

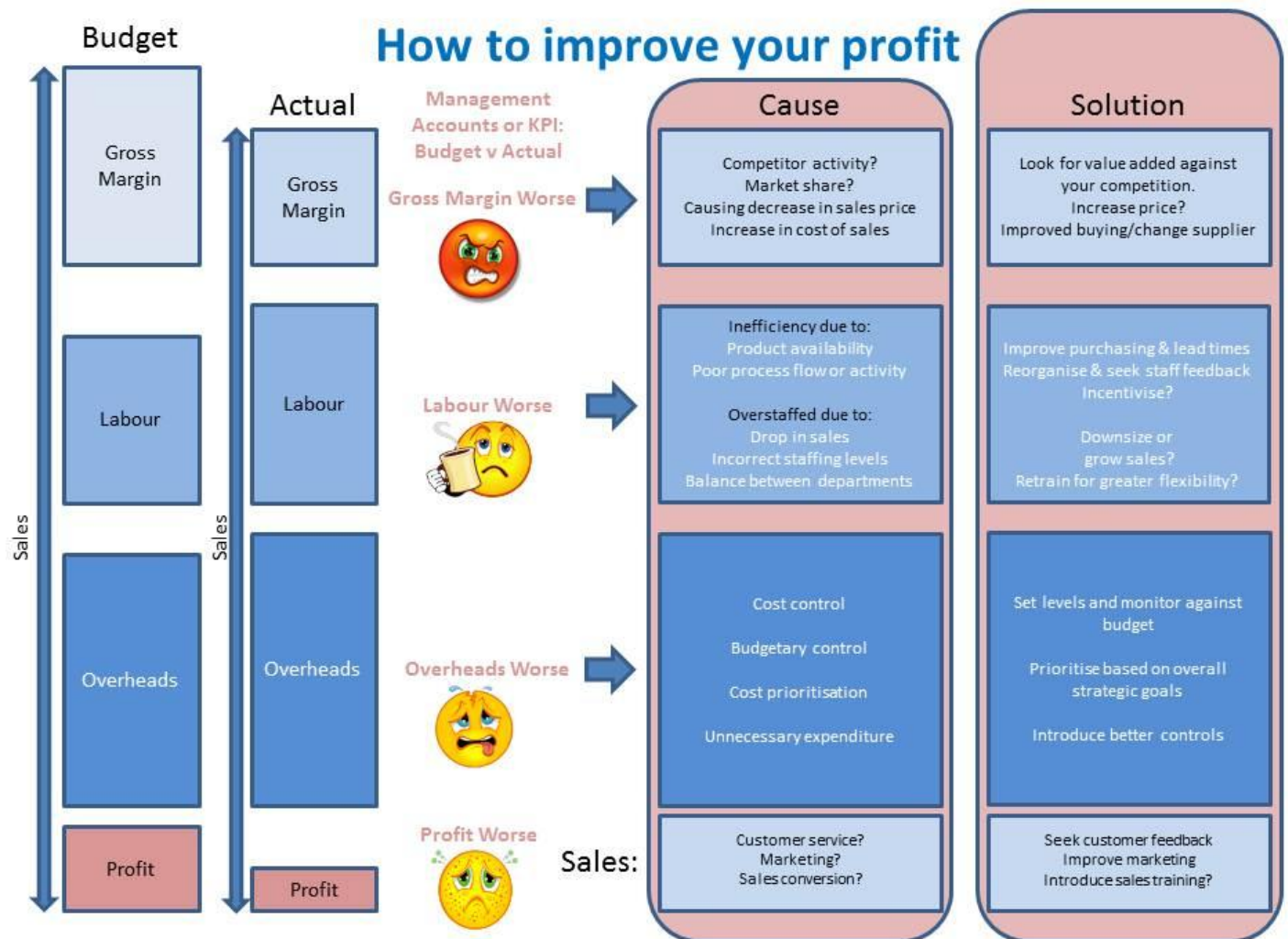
Tel / Fax: 01327 830469
 E: info@cameronhysom.co.uk
 W: www.cameronhysom.co.uk

How to improve your profit

Firstly, it might sound obvious but make sure you have a plan. The best way to get visibility on how you are doing is to compare your current results to your plan and see where they differ. See our separate guide on [“how to write a business plan”](#) or [contact us](#) to ask how to set a budget or forecast.

Ask yourself questions about the variations, to establish what might have caused the differences between where you planned to be and where you are. Once you have started to understand why the business has moved from plan, you can identify whether that’s what you want and if not what you want to do about it.

The key areas that we have found in the past that can improve results and therefore profit are:



Tel / Fax: 01327 830469
E: info@cameronhysom.co.uk
W: www.cameronhysom.co.uk

1) Improved sales result: By realising as early as possible that this area needs your attention, you can then start to identify the cause of the problem; is it within your control? Is there something you can do to make it within your control? Be realistic about your goals and timescales then stick to them. If you are struggling to meet them or want rapid expansion, then consider getting experts to help you market your business or sell your product or service.

2) Labour: There is often a relationship between sales and labour, particularly labour directly involved in the production process. If you can identify the ratio you need between your different labour categories and your sales you will be able to better control your staffing levels, promote efficiency and improve your margins. Encourage your staff to get involved they often have the answers you need. Why not create a system so that you can give them a voice? This will have the benefit of making them feel more valued and part of the solution not the problem. You need to decide whether your strategy is going to be to cut costs or grow, this will determine your approach to your staff. If you decide to grow rather than make redundancies, then fully cost your plan and put measurable time scales into it to make sure you are not going to waste money.

3) Overheads: There are often a number of overheads that you can eliminate straight away e.g. contracts for services you no longer use or that give little value for the amount you are paying. By comparing your costs to your budget or last year's results, you will be able to identify big changes more quickly so that you can find out why these movements have happened. Try to prioritise, set yourself a financial limit and stick to it, it is better to spend time improving sales that will yield you thousands than spend time cancelling a phone contract that will save you £20. Don't be afraid to delegate the research into costs or options.

Ensure your goals are S.M.A.R.T. (Specific, measureable, accurate, realistic and timed), measure how you are doing against your goals. Take action as soon as your business moves from plan.

By producing monthly Management Accounts and Key Performance Indicators you can identify the areas on which to prioritise to achieve success more quickly, further improving your results. We can help you with the preparation of your budget, forecast or management accounts and key performance indicators, it needn't be over complicated, we normally find a single page of information is sufficient to steer the business, we call this the "Dashboard", obviously if a dashboard warning light goes on then you need to investigate the cause a little further so we also have that information to hand for you. If you think your business would benefit from this approach then please [contact us](#) to arrange a free consultation to see if we can help you. You might be pleasantly surprised at how little it costs compared to the results you can achieve and the improved handle you have on your business.

Prepared by Fiona Hysom ACMA CGMA MSc

Telephone: 01327 830469

Email: info@cameronhysom.co.uk