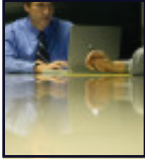


## It's Time to Look at Cost Savings in Every Month Expenses

November 9, 2009



Some expenses get paid every month without any thought or review. Some examples include rent, advertising, insurance, mortgage, equipment leases, employee benefits, telephone, cell phone, data services, and utilities. Let's look at two of these items and how to find cost savings in places you may not have considered yet.

Advertising is sometimes done without real thought as to the return the business is getting for the marketing investment. There are two angles to look at here. First is to analyze if the advertising is really having any impact on sales or is simply an image piece. Every dollar your business spends should have some return on the investment made. Sometimes it can be difficult to measure the return on advertising, but there are steps you can take to find out. Track the source of all sales leads. Find out how many of them are a result of your advertising. If you are paying \$5,000 a month to advertise and you are getting four sales leads from the ads - is the \$1,250 per lead worth it? While on the other hand if you are getting a thousand leads per month from an advertising tactic that is \$5 per lead. The next question is what percentage of those leads close and what level of sales you receive per dollar of advertising. If you are not satisfied with your return on investment, there are two steps you can take. The first is to see if the ad messaging is written for a different time and market. Are you really trying to sell what people want to buy? If not, change the content of the ad to effectively reach your target audience and monitor the results. The second is to simply cancel the advertising for a test period and see what impact that has on sales.

Reviewing your rent, if it is not being paid to yourself or a captive company, is a good place to start. There has been a lot of downward pressure on commercial properties as businesses close and downsize which has created higher vacancies in the marketplace. Take a look at your lease rate as well as the date your lease expires. If the lease will be expiring soon you have some leverage to negotiate, or simply look for new space and consider moving. Of course, you can go to your current landlord and offer to extend the lease if they give you a lower rate that is more in line with the current market rates. Get a good commercial broker to help you and work on lowering your monthly expense for office space.

Here is an example of the commercial rental new reality as illustrated by property offered by Scott's Liquid Gold.

As you likely already know the economic downturn has presented a great opportunity if you are leasing commercial space. Many in the market believe it will be a couple of years before the commercial rental market recovers. As a result, landlords are becoming quite aggressive with leasing incentives in an attempt to keep their space occupied. One of these companies is Scott's Liquid Gold which has both full service prime office space and warehouse space available for lease.

The property is located at 4880 Havana Street in Denver, which is just North of I-70 and just West of I-225. They are offering Class A office space at rates in the lower teens per square foot full service. So for less than \$15 per SQ FT you can have prime office space with secured and some indoor parking.

Scott's also has a warehouse with 54,000 SF of space in the low single digits per square foot triple net. This space is also secured and has rail line availability if needed. You may want to compare this opportunity with what you are paying now. See further details in the links below:

[Property Overview](#)

[Third floor information in half or full floor configurations](#)

[Luxury fifth floor](#)

[Warehouse 'B'](#)

These are just two of a number of expenses that can be effectively managed that you may not have considered. We would be happy to work with you on identifying other opportunities. Call us at 303-459-4870.