

Cost Leak Self-Assessment

Ten questions. Ten minutes. An honest view of where margin is escaping.

Answer for the business as it runs today, not as the policy manual says it should. Tick one box per line: **Yes** if it happens consistently and you could show evidence, **Partly** if it happens sometimes or for some departments, **No** if it does not.

#	STATEMENT	YES 2	PARTLY 1	NO 0
01	Every expense line above AED 5,000 a month has a named owner who can explain it. Costs without an owner only ever move one way.	☐	☐	☐
02	Our largest twenty supplier prices were re-quoted or renegotiated in the last twelve months. Prices left alone drift upward; nobody volunteers a reduction.	☐	☐	☐
03	Rent, service charges and lease renewals are reviewed at least six months before expiry. Negotiating leverage disappears in the final weeks.	☐	☐	☐
04	Overtime is approved before it is worked, and we know the monthly total by department. Habitual overtime is usually a rostering problem, not a workload problem.	☐	☐	☐
05	We receive a monthly management report comparing actual cost with budget, line by line, by the 10th. A saving you cannot measure is a saving you will not keep.	☐	☐	☐
06	Stock write-offs, wastage and shrinkage are recorded with a reason code and reviewed monthly. Unexplained loss is the most expensive line that never appears on a budget.	☐	☐	☐
07	We hold a list of every subscription, licence and telecom line, with the user and renewal date. Most companies are paying for people who have left.	☐	☐	☐
08	Purchases above a set value need a second approval, and the limit is written down. An authority matrix costs nothing and prevents most surprises.	☐	☐	☐
09	Marketing spend is tracked against enquiries or sales it produced, by channel. Without this, the budget is set by habit and by the agency.	☐	☐	☐
10	We know our gross margin by product line, branch or project – not only in total. Totals hide the line that is quietly losing money.	☐	☐	☐
Your total (out of 20)				

Reading your score			OUT OF 20
SCORE	POSITION	WHAT IT USUALLY MEANS	
16 – 20	Controlled	Costs have owners and a review rhythm. The opportunity is in benchmarking the big lines — rent, payroll structure, purchasing terms — rather than in finding leaks.	
10 – 15	Exposed in places	The basics exist but depend on particular people. Expect real savings in the two or three areas where you ticked “No”. Start there; do not launch a company-wide exercise.	
0 – 9	Leaking	Spending is being recorded, not managed. The first step is visibility — a clean monthly cost report by owner — before any negotiation or cutting begins.	

What to do in the next thirty days		WHATEVER YOUR SCORE
WHEN	ACTION	
Week 1	Export twelve months of expenses from your accounting system. Group them into no more than twenty-five lines. Put one person’s name against each.	
Week 2	List every contract and recurring payment with its renewal date and notice period. Diarise each one ninety days ahead.	
Week 3	Take the five largest lines. For each, ask three questions: what are we buying, when was the price last tested, and what would happen if we bought 10% less?	
Week 4	Write a one-page approval matrix — who can commit the company to what amount — and hold the first monthly cost review. Thirty minutes, the same day every month.	

A caution on cutting. A percentage taken off every budget is quick, and it is usually reversed within eighteen months. It also removes muscle along with fat. Lasting savings come from going line by line, with evidence, and leaving a review routine behind.

Want a second pair of eyes on your numbers?

A cost review conversation is free. Bring your score and your last three months of expenses.

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This self-assessment is a management tool for discussion. It is not an audit and does not provide assurance over your financial information.