

## Five ways to increase your profit

For many small businesses, the best way to improve profitability is to increase turnover, as there's no limit to sales but there is a limit to how much you can reduce your costs.

Let's look at how you can focus on each of the five ways in our profit increase calculator to achieve your goal of improving profits.

### 1. Increase your leads

By interacting with greater numbers of people, you'll increase your chances of turning more consumers into customers – or at the very least, having them lead you to potential customers.

For example, if you own a convenience store and you can come up with some attractive signage out front to get more people into your store, you'll increase your leads.

So what can you do to increase leads or make more people aware of your business? A few tactics you might consider using to increase your leads include:

- Advertising – set a budget and increase how much your business is promoted.
- Direct marketing – work out your target audience and market directly to them via email.
- Network – attend industry events and conferences to meet potential customers.
- Create a website – to open international opportunities.
- Develop new distribution channels – think about using agents, licensing your goods, or utilizing new distributors.

### 2. Convert more of your leads into customers

How many potential customers walk out of your store, leave your website, or inquire about your services without making a purchase?

Just imagine if you could convert ten percent of those people into customers. How many extra sales per day would that be?

A few tactics you might consider using to convert more leads into customers include:

- Organizing training for employees – on sales conversion and sales closing methods.
- Personally attending a sales training course.
- Running demonstrations – for potential customers to see what you have to offer and how they could benefit.
- Highlighting the benefits of your goods or services – through promotional material, your website, blog advice, social media platforms, and free trial offers.
- Preparing incentives – for your staff to offer to potential customers, hopefully encouraging them to purchase.

### 3. Increase the number of items you sell per customer

If you can entice your customers to buy just one more item from your business each year, your sales (and hopefully your profits) will increase.

A few tactics you might think about using to increase the number of items you sell to each customer include:

- Widening your product range – by asking customers what else they would be interested in buying from you.
- Bundling products and services together – like adding after-sales help to certain products.
- Increasing capacity and capability – for example, purchasing extra equipment to increase your capacity while hiring additional staff to enhance your capability.
- Researching your competitors' offerings – to find product or service opportunities.

### 4. Increase your average sale

Can you come up with some ways of increasing the average value of each sale you make? Rather than hiking up prices, see if you can increase prices by small margins (like 1-3 percent) or find ways to sell higher-priced items more often.

A few tactics you might think about using to increase your average sale include:

- Training your staff – so they're confident of offering complementary items and upselling more expensive goods.
- Increasing prices across the board – would your customers notice a small price increase? Consider informing them and trying it, as the extra money will go towards your bottom line.
- Advertising your higher-valued products or services more often.
- Developing a premium product or service – and encouraging your regulars to go for it.

### 5. Increase net profit percentage

An easy way to increase your net profit is by lowering your fixed costs (business overheads). Identify your top five expense items and track any changes before taking steps to reduce them.

A few tactics you might try to increase your net profit percentage include:

- Identifying and monitoring your top five expenses in your budget reports.
- Finding out where you can make savings and reduce costs.
- Concentrating on higher-margin services or products.
- Looking into alternative suppliers with cheaper supplies.

Review these five ways of increasing your profits at least every year. In the meantime, plug some figures into our profit increase calculator to test what you could change and the effects of those changes on your profit.

By using simple, practical steps, you can improve your business's profitability.