

Increasing your profits



There are many different ways of increasing your sales or making more profit, but the one that is ignored the most is what I refer to as the "hidden profits". By just making small improvements in key areas of your business you can substantially improve your profits. Just think for a moment, not about the big issues or the large accounts that you are chasing, but about the small yet critical areas of your business.

Ask yourself, if you really tried or if you had some assistance, do you believe that you could increase your sales by just 5%? Lets say that your turnover is \$100,000 per month; this would mean increasing it to \$105,000 per month, is this do-able?

Ok, how about margin, lets say that you currently have a gross margin of 30%, once again if you tried hard, or if there was some help, is it possible to increase this to 35%, remember that's only a 5% improvement.

Right, now for the overheads. If your current cash surplus as a working owner is approx 120,000 per year or 10% of turnover then your overheads with a GP of 30% would be around 240,000. So when was the last time you seriously looked closely at your expenses? Do you think you could make savings of 5% here too?

Even without my help, you may have some of your own ideas as to how you can achieve these changes. In fact I think every business owner could follow this formula and significantly improve their business and their lifestyle. But have you created the time to work on your business in this way, while you are busy working in it?

Improving Profits 1% at a Time

Simply enter your own information as shown below, while we show you an example of what could be achieved for our dummy business. Remember by using our 5% strategy we focus on three areas of your business; sales, cost of sales & overheads, but only 1% at one time.

Turnover	\$1,200,000	(Write your own turnover here)
Gross Profit	\$360,000 @30% margin	(Write in your current gross profit)
Expenses	\$240,000	(OK, now write in your expenses here too)
Surplus	\$120,000	(Your surplus goes here)

Below is the result for our sample business, write in the results for your business too.

Turnover	\$1,260,000 sales increased by 5%	(What is your new turnover?)
Gross Profit	\$441,000 @35% margin, increased by 5%	(Write in your new gross profit)
Expenses	\$228,000 saved 5% saved here	(What are your expenses after saving 5%)?
Surplus	\$213,000 increased by more than 70%	(How much extra profit has your business made)

Preparing your business for success