

## Waste Is a Measure of Business Efficiency

Does this concept concern you as a small business owner or manager? It probably has affected your business and the management decisions you have made at times. The consideration that components of your business such as labor, space, time, materials, and energy are all cost factors is a straight forward one.

It is easy to recognize the value of reducing labor or energy costs associated with producing a product or service. Ideally, at every step in providing a service or producing a product, value should be added for the resources invested by the business. If there is no value added, the business has limited opportunity to recover costs of the resources that have been invested.

For example, in the 1980s United States automakers discovered they were at a competitive disadvantage with Japanese automakers. Japan was producing high-quality automobiles while consuming half the energy and generating half the waste of comparable vehicles made in the United States. Because there was less waste of energy and materials, more value was added to each product for the dollar invested. Japan's motivation to reduce resource costs was a factor in the high quality achieved in its products.

This highly visible example of competitive advantage is being repeated around us each day, both in global markets and domestic markets. The factors involved and the results are the same, whether you are a dry cleaner, a retail outlet, an insurance business, a furniture maker, or a machine shop. Cost efficiency is a never ending key to success and long term survival.

Don't let waste of material and energy resources get you down. If you would like to explore what your business can do to reduce waste costs, contact your Small Business Development Center office, Business Agent, or your County Extension office for more information.