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BUSINESS

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Eliminate waste to trim expenses

Dear Karen: What are some ways to reduce our production expenses?

Answer: When consumers cut back spending, entrepreneurs must cut expenses. Although most companies run lean, there is waste that can be cut in every organization.

"Waste is anything that adds cost but not value to a product," said Patrick Ross, a principal in the Audit and Business Advisory Services Group at Irvine accounting firm Haskell & White. "Eliminating waste will reduce costs while increasing efficiencies."

Recruit an employee brainstorming team to identify and eliminate waste. Typical culprits include overproduction, waiting times, delivery delays, inefficient processing, unnecessary inventory and internal defects, Ross said. Pick the three top money-wasters and develop a plan to eliminate them within six months.

"Assign specific accountabilities and timelines for each step in the change process and offer financial incentives or other recognition as a way to encourage employees. And most importantly, celebrate the results," Ross said.