

# A RISING TIDE...



## What Pays for Your Operations Team?

How to minimize your Operations Team payroll expense.

**W**hat pays for your Sales Team? I hope you know the obvious answer to this question: Sales Revenue. Sales representatives are hired to drive revenues and profits. If you take a deeper look into your P & L, there are several areas you can develop income and minimize the cost of your Operations team. Operations employees are the backbone of all the promises that your sales team makes. A great operations team is pricey, but a valuable asset.

### **Discounts.**

The goal each year is to drive enough discounts to pay for your highest priced operations employee, such as your Controller. If you can negotiate enough percentage discounts to pay for your highest priced operations employee, you now have a “free employee.”

### **Rebates.**

If you are not in a buying group, consider joining one. The objective is to use rebates earned to pay for your second highest operations employee, such as your Operations Manager. Even if you are not in a buying group, suppliers will work with you and set up programs that reward loyalty. Simply ask. So many companies fail to ask for programs. Much like sales, if they are not saying no enough, you are not asking enough.

### **Recycling.**

If you don't bale your carpet cushion, why not? Every day, we make \$75-\$150 by recycling. Guess who recycling pays for? The Warehouse Manager. \$24,000 a year in recycling income greatly offsets the payroll expense. Purchasing a baler is a very wise decision, but not an inexpensive investment. Like any other investment, you must track your return. We invested \$11,000 in June

and the bales created enough revenue by March of the following year to be 100% paid back on our investment. Since then, we have enjoyed \$120,000 in recycling income. This program is called our “Trash into Cash” program, which was brought on by the recession. Not only does the recycling program earn income, it also saves expenses. We bale plastic, paper, and cardboard and send it back to the recycling center. This saves dumpster space for trash that we can not recycle.

### **Cash-n-Carry.**

Your Warehouse Manager knows your in-stock inventory better than anyone in the company. You would be surprised how productive he or she could be if you empowered them to make commission from sales of remnants and in-stock products. Our Warehouse Manager sells \$10,000 in cash-n-carry sales per month at a 30% margin. Do the math! This pays for our part time Accounts Payable employee.

These are just a few ideas that are outside the box ways to create income to even out your Operations payroll expenses. I would love to hear some of your success stories. Email me at [mketterman@gotyoufloored.com](mailto:mketterman@gotyoufloored.com) to share!



**Matt Ketterman**

*Matt Ketterman opened for business out of his 1998 Honda Accord and has since created millions of dollars in net income. He operates a highly successful flooring company with nearly zero advertising. Matt can be reached at [mketterman@gotyoufloored.com](mailto:mketterman@gotyoufloored.com).*