

The Formula To Increase Profits

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In my 30+ years of working with a diverse range of businesses, I've noticed a common thread among entrepreneurs: the desire for financial satisfaction and freedom. Many aspire to increase their income, not just for the sake of it, but to achieve specific goals—like paying bills on time, avoiding debt, expanding their business, and securing a worry-free future.

The concept of financial freedom resonates deeply with these individuals. For them, it means working because they want to, not because they have to, and living without constant money worries. That's a truly liberating feeling, wouldn't you agree?

In my experience, I've also identified a few barriers that hinder business owners from reaching these aspirations. Lack of proper money management education is one such hurdle. Surprisingly, most entrepreneurs haven't received formal training on managing their company's finances for long-term success. Additionally, misinformation from various sources can cloud judgment.

I always encourage entrepreneurs to focus on what they can control — their own business and household economy. Focusing your attention on external economic news won't change your

circumstances, but strategic financial planning and proactive decision-making can.

Here's a key insight: it's not just about how much money you make; it's about what you do with it. By looking ahead, planning wisely, and taking decisive actions, business owners like you can gain control over their finances and pave the way to a brighter, more secure future. Remember, the power to shape your financial destiny is in your hands!

A Proven Truth:

It's not **ONLY** how much money you make, it's **WHAT YOU DO WITH IT** that determines your financial condition.

The Formula To Increase Profits

There is a simple science of managing money correctly that increases profits. Very rich people know this science. It is an old-school science that is based on common sense, discipline and constant vigilance in handling money. Your great-grandparents probably used this science.

The formula of this science has 22 precise actions that are easy to execute once you grasp the knowledge of what to do and why to do it. While I won't cover all 22 actions here, what I do

want to go over are the basic fundamental actions that can make a significant difference in the profitability of a company.

These basics may seem too simple at first glance, but I can tell you that most business owners are so involved in the complexities of operating their business that these basic fundamentals tend to be forgotten, or worse, made so confusing that financial mistakes are made that could have been avoided. In fact, if a business is struggling, or income and profitability is dropping, just making sure these basic actions are being done can revive a company that is near death.

Figure out your weekly Income Target.

This means figuring out how much income your business has to make to do better than break even. It isn't enough just to say "we need to make more money." Something as ambiguous as 'more money' is not a target that a team can focus their aim at and hope to hit. If you really want to achieve your financial goals, you have to know exactly how much income you need coming in on average every week to accomplish your goals. That becomes the weekly INCOME PLANNING TARGET. The income target is set to:

1. Pay off the debt in a short time

It is a well-known fact that you can't borrow your way to prosperity. Getting out of the pay-for-life credit debt program can insure a business survives. It takes about \$940 a week to pay off a debt of \$120,000 in 3 years that is carrying a 13.9% interest rate without adding any further purchases on credit. Figure out what it will take for your business to pay off its debt load in 3 or less years. That's the first number that gets added to the weekly Income Target.

2. Pay for cost of goods and current operating expenses

Calculate the amount you spent for cost of goods and expenses during the past 12 months and divide by 52 weeks. The result gets added to the Income Target along with the debt payoff figure. Then the rest of the operating expense items get added too.

3. Set aside cash for emergencies

An emergency is a predictable expense that wasn't planned for. It could be a piece of equipment breaking down and needing to be repaired or the business closing for a few days due to a power outage. Set a target to have a few thousand stashed away for emergencies within 6 months. A \$3,000 emergency fund can be built up in 26 weeks by stashing away \$115 a week.

4. Fund the consistent promotion of the company to generate sales growth

It's fatal to cut back on promotion because talking to current and potential customers is what drives sales, not sitting around waiting for the phone to ring or someone to walk in. Promotion campaigns take time to build up momentum, and stopping or cutting back can be fatal. Figure out how much you need to spend to promote effectively each week and add that to the income target.

5. Set aside cash for upcoming repairs, maintenance, or replacement of equipment

At some point, every business will need something – a new roof, new computers, an additional piece of equipment. Planning for the expenditure, and setting aside small amounts of money each week is much better, and easier on the wallet, than going begging for a high interest loan.

6. Set aside cash for future expansion

It's easy to see how a business is doing if you use statistical graphs for a visual picture. An up-trending statistic is good, and a down-trending

statistic is bad. If you want your business to grow in sales and profits each year, then expansion will be necessary. This could be expansion of anything from space and staff to additional product and service lines. Just keeping up with the annual increases of the costs of doing business demands more income every year. Add some to the Income Target to cover future expansion.

7. Set aside cash for your long-term wealth-building [Retirement] program.

Every business owner plans on transitioning out of the business operation at some point down the road. Whether it's selling outright or finding someone else to run the operation and taking a smaller, but a regular paycheck, it's going to require some type of retirement plan that will pay for the maintenance of your lifestyle.

Setting aside a percentage of the income each week into a retirement fund is definitely a smart thing to do. This gets added to the Income Target just like any other bill.

All of these items become part of the weekly Income Target because they are needed to operate the company, expand the company and achieve your long-term financial goals. Most business owners severely UNDER-estimate what all of this is going to require in the way of income. So figure it out, and then set sales targets and quotas to make a definite number of dollars each week instead of the vague target of 'more money.'

Cut Costs

Review your current Cost of Goods Sold and Expenses to find ways to CUT COSTS without harming the production of income. There is a world of difference between a necessary cost and a discretionary cost, and even necessary costs can be cut to the bone to increase profits.

For example electricity can be cut by instituting a company policy that computers and lights must be turned off at the end of the business day. This policy can be enforced by either assigning an employee to check at the end of the day to make sure this has been done or in the case of a large facility, investing in an automatic timer system that turns off all but essential security lights at a certain time. Computers are power hogs and turning them off overnight and during the weekend can generate significant cost savings.

Consistently reviewing your supplier's price lists and shopping for more competitive pricing is a smart money management practice.

Raise your prices to maintain or improve profitability.

Raising your prices when your suppliers raise theirs keeps *your* profitability intact. When was the last time you checked your supplier's price list and compared it to what you thought you were paying? When was the last time you raised your prices?

In most cases, it is a good practice to raise prices a small amount each quarter rather than taking a big jump all at once. But, if you are losing money or making too little profit on an item, you have to weigh the decision to either raise the price to a profitable level or discontinue the item.

The example that comes to mind is Starbucks™. I'm a real coffee hound and I visit there frequently. That expenditure is part of my BUDGET. My favorite coffee cafe sometimes raises the price of their regular coffee 5 or 10 cents a cup every quarter.

I like their product and I'm there to buy the coffee. Yes, when they ring it up I do notice that the price is higher, but I don't mind the extra nickel. I might feel differently if they went up 50 cents or a dollar all at once though.

Do Weekly Sales & Income Planning

Plan out exactly how you are going to generate enough weekly sales to make the income target. This is always a combination of promoting your products and services to current and potential customers and setting sales quotas for your sales staff.

Promote the products and services that meet the following criteria:

- 1) the majority of your customers have a strong interest in and are willing to buy the product and/or service, and
- 2) it is easy and highly profitable for you to deliver that product and/or service.

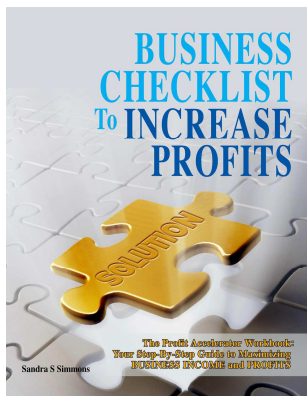
I distilled the entire profit-increasing science down to an easy-to-use digital workbook called The Business Checklist for Increasing Profits. It makes it possible for business owners to do all 22 steps themselves.

There are simple, detailed instructions for each action on the checklist. Our business owner clients who use the checklist once a quarter have had tremendous improvements in their financial condition in a few weeks to a few months depending on what their financial condition was when they started.

Yes, it takes discipline and persistence to use the checklist to keep all of the financial points in, especially in tough economic times, but it can guarantee your business' long-term survival.

Highly Recommended:

Business Checklist To Increase Profits



There is a simple science of managing money correctly that increases profits. Very rich people know this science. It is an old-school science that is based on common sense, discipline and constant vigilance in handling money. Your grandparents probably used this science back in the days before credit cards existed.

This Checklist for Increasing Profits is based on the original old-school science before the days of credit. This science worked well back then, and it works even better in today's economy.

You can use the checklist to give your money management skills a tune up and substantially improve your financial condition.

Click this link to learn more
<http://www.bizprofitschecklist.com>
About this valuable tool

Testimonials

A Gold-Mine of Information—“This checklist is the greatest gold-mine of information to organize your cash flow and increase your profits ever crammed into one product.” – D.L.

Mystery Solved!—“This power-packed checklist solved the mystery about what to do to increase my business profits. I had figured out ways to immediately increase my profits before I was half-way through the list.” – M. G.

Wishing Got Me Nowhere—“After using this checklist I don't wish my profits were up; I know how to make them go up! I've never been this organized with managing my business cash-flow!” – B. K.