

Making the most of a bad situation

While the recession is an unwelcome visitor to Ireland, nevertheless, it does present us with opportunities to reduce the typical costs associated with running a creche.

The first thing that any serious minded crèche manager / owner should do is to go down through the crèche expenditure. Every penny should be investigated and if there is any saving possible without sacrificing quality then the savings should be made. Typical examples of some cost savings would be as follows:

Telephone

- **Consider using www.skype.com**
- make sure that you are not only with the correct operator. It is just as important that you are on the correct tariff. For instance my mobile phone originally cost me circa €200 per month. I changed my tariff and am now on the 400 plus option. This means that I can call other Vodafone mobiles for free and get 400 minutes to other users and 400 text messages for approx €50 per month.
- Usually with landlines you can get unlimited local or national calls for about €5 a month

Interest

- Take out a secured loan where possible
- Used properly a credit card will give you as much as 45 days interest free credit
- Switching credit cards can give you up to 12 months interest free on the balance transfer
- Even if you threaten to close your credit card you may be offered a reduced interest rate
- Any excess cash should be invested in a high interest deposit account. See www.mycash.ie
- Always file tax returns on time. Penalties, surcharges and interest can be very penalising to late filers.

Insurance

- it may be a good idea to go through all of your insurance costs with a good broker but compare the rate you are offered with an independent website like 123.ie
- always do remember that brokers do try to get you to take out certain types of insurance because if you do so they will receive a commission

Advertising

- Like with other costs check your advertising costs with the same product last year
- While it is difficult to measure the effect of an advertisement, when enrolling children there should be a part of the enrolment form which indicates where the parent heard about the crèche. Then cancel any types of insurance which are ineffective

Light & Heat

- Airtricity, Bord Gais and even ESB International are now real alternatives to ESB
- Turn the thermostat down by just 1 degree
- Switch all appliances off (Do not just leave on standby!)

Subsistence / Food

- Make your own lunch.
- Don't be afraid to use coupons

Motor Expenses

- All employees should be re-imbursed for any mileage incurred tax free
- Directors who have incorporated the business should never buy a company car. The Benefit In Kind on this can be very penalising.
- Company vehicles should be fuelled by diesel. Diesel is cheaper and is more efficient.

Consultancy

- As with all suppliers you need to sit down with all of your service providers at least once a year to discuss all of the services provided and how to reduce any costs going forward.
- While in some situations it may be cost efficient for you to outsource some functions to a third party in other situations you may be able to reduce your costs by taking over some functions.
- For instance accountancy fees can in most cases be reduced by the crèche manager taking over payroll services

Postage

- Use e-mail
- Use internet banking
- Use of web text

Materials

- Consider sourcing products from abroad or from the cheaper Lidl / Aldi stores
- Join a cash and carry which traditionally would be cheaper

Computer Costs

- Consider buying hardware / software direct over the internet

Rates / Rent

- It may be worth going to your landlord and asking for a reduction in the rent
- Also check the calculation of your rates bill with your local county council

It is probably a good idea for crèche owners to form a "network" and then the network could apply to all of the major suppliers to obtain discounts. For instance if a number of networks joined together collectively they should obtain a better discount than if each crèche applied individually for a discount.

Having reduced costs and improved its profits it is important that crèches reduce their tax bill as much as possible. Make sure that you:

- Pay all allowable business expenses out of bank
- Employ family members
- Claim all your tax credits and allowances (see www.revenue.ie)