



WE CAN HELP MAXIMISING PROFITS

Profits are hard enough to come by, and it looks like it is about to get harder. Profits are what fuels any growth, pays you, the owners, provides for your team and ultimately determines what your business is worth and whether it is successful. Obviously, you need to maximise profits.

Gross profit

The best way to control your profits and keep them moving upwards is to control your gross profit. To accomplish this, you will need to expand sales whilst controlling any direct costs of sales.

Market research

It helps to understand your market, how it is changing and at the same time how your competitors are responding to these market changes. This is not a process to dwell on, but it pays to be aware.

Maintaining high service levels

To stand out and maintain/expand your market share you will need to achieve consistent, high service levels. Make sure goods and services are delivered on time and on budget, and don't forget to check that your customers are getting what they want when they want from you.

Expanding your customer base

You need to be mindful of winning referrals/recommendations and developing other cost-effective ways of expanding your customer base.

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Minimising costs

You need to keep your costs under control. This should involve a review of both prices and strategies to increase efficient use of resources. Make sure that your business is running as effectively as possible so there is no wastage of time, materials, or other resources.

Think about dual sourcing your major supplies so that if one supplier increases prices - or runs out of stock - you have an alternative.

Minimise your overheads where you can but spend most of your time and attention on the gross profit area. Most of your overheads can only be cut once.

Finance costs

Think about how your business is financed and whether changing financing arrangements would benefit you either in profitability or cash flow. Particularly, think about how you finance your assets and how the working capital cycle can be increased to release more funds into cash flow

To do this may mean looking at your credit control, your stockholding and how you pay suppliers.

We would also consider ways of minimising your tax burden such as the way in which you pay yourself, timing receipts and payments and pension strategies, amongst other things.

Let's round up

You need to be on top of business profitability which means reviewing your income and costs. Unsurprisingly, proper books and records are essential to monitor this process. It is not necessary to produce a full set of accounts every month but it would be helpful to select the key elements that best illustrate areas that need your attention. This could include sales volume reports (monthly and possibly weekly), gross profit numbers (and percentages) and comparisons with previous months and any targets.

For more information on this, please call us on **01753 888 211** or email **info@nhllp.com** to discuss in more detail.