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How to manage rising costs in your small business



With Australia's inflation rate sitting at 7.4 per cent in January 2023, business owners around the country are facing higher costs.

Raw materials, goods and services and energy costs are all going up.

So are wage bills, as employees look for pay rises to help them combat the soaring cost of living.

Some businesses may be able to pass on their cost increases to customers in full, but for others, doing so may result in sales dropping. Not doing so, however, can see your profit margins squeezed and your profitability decline.

It's a tricky time, but you may be able to do some things to help reduce the impact.

Shop around

Shopping around for better deals is one of them, according to dentist Frank Farrelly, owner of Darlinghurst Dental. He's had to raise the price of some of his products and services but is hopeful that ongoing expansion of the practice and careful management of outgoings will help him keep a lid on costs.

"We have just ended our most recent term for electricity and internet and are actively seeking to change suppliers if costs can be lowered," Farrelly says.

"Price rises have prompted many consumers to become more conscious of what they spend"
