

## 10 Ways to Increase Your Business Profits

Even though one business might seem totally different to another on the surface - a restaurant, for example, compared to a hair salon or financial planning practice - the basic elements of a business are always the same.

When we take the time to analyse how well each element of our business is functioning, we can easily start to identify ways to increase our business profits.

**My friend and successful entrepreneur, Andy Ireland of**

[www.awakenhiddenprofits.com.au](http://www.awakenhiddenprofits.com.au), divides the elements of each business into **five profit zones**:

1. lead or prospect generation;
2. conversion rate;
3. number of customer transactions;
4. average dollar spend per purchase or customer; and
5. your margin.

Based on the five profit zones, here are ten places to start looking to find the hidden profits in your business:

### 1. **Shop front:**

If you have physical business premises, what do they say about your business? Can your customers and potential customers find you easily? Does your signage attract your ideal customer or turn them away and is the layout of your premises ideal for what you're trying to achieve?

### 2. **Website:**

If you don't have physical premises, do you have a website? Many potential customers will do their own research on your business, products and services before deciding to approach you. Are you happy with the rate of enquiries or sales that you're achieving through your website or could it work better? Make sure you have a secure website if you intend selling products and accepting payments on-line, or you could miss out on sales!

### 3. **Your offer:**

Do you have a compelling offer that draws in customers and entices them to buy from you? I recently purchased a beautiful \$1.00 card that was on display outside a lovely gift shop. That offer enticed me to go into the shop and to look around a bit. Although I ended up just buying 5 cards for \$5.00, I've now discovered a great place to shop for Christmas presents this year and will definitely go back. Many cosmetics companies also do this well with a free gift with purchase.

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## **4. Your USP:**

Know your unique selling proposition and communicate it well in your advertising. Get help from professionals in crafting your message to ensure that you profit from your advertising. For example, recently, I learned in a direct marketing seminar that the use of serif fonts, such as Times New Roman and Georgia, in printed marketing materials will increase comprehension of your message by 67% - and therefore the response rate! I've tested this personally by changing my e-zine font to Georgia and the immediate response rate increased by 300%!!!

## **5. Training is key:**

It's critical that you and your staff fully understand, as well as confidently communicate, the benefits of your products and services to your customers. A restaurant might have a wonderful chef, but if the waiting staff don't know the difference between a rocket and a garden salad - and mind you I had two young waitresses argue the point with me when I was given the wrong salad - it can ruin a great dining experience. Here, education of waiting staff could make a huge difference to the success of this business.

## **6. Repeat sales:**

Many businesses work hard to get a customer to purchase once, with little thought or attention given to the next and subsequent purchases that customer might make. When a customer has had a great buying experience, they are very likely to return to buy the same or another product or service from you. To encourage repeat sales, ensure that you have an effective follow-up process and ways of keeping in touch with and nurturing your current and past customers relationships.

## **7. Product range:**

Understand your target market and offer them products and services that solve their problems and fulfil their wants and needs. Happy customers will often purchase more than one product or service from you if you make them aware of your range. In most cases, it's also a good idea to offer different things at different pricing points.

## **8. Up-sell:**

Whenever you have an opportunity to up-sell, do so. I still remember my teenage days working at McDonalds and asking customers 'Would you like fries with that?' I was always surprised that almost everyone said, 'OK, yes' and then went on to buy a thickshake or a sundae as well.

## **9. Your pricing:**

Don't be afraid to increase your prices over time. Many business owners, particularly service providers, sell themselves short by keeping their prices the same for several years while their costs continue to rise and eat into their profits. Remember that your prices are also an indication to the marketplace of the quality of your product or service.

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## 10. Your margins:

Do you know what the industry average margins are for your business and how your business is tracking in comparison? Margins vary according to industries. For example, according to [www.cchsmallbusiness.com.au](http://www.cchsmallbusiness.com.au), net profit margin before owners' salaries for a restaurant should be around 15%, whereas for a hair salon it should be around 30%, and closer to 40% for a financial planning business. If your margins don't stack up, review your financial figures in detail to determine why. Your accountant, banker, financial adviser or a business coach like me or my friend Andy Ireland of [www.awakenhiddenprofits.com.au](http://www.awakenhiddenprofits.com.au) can help you identify where to focus your attention and how to get on track to easily increase your business profits.

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