

Senior Management Cost Triggers

Below are sample Cost Triggers which senior management can immediately implement when income targets are not met. These should be agreed upon prior to a budget shortfall so that sober decisions can be made without the pressure of a budget crisis. An additional set of Employee Cost Triggers should be suggested by the workers themselves.

<u>Cost Trigger</u>	<u>Projected Savings</u>
Freeze wages at their current levels	N/A
Implement a temporary hiring freeze	N/A
Temporarily reduce vacation policy	\$
Cut certain indirect expenses by 10%	
1. Advertising & promotion	\$
2. Travel	\$
3. Car expense	\$
4. Dues & subscriptions	\$
5. Office supplies	\$
6. Postage	\$
7. Professional engineering	\$
8. Utilities	\$
9. Computer services	\$
10. Communication expense	\$
11. Training expense	\$
Subtotal*	\$ _____

<u>Cost Trigger</u>	<u>Projected Savings</u>
Temporarily reduce charitable donations	\$
Reduce optional employee training	\$
Subtotal*	\$ _____

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Cost Trigger

If applicable, review and temporarily reduce 401K Safe Harbor Contribution and 401(k) match percentage.

3% required amount	\$
Company match	\$
Profit sharing	\$
Subtotal*	\$

Additional Cost Triggers (to be completed as ideas are generated).

1.	\$
2.	\$
3.	\$
4.	\$
5.	\$
6.	\$
7.	\$
8.	\$
Subtotal*	\$

TOTAL COST SAVINGS* \$

* When considering which Cost Triggers to deploy, be cognizant of the overall effect it will have on your company. Each management team must carefully weigh the impact on company morale for each Cost Trigger.

This is a primary reason why Sullivan & Associates recommends that employees be fully engaged in this process – and vested in the profitability of the company. Ideally, when Cost Triggers must be utilized, employees will know this process is coming and will do everything they can to help bring the company back to its profitability targets.