

The art of cost cutting

One of the most challenging aspects any manager faces is the conflicting demands of having to both raise revenues and cut costs. Whether it is in banking, garments, tourism, retail, healthcare – or whatever - anyone in a position of authority or responsibility in a company will always be faced with these opposing objectives to some degree. Welcome to the world of running a business!

Raising revenues is all about marketing and sales. This article however is about cutting costs and that is all about efficiency & motivation of the workforce, the application of technology – and keeping a careful eye on every single cent – or poisha – that flows in and out of the business.

The Japanese have turned this process into a science which has been exported around the world. It is called “Kaizan”; a process of continuous improvement that requires every employee constantly to look at every possible way to improve the production process and cut costs. (Hmm, have you ever wondered why the world is full of Japanese products?!)

So let's look at these three areas - workforce, technology and business expenses - individually

Staff/workforce

In order to control or even cut costs, the first step any manager must make is to ensure the productivity of the employees is maximized (productivity = output per worker). This is what so many books on management are all about: How do you get an employee to work hard when no one is watching them?

The first step is about meritocracy. Making sure that the person with the most ability is put into the right position. This sounds easy but across most of South Asia this does not happen frequently enough. Instead people are often hired and promoted due to family connections or some other favoritism. Of course, employers are free to hire as they choose but as long as nepotism and favoritism is applied then the outcome will almost always be low productivity and high costs. Instead, an efficient company must adopt a rigorous recruitment and selection

process. When the right person is in the right position (ie, their talents abilities and character match the job requirement) managers are blessed with few problems and labour costs remain low.

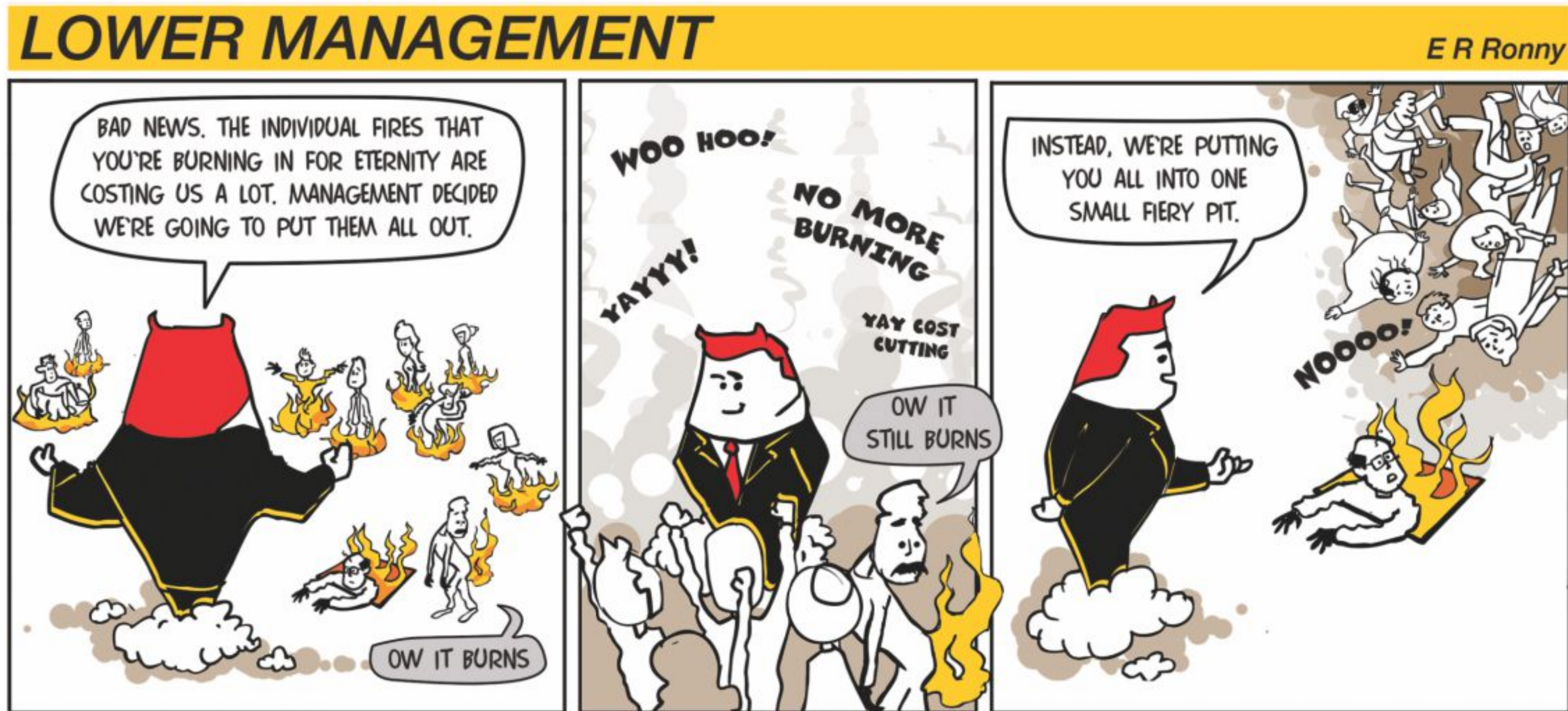
Companies should first establish a wide pool from which to recruit candidates. That must then be followed by trained interviewers who can pose tricky but interesting questions that uncover the candidate's ability, character and suitability for the position. It is beyond the scope of

productivity. Instead of selecting the right people (i.e., a “round peg into round hole”) followed by effective training, delegation and trust, senior management often micro-manages and criticizes employees. In efficient companies, employees are provided with clear targets and a sense of purpose then they are allowed to achieve their objectives with sufficient autonomy. When that is allowed to happen properly, productivity really rises (and labor costs fall!)

tasks with machines. Machines don't have “bad days”. They don't phone in sick, show up late or suffer from boredom and sloppiness or countless other physical or emotional problems which hinder output and productivity. Once again, this is something that is simple – but not easy. Sourcing the right machinery, selecting the right software and/or adapting the right technology are infernally difficult tasks for management to undertake. However, there is no getting around this. Even employers in a



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this article to list the sort of methods and questions a company should ask. However, there is a wealth of resources available on the internet and in books to educate a management team on an effective recruitment, interview and selection process.

Of course, once the right person is hired they must be trained and motivated. Again, an unfortunate “kiss up/kick down” management style is seen in too many organizations which significantly reduce

Technology

The single greatest force that has propelled productivity in the west over the past century or two has been the application of machinery and technology in the production process. Humans have brains; brains should be used for creativity, original design and our infinite capacity to apply intelligence to the products and services we make and use. If a company really seeks to cut costs, it must replace the humans doing menial, repetitive

country with an enormous workforce and cheap labor have to recognize that costs will only ever be manageable when machines replace labor for menial and repetitive tasks. Companies everywhere - from Europe to China - have faced this issue and have managed it well, to their enormous benefit.

Managing expenditures

You may think that few employees need to be told how to be careful about costs!

The trend setter

The struggle in life makes us the person we are today. Next Step had a coffee conversation with G. Sumdany Don, a person who's reached quite the heights in such young age because of his struggle and hard work. He is currently working in one of the top multinational corporations. But, more than that, Sumdany Don is the only career counselor who's introduced a course on career training, named Career Vision, at University of Liberal Arts.



NS: You are a successful individual for your age and your work-life seems charming from every angle. Has it been a smooth road for you?

G. Sumdany Don: Not at all. In fact, it's been a real bumpy road for me. I belong to an average middle class family. I had to work from an early age to cover my tuition fees. Later, I couldn't apply to one of the socially accepted “best private universities”. I joined University of Liberal Arts (ULAB) to study Media and Communication. To be honest, my university had a huge role to play in my life. I am who I am because of my university. I continued to work in my student life. The network I have is the result of my hard work as a student. Having to worry about having a job while being a student probably made me aware of reality earlier than a lot of people.

NS: Why did you feel the necessity to become a career counselor?

G. Sumdany Don: I had the opportunity to be a part of a workshop back when I was an undergraduate student. The workshop made me realize the need of career directions. If I needed it, plenty of other students also did. So, I went to my Vice-Chancellor right after I graduated and told me that I wanted to teach. Unlike most people would have done, he took me seriously and asked what exactly I meant. I, then, explained the idea of career counseling, named Career Vision. My idea was much appreciated and thus I began to take the course. Later, I also started teaching for East-West University. I realized the need of grooming and I

believe I've been able to help many students in the past few years.

NS: Tell me about your first work experience as a kid.

G. Sumdany Don: I can't remember of any voluntary work experiences as a kid. But my official first work was for Darland Intl. School in Mirpur. I joined their as a part time teacher and I remember enjoying every bit of it.

NS: A form of prejudice is practiced in some of the top companies around that base on the educational institution of potential employees. How fair do you think the practice is?

G. Sumdany Don: It'd be outrageous to say it's fair. But, in all honesty, they do it because we have way too many graduates compared to the number of jobs available and picking potential employees from reputed institutions makes the filtration process easier for them. Nevertheless, the process cannot be justified in any possible way. But let me tell you a secret, even if the job requires graduation from specific universities, people who are courageous enough to apply often get an opportunity. Once again, I'm not trying to justify

their actions. There can be talent anywhere and no university can make all their students shine like stars. I've met many talented, hard-working people who graduated from not so known universities.

NS: What five factors would you state to differentiate between local and multinational corporations?

G. Sumdany Don: The multinational companies have grown to be the primary choice of employment because of many reasons. Among them, the five factors would be-

1. Overall environment
2. Compensation and benefits
3. Tendency to groom, help people grow, and retain a student.
4. Opportunity to complete with international talents
5. Faster career growth for those who are talented and work hard

NS: What motivates you in life- recognition or financial benefits?

G. Sumdany Don: Money is always important. Nevertheless, nothing is more important than career and the intangible benefits that come along. I can't say I will work for someone if I'm not happy with the remuneration. Then again, we all do things for recognition as well. Especially me! If I have to choose one, I'd choose social recognition over financial benefits every time.

NS: What advice would you like to give to the youth?

G. Sumdany Don: Education is definitely the most important factor. But more than that, be involved in extra-curricular activities. Try to work while being a student. Help others as much as possible. That's the secret of success. Helping people is the easiest way of building your network and that's what you need to be successful in life- people who think you are reliable and hard working. Build a good network around you along with hard work. Success will come knocking your door soon enough.

INTERVIEWED BY: ASIF KAMAL

Cost cutting in office

The ridiculously practical model

Here's a policy that you can apply to your office.

Dress Code

- 1) You are advised to come to work dressed according to your salary. If we see you wearing Prada shoes and carrying a Gucci bag, we will assume you are doing well financially and therefore do not need a raise.
- 2) If you dress poorly, you need to learn to manage your money better, so that you may buy nicer clothes, and therefore you do not need a raise because the problem is with your money management skills.
- 3) If you dress just right, you are right where you need to be and therefore you do not need a raise.

Sick Days

We will no longer accept a doctor's statement as proof of sickness. If you are able to go to the doctor, you are able to come to work.

Personal Days

Each employee will receive 104 personal days a year- they are called Saturdays & Sundays.

Bathroom Breaks

Entirely too much time is being spent in the toilet. There is now a strict three-minute time limit in the stalls. At the end of three minutes, an alarm will sound, the toilet paper roll will retract, the stall door will open, and a picture will be taken. After your second offense, your picture will be posted on the company bulletin board under the 'Chronic Offenders' category. Anyone caught smiling in the picture will be sectioned under the company's mental health policy.

Lunch Break

- * Skinny people get 30 minutes for lunch, as they need to eat more, so that they can look healthy.
- * Normal size people get 15 minutes for lunch to get a balanced meal to maintain their average figure.
- * Chubby people get 5 minutes for lunch, because that's all the time needed to drink a Slim-Fast.

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