Introduction

With a downward global economic forecast looming on the horizon, many CFOs will be forced to make difficult financial choices. If this sounds familiar, you aren’t alone. Maybe your organization is concerned about the slowdown in China, or less favorable monetary conditions in the US, or the evaporation of start-up capital everywhere. In any case, there’s no doubt cost savings are weighing heavily on CFOs – every day.

You’re likely wondering: What are some simple cost-cutting measures CFOs can employ over the next 12 months? How can strategic revenue management options better position a business for upcoming economic challenges? And how can you sustain the gains you make?

01. Reduce energy costs

Despite the recent drop in oil prices, long-term energy costs generally go in one direction: up. The good news? It’s almost a guarantee that improvements made today will pay off down the road. And just about every business can find room to improve. The US Department of Energy estimates that 30 cents of every dollar spent on energy use in commercial buildings is wasted. Wasted! Not only is that environmentally disgraceful, but it’s like lighting money on fire (which, we’re pretty certain, is the least efficient way to heat an office building).

In the UK, energy audits are mandatory for private firms with 250 or more employees or a balance sheet greater than 43 million euros. While not mandatory in the US, firms can should still consider an energy audit. Did you know that more than 50% of Fortune 100 companies work with the ENERGY STAR program? Your business’s utility company likely has incentives and rebates as well, and can guide you through an audit. For more ideas, check with the US Department of Energy’s Building Technologies Office (BTO) which has created a Multi-Year Program Plan (MYPP) for Fiscal Years 2016-2020 to help company’s trim energy costs.
02. Invest in digital solutions

As more consumers embrace digital technologies, businesses have no choice but to adapt. As a CFO, you know this. And at the same time, according to the Accenture report, 52% of CFOs are exploring a move to the cloud as a cost savings measure. But the pursuit of savings through reduced CAPEX is only part of the story here, since migrating critical systems to the cloud can bring about strategic advantages such as increased ability to serve customers more quickly and better integration with vendors such as Salesforce and Zendesk.

Digital transformation can’t happen overnight, and rushing in can disrupt the daily operation of your business. The key is to use your organization’s overall strategic direction as the roadmap to prioritize implementation of cloud migration.

Here are just a few ways that organizations that have begun cloud migration are taking advantage of the platform, as reported by CDW:

- 39% have moved some or all of their storage to the cloud
- 31% are using cloud-based computing
- 31% have adopted cloud-based collaboration tools

CDW also found that 29% of finance departments are buying cloud services directly. This means that CFOs are playing a much more active role in vetting and implementation. But the CFO’s established duty still applies and he or she will have to ask, what are the real savings? Look deeply, because unfortunately, internal IT departments were only 56% accurate when it came to forecasting savings, and internal finance department estimates we deemed only 40% accurate.

Why are those estimates off? It’s often because there are hidden costs to cloud use, like chain-reaction effects of non-approved cloud application installations by groups other than IT. And inefficient use of services you’re paying for, such as storage. In a survey several years ago, enterprises reported usage rates as low as 26%. Let’s be optimistic for a moment and say organizations today are better at utilization and have doubled their rate. That would mean they’re still only using 52% of what they’re paying for. That idle capacity is costing business every month.

That’s why for any cloud initiation, it’s critical to work with a partner who’s a recognized industry leader in the sector.

Non-approved installations will likely be a problem for some time, as business groups throughout organizations find and implement solutions that work best for their own challenges. The same goes for employees using their personal devices, known as BYOD – bring your own device. But where you’ll want to rein in non-approved installations, you may actually want to encourage BYOD.

With BYOD you can cut costs, improve employee experience and improve security. Here’s how: unified communications platforms like those that Fuze provide offer powerful dashboards and customizable reports to give a birds-eye view of workforce and BYOD activity across all devices and applications — desktop, mobile, contact center, and conferencing. You can monitor usage and take quicker action when needed. BYOD may reduce costs since the hardware is brought in, and generally maintained, by your employees. And finally, it enhances employee experience since there’s no learning curve for them to get up and running.
Globally, travel costs are relatively stable, with business travel in APAC showing the largest increase this year at 1.2% (Latin America saw 0.8% increase, North America, and Western Europe came in at 0.5%, while the Middle East, Africa, and Eastern Europe ticked up just 0.1%). Yet, transport is one of those areas that offers the opportunity for straightforward cost cuts, as well as opportunities to create value through smart cost management.

First things first, if your organization doesn’t have an official travel policy, create one – and hold employees to it. At its most basic level, your policy should outline:
- Acceptable fare classes for air transport
- Approved hotel chains
- Per diem allowances
- Rules for submitting expense reports accurately and on time

A simple tip to cut these expenses is an obvious one – plan ahead. It’s no secret that fares booked in advance can cost a fraction of tickets purchased at the last minute. Dynamic pricing also affects hotels in busy cities and resort areas – if you’re heading to a can’t-miss conference, so are a lot of your peers. Booking early can get you a room at a prime location at or near the conference. Uber and taxi fares add up quickly, plus when colleagues are all meeting downtown for a drink before dinner, you don’t want to be stuck at your motel on the outskirts of town.

Another way to reduce travel spending long-term is to outsource it to a booking services provider. An expert can offer travel policy guidance, employee booking support and help negotiate bulk discounts with hotel chains and airlines. Another benefit of using a service – they may offer travel protection to guard against short-notice cancellation fees.
This is a cost savings method related to the three previous – energy, digital solutions, and travel. The simple fact is, according to Global Workplace Analytics, Fortune 1000 employees are working somewhere other than their desks 50-60% of the time. The same is likely true within your organization.

Facilitating telework means many companies can quickly re-evaluate (and reduce) their common physical needs (office space, parking, utilities, office equipment and supplies, etc.). The same Global Workplace Analytics study found that 50% of the US workforce can do their job at least partially from home or other location. It adds up: if every worker who could do his or her job remotely alternated days in and out of the office, the projected savings would be $11,000 per employee. Those employees would potentially save themselves up to $7,000 per year on transportation and work-related costs as well. The top benefits according to those who telecommute? Workers in North America, the Middle East, and Africa cite eliminating or reducing commute time, while workers in the APAC region say they enjoy the flexible hours.

So how do you keep remote workers engaged, productive, and connected? By using the newest generation of HD audio and video conferencing platforms. And the technology has made leaps in terms of quality from years ago, with high-def cameras and 4K displays, crisp audio, and screen and application sharing between participants, even markup tools. This level of collaboration brings colleagues together – no matter where they sit. The most versatile options work across devices – linking mobile, desktop, and conference rooms. Look for a platform that allows multiparty HD conferencing to connect groups for everything from project status updates to large department meetings.

What additional value does remote connectivity offer? Here are a few statistics from Global Workplace Analytics:

- 36% of employees would choose remote work flexibility over a pay raise
- 37% of 1,500 tech pros polled would opt for 10% lower pay if they could work from home
- Companies like Best Buy, British Telecom, and Dow Chemical say workers who telecommute are 35-40% more productive
- 46% of companies say their telecommuting policies have reduced worker attrition
- People who work from home don’t infect co-workers when they get sick
05. Bring your partners closer

How well do your suppliers and vendors understand your business? Do they know the value you bring your own customers and the value you can channel back to them? For instance, if you have customer data to share that can help with the development of your supplier’s next product version, you gain value by improving their process. Opening the lines of communication can show them how vital you can be to their business, and offer leverage when negotiating contracts and orders. At a minimum, collaboration with suppliers allows them to better understand your needs and provide you better solutions.

A final word

Cutting costs is not an independent activity. Organizations must use their strategic direction to guide cuts thoughtfully, not cut costs and then try to make the most of the organization that’s left. With this in mind, CFOs can make sustainable changes that can build real value.

Fuze is a global, cloud-based unified communications platform that empowers productivity and delivers insights across the enterprise by enabling simplified business voice communications, flexible video conferencing, and always-on collaboration. Formerly ThinkingPhones, Fuze allows the modern, mobile workforce to seamlessly communicate anytime, anywhere, across any device.