

MAKE MORE SCRUMMY PROFIT

Your FREE Mini Guide to Increasing The Profit In Your Business



Paul Baker



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My advice is based on my experience, so, if you need a strong legal / financial opinion, you should always seek a professional.

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The 15 Massive Truths to Increasing Your Profit NOW!

The first massive truth is this ...

You can easily have 10,000 thrilled customers and still be broke if you are not making enough profit from those 10,000 customers. It is **ALWAYS** better to have just 1000 *quality* customers who want to pay you properly for your work than 10,000 customers who are a pain in the butt, pay late, and constantly beat you down on price, leaving you with little or nothing to show for your efforts.

The second massive truth is this ...

You have to STOP listening to sales and marketing "experts" who tell you the only way to make a bucket load of profit is simply to increase your sales and marketing efforts and get more customers.

That is total rubbish.

If your profit margins are not what they should be, with more customers at best you may just end up being only slightly better off than you were before but with a heck of a lot more headaches. At worst, the more business you get the more in debt you will become if you are actually losing money on every sale in the first place.

Getting your finances right MUST be the #1 priority in your business, not getting more and more customers.

The third massive truth is this ...

To hell with those people who want to take this p**s out of you and your business, and blast those who want to bleed you dry by not paying you a decent amount for your goods or services. If you do nothing else in this guide do this ... GET RID OF THE BOTTOM 20% OF YOUR DATABASE. The pond feeders. The scroungers. The whiners

and the moaners. You just know you will never make decent money selling to those people ...

The forth massive truth is this ...

Profit = sales - cost of sales. That's true ... but profit is a lot more than that.

Profit is your holidays. Your car. Your home. Your business success. It is also your ability to raise capital. Not only that, running a profitable business increases its value and makes it easier to get loans, and it helps you ride out the quiet times. It also means you can keep on investing in staff training, new technologies etc

That is what profit really is.

The fifth massive truth is this ...

Your business is not your baby. Or little acorns that you watch grow into a tree. Ahh, how sweet. Nope ... all that is nonsense. Your business MUST be a PROFIT MACHINE or you will not have a business for long.

There is no shame in wanting profit. A HUGE amount of profit. Profit is not a dirty word. It's a great word. It's a healthy word, and a driven business owner makes tough decisions to get more of it.

There is a saying we here at BSH, and that is "Profit is Everything." And it is. It really is.

The sixth massive truth is this ...

Success in life and in business belongs to the doers ... those that make things happen, not those who sit back and watch things happening and then moan their life hasn't turned out how they wanted it to, or blame it on the economy, or the government of the day, or the weather. In business either you make things happen or you lose ... your call.

The seventh massive truth is this ...

There is a MAJOR flaw with the classic equation Sales - cost of sales = profit. This equation doesn't actively generate profit, or leave profit anywhere productive. Instead, it leaves profit as an afterthought, as a "left over."

How ridiculous is that? The sole purpose of your business, to turn a profit, has been left as an afterthought! How can profit be an afterthought when Profit Is Everything?

Now let's see what happens when you change the formula slightly to:

Sales – Profit = Expenses

Mathematically the equation is the same, but here the business takes profit into account *first* and leaves *expenditure* as the end result, not profit. Here, *expenditure* is the afterthought, not profit.

Isn't that a heck of a lot smarter?

This also takes into account human behaviour, because instead of having profit as an end result, as an afterthought, this puts profit squarely in the equation to be considered *before* the end result of expenditure is even considered. This is important

because, ultimately, one of the biggest failures of businesses around the world is that we all tend spend too much, because when we *think* we have money we spend it. Which leads us nicely on to ...

The eighth massive truth is this ...

The first law of finance is always to spend less than you earn *in the long term*. The world is full of lottery winners who have won multiple millions but ended up broke, or individuals who have had a huge inheritances but are now once again poor. This is solely because they spent too much when they saw the money in the bank just sitting there "doing nothing"... so they spend it.

Are you doing that in your business too?

The ninth massive truth is this ...

Parkinson's Law states that "work expands so as to fill the time available for its completion." His theory has been expanded to state "The demand upon a resource tends to expand to match the supply of the resource."

This means that the more you earn, the more you spend, leaving little or no money for profit. We see the end result (profit) as something we can spend, so our spending grows to match the "supply of the resource," money, until once again there is nothing left.

Here's what I mean ...

Say you have a really busy 6 month period. The bank account is fat. You go out and buy that latest item of new technology because the money is there. You take on an additional member of staff, because the money is there. You invest in that capital equipment, because the money is there.

Then times go slow again (which they sometimes will in every business cycle.) Because you spent heavily while times were good on new technology / staff / capital expenditure etc, there is now little or nothing in the bank to tide you over. Then you start to run up debts with your suppliers because you need to pay your work force and your bills but you don't have the spare cash to do it because you have spent all of your money previously, then, when things do pick up again, you spend the next few months profit trying to clear the debt with your suppliers.

This happens because the ***focus*** of the sales-cost of sale = profit equation isn't on profit.

So, take 5%, 10% or 15% of your income and put it into a profit fund, which is totally different than the VAT fund or the kids college fund or any other fund you have, leaving the *remainder* to be spent as desired. This will not only ensure you have profit tucked away, but will also help you curb the natural human instinct to spend more when times are good and leave you with nothing for when times get tough again.

The tenth massive truth is this ...

In a nutshell there are only 2 ways to increase your profit:

Reduce your costs or increase profitable sales.

Reducing costs is generally much easier to implement to get an immediate profit boost but the results are be finite, since there is a limit to how far you can reduce your costs without affecting quality or customer service, though reducing costs *will* immediately increase your profits.

When we think of increasing revenue however, many SME business owners often focus on *quantity* of customers, not revenue or profit, because this is what we have been

brainwashed into thinking ... that more customers = more profit. But this is so wrong. You MUST keep focused on the **profits** in your business, not revenue, not the number of customers you have, not the video on YouTube of a baby panda sneezing, not anything else. You MUST stay focused on the profits in your business. Only profit can feed your family. Only profit will pay for your holidays. Only profit will give you the lifestyle you surely dreamed of when you started your business.

Vow today you are going to make changes in your business that will bring you bucket loads of PROFITS and not just SALES.

The eleventh massive truth is this ...

Price Is Not Too Important – Value Is.

Pricing your products or services is one of the biggest challenges that every business faces. Too expensive and your customers may go elsewhere ... too cheap and you don't make any money, or you leave untapped profit on the table.

But price is not the issue that most business people think it is. Price definitely needs to be put in its place. If price was all that mattered there would be no Apple computers, Rolex watches or Rolls Royce cars.

What is essential if you are to put price in its place is that you demonstrate the value that your products or services offer. Say for example you're buying a watch for £10.00 and this watch will last one year. Another watch costs £12.00 but will last ten years. You will clearly get a lot more value from the second watch even though it is more expensive.

No matter what it is you are selling, it is essential that you put price in its place because more often than not price is not the issue most business owners or sales

people think it is... you simply have to learn to package your product in such a way that really appeals to your target market!

Your task as a sales person is to ensure you place the value that your product offers as one of the major benefits that you promote during your sales pitch.

The Twelfth Massive Truth Is This ...

Your profits do not rise (or fall) equally if you raise (or lower) your prices. For example, if you raise your prices by just 1% your profits could rise by 10%-15%. If you lower your prices by 1% your profits will be reduced by 10-15%.

The maths can get complicated, but once you embrace this fact your business life will become much more profitable, especially since it is extremely unlikely you will lose many (if any) of your customers due to a 1% increase in price.

Isn't that something you could look at doing right now to dramatically increase the profits in your business?

The Thirteenth Massive Truth Is This ...

You can't earn back the money you didn't make last month or last year, but you can create a new start, a new profitable business going forward. Go For It!

The Fourteenth Massive Truth Is This ...

Always remember that you can choose your customers in the same way they choose you, so you must only aim to target with your advertising those customers that can afford to pay you decent money for your services.

Poor marketing and advertising choices is one of the easiest ways for any business to waste their profits.

Generally people mix, socialise and live with people who are roughly the same income and social status as they are so it is really important that you know who your target market is so you don't waste your time aiming for people you actually don't want as customers.

The Fifteenth Massive Truth Is This ...

Few people are naturally a genius at business. How can we be? There is so much to learn and the learning curve is steeeeeep! What's more, the business environment is changing almost on a daily basis ... how on earth are we supposed to stay up to date and current?

Luckily the Business Super Heroes can help you out here!

Investing in your education is the single biggest factor to your success.

Spend a little to earn a lot is a great adage to go by!