



50 Ways to Improve Your Profits ... without increasing your client base

Maximise your sales income

1. Make sure you increase your prices when your suppliers increase theirs.
2. When quoting for jobs and projects which will take some time to fulfil do not forget to take account of any possible price increases before completion.
3. Make sure all goods and services that are provided are invoiced for. It is easy for things to be missed where vital pieces of information are not passed from one staff member to another, or when extras are added to an order at the last minute.
4. If you are selling a premium product or service price accordingly. Customers will be suspicious if they think your prices are too low and it may stop them buying.
5. If you are giving customers discounts for volume purchases keep this under review to ensure that they are buying the volume anticipated. It is easy to continue giving customers preferential prices when their purchases are falling.
6. Base your prices on the value to the customer, not on cost plus a mark-up. If you use clever marketing to raise the perception of value you can make even more profit.
7. Don't forget your customers are not just buying the product; they are buying the service you provide. If your level of customer care is high you will be able to charge more without losing customers.
8. Are you gaining any benefit from offering cash discounts for prompt payments? It could be cheaper to borrow money.

Reduce Your Costs

9. Renegotiate with your suppliers to try to get a better price. This is particularly effective where the volume you have purchased has increased.
10. Always check invoices to make sure you are being charged the agreed price.
11. Build a good relationship with your suppliers.
12. Review the number of suppliers that you are using to keep administration time and effort to the minimum. Remember, though, that it is always useful to have more than one supplier as a fallback.
13. Establish a system for purchase orders. Restrict the people within your organisation who can authorise purchases and set an authorisation limit for them.
14. Always check deliveries against your original order to make sure you have received the goods you requested.
15. Consider using specialists to negotiate your rent. Also consider using cost reduction consultants to get you the best deal for utilities and stationery.
16. When purchasing services such as legal or accountancy services try to negotiate a fixed fee in advance and obtain written agreement of what will be covered by that fee.

Reduce the Cost of Holding Stock

17. Keep stock as low as possible while still being able to meet your customer needs. Do not forget that you have to pay for the space stock is taking up, and your working capital is tied up.
18. Keep your stock room organised to reduce potential damage to the stock. Also if you can easily see what goods you have in stock you are less likely to over order.
19. Keep stock records and regularly check these to the physical stock. This will help to ensure that all goods sent out are invoiced. Also the fact that you are checking the stock regularly will reduce the chances of pilferage.
20. Don't forget that goods become obsolete. Review your stock records regularly for slow moving items, and have a clearance sale whilst people are still willing to buy them.

Cut out Unprofitable Goods and Services

21. Review financial records to identify any goods or services that you are selling which are not profitable. Often businesses can be in profit overall but still be selling unprofitable items.

Get the Best Value from Your Staff

22. Recruit carefully to get the right people for the right job. Don't be afraid to ask people to take practical tests and consider using psychometric testing to help you select the right candidates.
23. Spend time inducting new members of staff in "This is the way we do it here".
24. Spend some time putting together procedure manuals to make sure the routine tasks are always done in the same way to the same high standards.
25. Reward staff for making cost saving suggestions.
26. Find out what motivates your staff and act on those findings.
27. Set targets so that your staff know what is expected of them, but beware of using the targets to create a blame culture.
28. Make sure your staff have the necessary training to do their jobs properly.
29. Consider using "open book management" to give your staff a better understanding of your business.

Don't Waste Your Advertising and Marketing Budget

30. Monitor where your new customers are coming from to find out what advertising is working for you, and what advertising is not.
31. It costs as much to place a badly designed advert as it does to place a well-designed one. So spend money on the best design you can get to increase the response rate from the advertisement.
32. When placing advertisements make sure the publication is one that will reach your target market, and find out how many people it will be distributed to. Compare costs by looking at cost per thousand readers.
33. Don't continue with advertising that is not working.
34. Do continue with advertising that is working.
35. Encourage your customers to do your marketing for you by setting up a referral system.
36. Consider a variety of promotional strategies including PR, direct mail, telesales, and e-mail campaigns.

37. Stay in touch with your customers by sending them details of special offers or newsletters. It is easier and cheaper to sell again to them than it is to convert a new customer.
38. Find strategic partners to share your marketing costs. This could mean encouraging your major suppliers to make a contribution towards your marketing of their products. Alternatively you could combine your marketing campaign with that of a non-competitor who sells to the same target market.

Make Sure All Your Sales Are Paid for

39. Before giving customers credit obtain credit references, and set credit limits.
40. Send out invoices promptly, making sure they state your credit terms clearly.
41. Have a system for chasing debts which will include sending statements, following up by telephone, and sending standard letters. It is often better for this to be delegated to someone within your business who does not normally deal with that client. See www.payontime.co.uk for sample letters.
42. Ensure that your accounting system provides you with an up-to-date aged debtors listing showing who owes you money and how old the debt is.
43. Educate your staff so that they do not supply goods or services to customers who have exceeded their credit limit, or who have long outstanding debts.

Miscellaneous Tips

44. Do not pay for things that you do not use. Cancel any unnecessary subscriptions and repeat orders for things that are not needed. Review all direct debits and standing orders to make sure that they are all for necessary items.
45. Install an up-to-date virus checker on all computer equipment to save on lost time if your system becomes infected.
46. Make sure you set aside time to install and learn how to use new computer programs properly to get maximum benefit from them.
47. Consider whether you are spending money on things the business must have or things that it is nice for the business to have. Resist your urges and consider what the business can do without.
48. Improve your accounting records in order to keep your accountancy fees down. Pay your accountant for advice, not for doing your filing. Ask how you can improve your systems or organise information for the year end better.
49. Don't pay for a "gold star" service when you only need a "bronze star" one. At the same time encourage your customers to buy a "gold star" service from you.
50. Regularly set aside time to review your financial situation and your procedures. Good management starts with good time management.

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