

Maximising Your Profits

At present, Ireland is experiencing economic growth, jobs are plentiful and unemployment rates are low. These economic conditions contribute to people having more disposable income. Many businesses are thriving and the financial pressures of the past have possibly eased a little.

It is at times like these that our focus is often on growing the business, as profits are good we look to break into new markets and expand our business. Consider for a moment the benefits of focusing on your existing business, and how a few small changes could further increase your profits.

DBASS Recommends 3 Small Steps To Maximise Your Business's Profits:

1. Improved Efficiencies = Improved Profits

Regardless of your line of business there is no doubt that you are carrying out some tasks because "that's the way it has always been done".

Improving efficiencies isn't about working faster, it's about working smarter, breaking away from the Status Quo, stepping back from your company and looking at it with a set of fresh eyes. Carrying out an audit of your administrative practices can give you a clear picture of activities that continue to work for your business and those which need alteration.

Our Process Development Team, at DBASS have carried out numerous assessments of our clients internal systems, processes and controls and have identified within minutes, the key areas where improved efficiencies equate to improved profits.

The following are areas our experts have found to be the most common pitfalls:

- A lack of automation
- Out of date computer software
- Processes with too many steps
- A lack of clearly defined procedures
- Over-staffing.

Ultimately, our Process Development Team look at the core structure, core needs and core resources of the company. By simply assessing each component of your company in an unbiased, efficiency focused manner, our team can help you improve efficiencies and ultimately improve profits.

2. Cutting Costs = Improved Profits

When was the last time you carried out an assessment of the costs being incurred by your business? Some of these costs add value to the product being produced or service provided and some of these costs are ancillary costs.

What if these costs have increased and you have not increased the margin on that product or service relative to the cost? The result is that you will not be as profitable as you were – you could even be incurring a gross loss on some services or products!

The solution to this problem is not always to increase the cost of your own product or service. Your first step should be to assess your main cost drivers.

- Have your suppliers increased their prices?
- Could you obtain quotes from other suppliers? Be prepared to switch suppliers.
- Have any of your raw materials now become too expensive?– Look for and price similar products.
- Eliminate postage costs by emailing sales invoices/ statements etc.

It is impossible to target all suppliers at once, therefore, select the simple ones first, such as light and heat, insurance, stationary.

Labour costs remain a significant outlay for most companies. Overstaffing can have a negative impact on productivity, however, staff burnout leading to heightened absenteeism can be a major cost for any business.

Developing process maps for roles can be a useful method of identifying overlapping roles, extra capacity of certain staff and redundant tasks.

Our Process Development Team often identify that a company is overstaffed and the work is not correctly allocated to the correct staff member based on their skill level.

Lastly, maintain a record of the areas where cost savings have been made as these will be the areas where costs in the future will increase and you will need to carry out this exercise again. Carrying out this cost review on a cyclical basis gives the best results.

3. Focused Sales = Improved Profits

Increasing your sales often involves increasing your market share. To increase your market share can be costly as it may involve extensive investment in marketing activities, the results of which may not achieve the desired market share.

You can of course target existing customers by upselling new products or services, however, the increase in sales is still limited by the number of existing customers. Equally, you may not have funds available to invest in developing or launching new products or services.

Therefore, to improve your profits with a minimal cost outlay, you should invest time into identifying your high profit margin products or services. If your accounting software is good, it should be as simple as running a gross profit margin report on all products held in stock. This will clearly identify the products or services which generate the most profit and those which generate the least profit. The next step is then to focus on increasing sales of that product or service.

In a production company, that product may need to be customised before being sold. There will therefore be labour costs associated with the product. Your production manager should be able to provide you with information as to the most labour intensive products. You may then find that you need to consider outsourcing the labour intensive work. This will help to protect the overall gross profit margin and ensure that the profits are not diluted.

Conclusion

The above, are just some of the ways the DBASS Process Development Team are assisting our clients to maximise their profits.

Talk to us about how our in-house experts can make a difference to the future profitability of your company.

Should you wish to discuss any of the topics highlighted in this article please do not hesitate to contact DBASS on 01- 849 88 00 were a member of our team will be delighted to assist you.