

You might be your own worst enemy for profit!

How many of these questions can you answer?

1. How many income-producing hours do you or your employees need to be working each week?
2. What is your policy on giving friends and family discounts? How many extra income-producing hours do you need to work to make up for these profit losses?
3. What is your salary package? Do you have one? Or do you occasionally dip into the business bank account?
4. Do you know what your average annual bad debt percentage is? Do your profit margins account for this?
5. Do you have a business financial plan? Or any plan? Do you get advice from professionals on how to make it work?

If these questions make you feel a little uneasy or if you're not sure of some of the answers, you might be your own worst enemy for profit.

So, you had this great idea that you would start up your own business, be your own boss, work your own hours and make some decent money.

What happened?

Sometimes things don't always come together in the ways we imagined. Why are there other business owners out there that seem to be doing better than you are? Regardless of their size, or how long they have been around, they seem to have their business in control and worst of all, they rub it in your face by looking happy all the time.

If you are a landscaper or horticulturalist, you know that when you start a project or job, there is a lot of planning. You set the

foundations by designing where everything will go, as well as making sure that the features are placed in functional proximity to each other to ensure sustainability.

After you have created your masterpiece, you know that there is still a lot of regular maintenance and care that needs to go into your project to keep it looking the way you had envisioned. Have you ever returned to a project a year later to find that your work is dead or uncared for? Sometimes in this industry, you have to leave the maintenance in the hands of your customers and you never know what the outcome is going to be. Fortunately in your business, this does not have to happen because YOU can take control of your outcomes. You have already laid the foundations of your business but it is important that you don't forget the regular maintenance and care needed to make sure it doesn't shrivel up and die.

Your business will need maintenance in several areas including profit. To help you become your profits' best friend, we suggest you start by finding out the answers to the questions above by creating a business financial model. A business financial model would help you to create policies and structures that can act as guidelines for how you conduct financial operations in your business. For example, your business financial model would help you determine the answer to Question 2; 'My gross profit is 60% and if I offer a 10% discount, I need to sell 20% more volume to maintain my 60% profit'. As well as being able to answer the questions, a business financial model will give you insight into the relevant figures relating to your key drivers of profit.



Miles Primrose, Business Sight



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The eight key figures to drive profit and cash flow are:

1. Revenue Growth %
2. Price Change %
3. COGS %
4. Operating Expenses %
5. Days Receivable
6. Days Payable
7. Days Inventory/Days Work in Progress
8. Self

Most people will suggest that there are seven drivers of profit, but we added an eighth, Self. If you don't actually make a commitment to changing your habits and beliefs inside yourself, the other seven points are going to be irrelevant to you making profit.

A person must be big enough to admit their mistakes, smart enough to profit from them, and strong enough to correct them.

Business Sight runs personal and business development workshops for trades-people throughout the year. If you're interested in finding out more about the drivers of; business structure, strategies for increased profits, attracting sales and working less hours, call **Business Sight** to obtain a free download, on 1300 187 233 NOW!

Fact:

Kids Outdoors

Research conducted at the University of Illinois has found that children with attention deficit hyperactivity disorder (ADHD) who regularly play in an outdoor environment with plants and grass have milder symptoms than those who play indoors or in built-up outdoor environments. The study, published in the journal *Applied Psychology: Health and Well-Being*, also showed children with high levels of hyperactivity (a subset of ADHD) have milder symptoms if they routinely play in an outdoor space that is both green and open, such as a park, football field or large open backyard.

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By courtesy of Gardening Australia Magazine December 2011



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