

# Surviving the slowdown

In the light of the credit crunch business forecasts are gloomy, but Chloe Harlick explains how asset management can help organisations plan for an uncertain future

**I**n a difficult economic situation, anything that can be done to reduce expenditure and conserve cash will put you in a much stronger position to survive the downturn.

One of the most effective ways of reducing expenditure – but one taken by surprisingly few companies – is to improve the control and management of fixed assets. The savings to be made in this area are massive.

A study by Gartner indicates that the assets of as many as 30% of organisations are in a 'chaotic' state, meaning that they do not know what they own, where the assets are located or who is using them. Other research indicates that companies are overspending by up to 40% because of under-utilisation, inefficient maintenance and petty theft of their assets

Paradoxically, it is the relatively low cost of assets, especially IT assets, which

make them increasingly difficult to track. Assets are frequently acquired, disposed of and moved. Very rapidly, the information on the asset register becomes out of date.

But without accurate and up-to-date information about what you've got and where it is situated, it's impossible to know what your asset base is costing you, let alone find ways of reducing these costs.

In many cases, then, an important first step is to undertake a company wide inventory of all assets. There is no doubt that this is a major task, but it is one where the initial investment is often outweighed by the resulting benefits. Outsourcing to a specialist company (such as Assetware) will ensure that the inventory is carried out quickly, accurately and with minimum disruption. Once you have reliable information about the

physical existence, financial value and on-going costs associated with assets, it then becomes possible to control these costs.

Many organisations buy unnecessary equipment because they literally do not know what they have. They acquire new assets instead of re-deploying existing ones. They may also buy inferior equipment because of lack of information about repairs and maintenance costs.

The information provided by an asset management system allows you to make informed purchasing decisions and negotiate better purchasing terms with suppliers.

Another area where real savings can be made is insurance. Paying insurance premiums on non-existent items is a totally unnecessary expenditure, and one which a good asset management system will help you to avoid.

## Improving security

Asset management is also an important tool in improving security. Unfortunately, modern technology has not eliminated some old-fashioned problems, such as the tendency for office items to 'disappear' or be borrowed without permission. Clearly, unless you know what you've got and where it is situated, you can't know if it goes missing, nor do much to prevent this happening.

Every piece of equipment in your company represents the cash which has been tied up in its purchase. Most of it will also be costing money on an on-going basis for items such as repairs, maintenance and insurance. If you know what you've got, where it is and what it is being used for, you can identify real opportunities for saving money and improving your cash flow. In the current economic climate, can you afford to miss these opportunities? ■

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