 – ServiceSeeking.com.au.*

