



Budget Outline Strategic vs. Non-Strategic Costs

Benchmark	Position	Due
1. List all costs the company incurs on a monthly basis	CEO or GM	At end of every month
2. Divide all costs into two categories. Strategic costs are all those things that clearly bring in business and improve the bottom line. Typical items in this category are the cost of sales people's commissions and effective advertising. Non-strategic costs include all other costs necessary to run the business that don't clearly bring in more business. Administrative costs of all kinds fall into this category such as rent, office supplies, managers salaries, etc.	CEO or GM	Next
3. Explain to all employees and salespeople that you will outspend your competition for strategic costs and spend this money in good times as well as bad times. Emphasize that non-strategic costs will be maintained at a bare minimum.	CEO or GM	Monthly
4. Obtain all tracking reports for the previous month on all marketing expenditures from the marketing manager showing the breakdown of cost per call, cost per closing, which marketing is wasteful and unlikely to pay off and which marketing is truly affecting the bottom line.	CEO or GM	1st Week of month
5. Analyze strategic costs and consider margins of revenues or absolute dollars produced for the business. Cut costs on all marketing that is not building your business.	CEO or GM, Marketing Manager	Monthly
6. Review the list of non-strategic costs and cut where possible. Ask "can this be eliminated and not cause the clients and customers to feel neglected?" If the answer is "Yes", cut the cost. Be suspicious of every single non-strategic cost. If you cut a cost and no one screams for it, it was not needed.	CEO or GM	Monthly
7. Place the burden of proof on justifying costs, not on eliminating them.	CEO or GM	Monthly

Make A Commitment: I will review my Budget vs. my Actual income and expenses on a monthly basis.

Deadline: _____