

7 More Ways to Dramatically Reduce the Cost of Using Outside Experts

1. You should be keeping a log to record the time incurred with all your outside experts

I know that in some cases you are not able to verify the time spent on your behalf as it takes place out of the office. However, in many cases you will be able to track much of the time expended on your behalf and in some cases all of it. By having such a log, you will be able to accurately verify or dispute any bills you receive.

For example, if you are billed once a month by your accountant, how will you be able to remember what he has done for you during the month and how much time he spent doing it? If you do not have a log in which you record the time he spent, you will be forced to accept the billing even though you may think the hours are high.

2. Do not ever allow yourself to be billed in 15 minute increments

This is a standard practice among many who bill on time. Let me give you an example. You call your lawyer and speak to him for 5 minutes. He then turns around and bills you for 15 minutes. You have just overpaid by 300%. You would not allow anyone else to do this would you? Why would you let them do this?

They always round up. You take 20 minutes of their time and you get billed for 30 minutes. You are getting ripped off in a big way. Do not accept this. If you use 8 minutes of time, pay only for 8 minutes of time. Not 10, not 15.

Over the course of the year, depending on your size, this can add up to hundreds, thousands, or even tens of thousands of dollars and more;dollars you have paid in return for nothing. Keep a log as I suggested and cross check all bills for these outside experts.

Let me show you how fast this can add up. Using an outside expert who charges \$125 per hour as an example, you are paying \$2.08 per minute for their time. If you make 12 calls to this outside expert a month and each call lasts 10 minutes but each time they record it as 15 minutes, at the end of the month you have overpaid by 60 minutes or by 50%!

If you allow this to happen, you are allowing yourself to be cheated. It happens every day to tens of thousands of companies and individuals. What have you received for this added cost? Nothing! You might as well just open up your window and throw out the money.

3. Always be prepared when you call or deal in person with an outside expert who is billing you on time

Ten minutes of small talk will cost you \$20.80 at a rate of \$125 per hour. This figure can be even more if you let them bill you for 15 minutes. Know what you want to discuss, be prepared to discuss it, and make your expectations very clearly known. Conduct your business and conclude it as soon as possible. Think of the time as a faucet spewing out \$1 bills. Your \$1 bills. How quick would you be to turn this off? Damn quick I hope.

4. Unless you must have it in writing do not let them put it in writing

This is a favorite tactic of outside experts. They will give you the answer, advice, or opinion you seek verbally, over the phone or in person, and then they will follow it up with a letter restating the same thing for your records. What is wrong with this? Nothing unless you mind paying for the same thing twice. They will bill you for the confirming letter they send you.

Unless you have a compelling reason for having a written record, make sure you do not get one. If they send you one that you did not ask for, refuse to pay for it. I fully understand there will be times when having a written record will be important, in these instances ask for the response in writing to begin with and eliminate the added billing of the in person or by phone reply.

5. Make sure that you are demanding and receiving detailed billings for any outside service that you are buying

This is extremely important when dealing with outside "experts" that sell you their time. You want to check these detailed billings very carefully to make sure that your logs of time spent match their billings and to see if any costs for offsite work done at their office appears to be priced properly.

If you are charged for an hour of time for a letter that was written at your lawyer's office and it is two paragraphs and basically a boiler plate form letter word processed by a secretary, you are being overcharged. Not only is the time dramatically overstated, but the work done by a secretary is being billed to you as lawyer's time.

Never ever be afraid to question a bill or a charge and always demand a detailed breakdown of what was done, how long it took, who did the work, what the hourly charge for that person is, and what the detailed cost was for each invoiced amount including items such as faxes and photocopies. Many times an adjustment will be made with the blame being attributed to a billing department error. Hogwash of course, but the end result is an adjustment.

6. Get an estimate up front and negotiate the hourly rate up front

Outside experts sell time. This is their product. Therefore, it is in their best interest to extend the time needed for projects whenever possible. It is in your best interest to minimize the time extended on your projects, to get this time at the lowest hourly rate you can and to accomplish this while getting maximum results.

When you first approach a firm about doing business with them you have the most leverage. They want your business. If any concessions are to be made they will be made up front in an effort to get your business. Hourly rates may be lowered to get your business.

Remember, their standard hourly rate is nothing more than a list price for their product. They are also much more apt to be on the conservative side when estimating the time required to complete various projects. You will hold them to these estimates.

This approach can save you thousands of dollars over the alternative of accepting whatever rate they tell you and having them start working for you with no estimate of time. If they won't work with you on the rate or are unwilling to provide a written estimate of time required when you request it, walk away and find someone who will.

7. Even if you have complete accounting personnel on staff you should consider having an outside accountant come in periodically to review their work, ensure compliance, and keep an eye out for any fraud

They will be much more able to spot irregularities or discrepancies in the activity of this department.

This edition of The Welch Report has been provided by Derrick Welch the author of **'In Pursuit of Profits: How to at Least Double your Profits Without Increasing Your Sales'. Including 1,000 Cost Control, Expense Reduction, and Income Producing Strategies You Can Start Using Today To Dramatically Increase Your Bottom Line.**

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