



Maximising your profit

IMBERCAL

NOVEMBER 2009

BUSINESS IS SIMPLE

SALES - COSTS = PROFIT

As such, the only way to raise your profit is to increase your sales or decrease your costs. Decreasing costs can be difficult, and there is a limit to how low you can go. Increasing sales is much more effective and there is no limit how high they can go!

TOP PROFIT TIPS

Encourage your customers to buy more frequently by offering special deals.

Make it easy and convenient for your customers to purchase more.

Ask appropriate questions to sell supplementary products and maximise the sale.

80% of your profits will come from approximately 20% of your customers, and 80% of your hassle will come from 20% of your customers. Consider raising your prices to these customers.

You will not profit from customers who do not pay, therefore obtain credit references.

Set prices for maximum profit.

Research shows that gaining a new customer can cost 5 times more than retaining an existing one.

Determine who could help you to achieve an increase in your business and seek their help.

Ensure your business uses a referral system to gain new customers. Introducing business to others generally produces reciprocal business.

Remember that discount is a percentage of the profit, rather than the sale.

Compare your business to the best and average business in the industry. This is known as benchmarking.

Businesses built on systems rather than relying on the owner to run are valued higher, earn more and are much easier to sell.

Don't give up too easily when pursuing new customers.

Investigate the biggest complaints and frustrations of your current customers, determine how you can solve them and then advise everyone how you solved them. View every complaint as an opportunity.

Time is a limited resource that is wasted forever once it has gone.

Employ an accountant who is genuinely on your side and will assist you in reducing your tax bills.

Determine your goals before you begin or you risk lacking focus.

Identify the challenges facing your business.

Take time to recruit suitable staff and ensure they are trained and kept up to date.

Establish frequent and effective communication with your staff.

Consider switching suppliers to reduce costs.

Take advantage of grants available.