

Is your business leaking money?



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There are two basic ways to keep your money box full: 1. Make more money, 2. Spend less money. I've always thought maximizing your income through professional development and better business operations is the best way to go, but losing site of costs can be, well, costly.

I was talking to a business consultant the other day whose client was a retailer and distributor. They purchased products in bulk and then sold them direct to businesses. While volumes and revenues were high, pricing was extremely competitive and margins very tight.

The consultant found that, when everything was accounted for, if the owners pocketed three percent for themselves they were wealthy. But if they were down by a few percent then they were losing money fast. It was a tiny margin of error between boom and bust, and controlling costs was critical.

The point being that in any business tiny percentages can make the difference between **Easy Street** and **Struggle Street**. As a sports coach of mine used to say "look after the one per centers and the result will look after itself."

But there's a reason budgeting and cost management is often overlooked. Because it's boring... at least for me.

Who wants to sift through various telecommunications plans or bundled options? Or analyze, compare and negotiate on quotes from multiple suppliers? Who wants to spend time assessing the options available for leasing equipment or what's involved in switching to internet telephony (VoIP, Skype etc)? What about exploring the fascinating complexities of tax effective accounting?

While putting together a smart, tight and comprehensive cost reduction plan might 'cost' a few days in lost income, if it could add five percent to your bottom line year after year, it's a safe bet that it would be an extremely profitable use of your time.

Unfortunately, while I'm sure there's money leaking out, I fear a serious reassessment of all my business costs may remain firmly in my "too hard" basket for a while yet!

Network Partners, think about the referrals that could be made within the group if we could have this kind of conversation with business people we network with on a daily basis! Out sourcing this work to a business consultant who can be entrusted to bring in the right partners with the right solutions so that you don't have to "work" at it! Think about it. If you haven't had a 1-to-1 meeting with our Business Consultant, Aristide Abrahams, I recommend for all of us you do so, quickly.