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Reduce Unnecessary Travel and Entertainment

One of the easiest ways to reduce expenses is to reduce the amount of traveling and entertaining that occurs. An analysis of last year's expenditures suggests that as much as 30 percent of Electrovision's travel and entertainment is discretionary. The professional staff spent \$2.8 million attending seminars and conferences last year. Although some of these gatherings are undoubtedly beneficial, the company could save money by sending fewer representatives to each function and by eliminating some of the less valuable seminars.

Similarly, Electrovision could economize on trips between headquarters and divisions by reducing the frequency of such visits and by sending fewer people on each trip. Although there is often no substitute for face-to-face meetings, management could try to resolve more internal issues through telephone, electronic, and written communication.

Electrovision can also reduce spending by urging employees to economize. Instead of flying first class, employees can fly tourist class or take advantage of discount fares. Instead of taking clients to dinner, Electrovision personnel can hold breakfast meetings, which tend to be less costly. Rather than ordering a \$50 bottle of wine, employees can select a less-expensive bottle or dispense with alcohol entirely. People can book rooms at moderately priced hotels and drive smaller rental cars. In general, employees should be urged to spend the company's money as though it were their own.

Obtain Lowest Rates from Travel Providers

Apart from urging individual employees to economize, Electrovision can also save money by searching for the lowest available airfares, hotel rates, and rental car fees. Currently, few Electrovision employees have the time or specialized knowledge to seek out travel bargains. When they need to travel, they make the most convenient and most comfortable arrangements. However, if Electrovision contracts with a professional travel service, the company will have access to professionals who can more efficiently obtain the lower rates from travel providers.

Judging by the experience of other companies, Electrovision may be able to trim as much as 30 to 40 percent from the travel budget by looking for bargains in airfares and negotiating group rates with hotels and rental car companies. Electrovision should be able to achieve these economies by analyzing its travel patterns, identifying frequently visited locations, and selecting a few hotels that are willing to reduce rates in exchange for guaranteed business. At the same time, the company should be able to save up to 40 percent on rental car charges by negotiating a corporate rate.

Note how Moreno made the transition from section to section. The first sentence under the second heading on this page refers to the subject of the previous paragraph and signals a shift in thought.