

60 strategies for boosting profits

Increasing profits and/or profitability is a goal of most businesses. There are countless ways to do so. There are many books, guides, and articles out there, full of wisdom and useful insights.

This guide is intended as simply a springboard, providing ideas for further and deeper exploration.

It lists 60 strategy suggestions for how your business could seek to increase profits or profitability. These ideas are grouped under eight broad headings:

- Charge more
- Sell more
- Manage customer risks
- Reduce spend on suppliers and materials
- Spend less on people
- Be smarter in your use of information
- Eliminate waste in production
- Reduce the cost of managing inventory

Explore these suggestions in the context of *your* business. Doing so could generate change initiatives, transformative programmes projects, or simply small tweaks to policies, procedures and working practices. It will certainly bring more ideas to the surface!

Depending on your job role, some of the areas covered may seem like the responsibility of others in your business. In large organisations, there may be whole departments

dedicated to product design, marketing, risk management, or technology. However, the ideas in this guide shouldn't be thought of as only belonging to particular areas – useful questions and insights often come from others not directly involved. Sharing thoughts and suggestions will generate even more ideas.

A note of caution - many of these strategic approaches are not without risks! Often there is a trade-off to be made. Saving money could jeopardise quality. Reducing spending on staff can reduce morale. It's important to weigh-up options in the round, examining the wider business context as well as the pros and cons of any idea.

Get in touch if you'd like to discuss any of these suggestions in more detail, or if you'd like to explore your own ideas for improving profitability in your organisation.

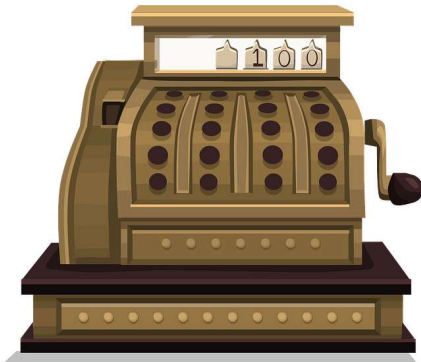


Charge more

Consider whether you simply need to charge customers more for your goods or services.

- 1 Increase prices** Sometimes the most straightforward approach is the best. If you're not charging enough for your goods or services, you're missing out on profits – or possibly even making a loss!

Do some research and establish the right price point for what you're selling.



Sell more

Selling more can either mean finding more customers or selling more to your existing customers.

Both routes involve looking broadly at your brand, understanding how you reach potential customers, and exploring the minute detail of customers' purchasing decisions.

- 2 Pursue additional markets / groups of customers** Are there customers to be found elsewhere? Consider different sectors (such as age groups), or other markets (e.g. different countries).
- 3 Pursue more people in existing markets / groups** Can you reach more potential customers in your existing markets? Playing harder in your current space can secure more sales.
- 4 Find new channels to reach potential customers** If most of your sales are face-to-face, consider digital channels (and vice-versa).

5 Incentivise word-of-mouth advertising

Happy customers can spread the good word to their families, friends, and colleagues. Encouraging this through discounts, gifts, or other incentives can bring increased sales.

6 Increase product / service design desirability

Consider the features of your products or services. What do customers expect as a minimum? What would delight them?

Improving the desirability of products and services will increase sales and make for happier customers.

7 Improve brand desirability

Your brand includes more than just your products or services. It includes your reputation, how well customers trust you, and the thoughts and feelings your brand inspires.

Taking steps to improve this will improve sales and the overall value of your business.

8 Increase product pricing desirability

If your pricing isn't aligned to customer expectations and experiences, this will result in limited sales.

You can manage expectations by providing framing references or drawing comparisons to competitors.

Alternatively, you can change your pricing to be more in line with market demand.

9 Encourage repeat business

Offering bargains for returning or repeat customers encourages additional sales and helps to build long-term relationships with your customers.

10 Exploit customer history information

Use what you know about your customers' historical purchases to inform future offers, advertising, and communications.

This can help you identify the optimum time to reach out to customers and present them with offers they really want.

11 Improve timeliness of advertising

Consider the best time to advertise to customers, particularly if you are hoping to encourage immediate purchasing decisions.

12 Incentivise multiple/bulk purchases

Are there ways to encourage your customers to purchase more goods / services at the same time? Discounts can be a good way to encourage this.

This can be particularly useful if securing sales is particularly costly and time-consuming.

13 Stay in touch with past customers

Nurturing long-term relationships with customers pays dividends and is typically cheaper than constantly searching for new customers.

Consider reaching out to them with news of new products and services, or with special offers.

14 Make it easier to buy

Look for factors that prevent or discourage potential customers from completing a purchase. Is the website difficult to use? Are there too many steps in the process?

Eliminating these obstacles will make sales more likely.

If finding customers is difficult, it becomes even more important not to let them slip away without purchasing.

Encouraging immediate purchases can boost sales – although it is critical not to make customers feel panicked or coerced!

15 Incentivise immediate purchases

16 Speed up end-to-end production of new products or services

If you can get new products or services to market faster than your competitors, you're far more likely to succeed in securing a good market share.

Identify and remove obstacles that delay the design and creation of new products and services.

Manage customer risks

Relationships with customers can bring expensive risks – either that they may not be able to pay, or that your business fails to meet its end of the bargain.

Consider how these risks can be avoided or mitigated through the design of your processes or application of business rules.

Money in the bank today is worth more than the same amount will be worth in the future, so it's important to make sure you get paid as soon as possible.

Managing customer debt effectively also reduces the risk of cashflow problems, which can be very dangerous for businesses.



17 Pursue outstanding debts early

If you agree payment terms with customers, make sure you pursue debts as soon as they are due.

18 Incentivise early payment

Offering incentives to customers to pay bills promptly means you're more likely to receive the money sooner.

19 Write off debt where low probability of recovery

If recovering a debt really doesn't look likely, it's probably better to write off the debt than throw more money after pursuing it.

Make sure you've established business rules to determine where to draw the line.

20 Enforce adherence with contractual terms and conditions

If you have a contract with your customers, make sure you don't fall foul of any terms and conditions that may give rise to penalties, fines, or even litigation.

Make sure all relevant people are aware of the contractual obligations, and that where appropriate these are built into the design and performance of processes.

21 Avoid risky relationships with customers

Make sure you have processes in place to conduct any necessary customer due diligence checks. You need to be confident the customer will stick to their side of any agreement and be able to pay for the goods or services you provide.

Reduce spend on suppliers and materials

Think about how you get materials or services from suppliers.

There will often be potential for saving money by shopping around. At the very least, make sure you have a good understanding of what you need and what you're getting.



22 Negotiate better deals with existing suppliers

Getting better value for money from existing suppliers is often easier than finding new suppliers and building relationships with them.

23 Use cheaper materials

It's important to make sure the quality of products isn't negatively affected but sourcing cheaper materials can help reduce production costs drastically.

You may also be able to reduce costs by negotiating deals for larger quantities, or by buying early if prices are likely to rise. It's important to consider any additional costs of storage / transport etc. though.

24 Switch to cheaper suppliers

If other suppliers can offer the same value at lower cost, it might be worth considering a switch.

25 Design products to use fewer materials

For some products it may be possible to change their design so that they require fewer materials (e.g. by allowing more efficient cutting). This allows you to make more with the same volume of materials.

26 Improve estimates of materials required

Accurately estimating the volumes of materials required reduces waste and saves you money. This is particularly important if materials are perishable.

Look at ways of improving estimates based on past usage data or more accurate calculations.

Spend less on people

This can sound unpalatable, particularly if you treasure your staff and want them to stay with your business in the years to come. It doesn't need to be – rather than just trimming your headcount and hoping for the best, you simply need to ensure you are spending money in the right places to ensure the business is sustainable and scalable.

Improving the efficiency and effectiveness of people's work can help improve morale and boost retention, particularly when combined with sincere investment in their continued development.



27 Reduce how long tasks take to perform

Reducing the time it takes to complete a task means each person can complete more tasks. This means you'll need fewer people.

28 Reduce the number of tasks performed

Remove unnecessary steps that don't add value or use templates for a "head start". Performing fewer activities means you'll need fewer people.

29 Eliminate hand-offs between tasks

Every time the flow of a process moves between roles, there is wasted time and effort. Look for ways of reducing the number of hand-offs (e.g. through skills training or changing who does what).

30 Reduce pick-up/put-down time

Starting and finishing tasks typically involves a fair amount of time to set things up or put things away. It's often more efficient to process similar things together in batches.

31 Outsource non-core activities If a set of activities aren't core to your business (e.g. processing payroll or providing IT support), consider outsourcing them to a professional supplier. They are likely to have the economy of scale to provide these skills and services at a lower cost.

32 Flex resourcing to meet demand If your production demands vary, look at ways to scale your resourcing to match. Can you engage staff on flexible hours? Can people be cross-skilled to provide responsive support when needed? Should you consider using contractors rather than permanent staff if workloads will fluctuate over time?

This means you are only paying for the staff resource you really need, and not carrying a lot of spare capacity.

33 Get staff to do more If you think your staff have spare capacity, consider increasing people's workloads. This can help scale up your business more efficiently as demand increase – but beware of making staff feel exploited or overworked!

34 Increase skills of existing staff Developing the skills of existing staff can enable them to take on more responsibilities or manage demand more flexibly between them. It's also likely to make staff feel more engaged and increase the likelihood of retaining them.

35 Reduce staff salaries Telling your staff you intend to reduce their salaries could be a disaster for morale, but effectively reducing salaries over time by delaying raises or hiring new staff at lower salaries can be a viable tactic.

Be very careful not to make your business an unattractive place to work though!

36 Use cheapest competent staff for each task

If a task can be performed more cheaply by another member of staff, then consider moving responsibility for it.

37 Reduce non-productive time

Having staff performing tasks that don't add value or having them wait for other tasks to be completed, can be a real drain on profitability.

Identify where the time is being spent and look for ways to make better use of non-productive time.

38 Encourage retention of productive staff

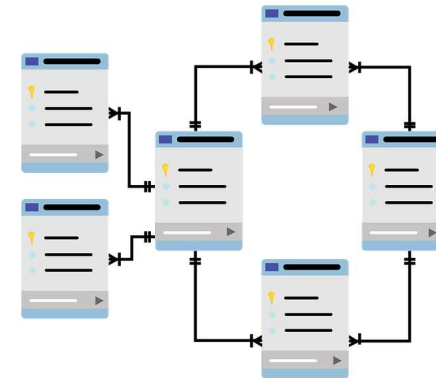
Investing in staff is really worth exploring, and there are countless options to consider.

Encouraging their development and continuing to make their jobs attractive (and well paid!) will promote retention and minimise costly recruitment efforts.

Consider training, salaries, working environments, benefits, and your brand as an employer.

Be smarter in your use of information

Whether it's making the first steps towards working digitally or getting stuck into the nitty gritty of data management, getting smarter with the use of information will bring huge benefits.



39 Rationalise record keeping

This is even more important if you are keeping paper records, but even with digital records you should always ensure you only keep what you must.

Rationalising your record-keeping reduces operational and regulatory risks as well as keeping down storage costs.

40 Eliminate use of paper

Wherever paper is in use, there is probably a saving to be made. Look for digital alternatives wherever possible.

41 Re-use information already held

Look for any processes where someone is capturing or translating information or data already known to the business.

This is unnecessary activity and should be eliminated immediately!

42 Eliminate siloes

The larger a business grows, the more likely its various functions will operate as individual siloes. Information isn't shared, relationships suffer friction, efforts are duplicated, and general disfunction becomes rife.

Look for ways to eliminate silo mentalities and foster sharing and cooperation.

43 Connect systems

Wherever possible, ensure your various IT systems can communicate with each other, with data shared automatically rather than re-keyed by users.

Pooled data also allows for deeper and richer insights, improving decision-making and helping opportunities to be identified.

44 Improve data quality

This is a huge topic, but as a starter, look for places where data can be captured incorrectly (e.g. postcode formatting) and where master data isn't being used (e.g. standardised lists of countries).

Wherever errors or gaps can creep into your data, extra work will be required downstream to sort things out and is likely to hinder analysis, insights, and decision-making.

Ensuring data is clean will save you money and effort in the long run.

45 **Make it easier to find information**

Time spent looking for information is time wasted.

Make sure your people can quickly find information they need – this means having good systems and processes in places, and ensuring information is effectively structured and maintained.

46 **Rationalise reporting**

Businesses waste a lot of money every year compiling and circulating reports. Sometimes, whole teams can be involved in creating a report that is never actually looked at. Reporting is often too late to be of use as a control or decision-making tool.

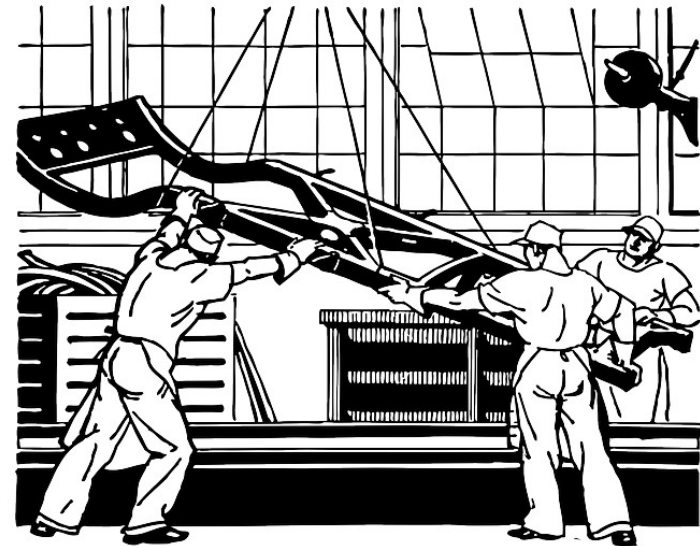
Before creating a report, establish what decisions the data is going to be used for, when, and by whom.

Eliminate waste in production

Waste in production, particularly from defects, is costly.

Businesses need to consider where waste is occurring and why, and then work to eliminate it. This can involve applying controls or changing designs or processes to eliminate the problems.

While many of these points apply most obviously to businesses that create products, they are worth considering (with a bit of translation) to companies that provide services.



47 Re-use materials from old / faulty stock

Where possible, look for ways to make use of any salvageable material from old or faulty stock. Explore whether it can be re-used to make other things, or even sold on as-is.

48 Apply additional controls

Make sure you have controls in place to detect or prevent problems in your production processes.

49 Tighten existing controls

If you already have controls in place, check that they are effective and measuring what you think they should be. Consider sampling at a higher rate to bring production problems under control.

50 Clarify expectations / standards

Are all your people aware of product/service standards? Look at how these are communicated and what your people understand.

51 Raise standards / expectations

Are your standards high enough? Consider raising the bar or using performance management techniques to improve output quality.

52 Automate complex steps

If part of a process is very complex it is likely to add risk of errors or delays. Consider automating these steps where possible.

53 Design-out errors

In Lean methodology, this is known as *poka-yoke*. It means removing the ability for errors to be made in the first place, like not allowing a car to be driven if a seat belt isn't plugged in.

54 Perform checks earlier in the process

The earlier a problem is identified, the cheaper it will be to resolve.

Look at whether checks and controls take place early enough in a process.

55 Improve stock production estimates

Producing more than required is a waste of effort, time and resources.

Ensure your estimating practices are accurate to reduce this waste.

Reduce the cost of managing inventory

Holding inventory, either of raw materials or finished products, costs money to store, and risks damage or loss.

Look for ways to reduce the amount you need to hold, or the cost or risk of moving it around.



56 Use cheaper premises

Can your business be conducted from cheaper premises?

Would moving closer to suppliers / customers reduce costs?

57 Reduce movement of stock / materials

Moving materials and stock costs money, adds delay, and increases the risk of damage. Locating things closer together can limit the amount of transportation required.

58 Reduce postage / delivery costs

If your business is responsible for paying delivery costs, consider whether there are alternatives available (e.g. regular postal services rather than same-day couriers).

59 Reduce volume of stock / materials held in storage

Storage of materials or finished products is expensive, so consider how much you really need to hold.

Are you paying for capacity you will rarely need – and are there alternatives?

60 Reduce time inventory held in storage

Consider whether a “just in time” approach could work for your business. How quickly can suppliers deliver the quantities you need?