

3 ways to grow sales and profits

Running a business can be challenging but learning to experiment with different strategies can help you to become more profitable. Here are three top financial wellbeing tips to help your business grow.

1. Manage Costs

By finding areas to reduce costs, you can increase profitability. But when choosing where to make cuts, make sure you're not sacrificing the quality of your product or service. Common areas where costs can be reduced are:

Premises

Are you making the most efficient use of your space? Is there unused space which could be sublet?

Suppliers

Make sure to review your suppliers regularly and see if there's a way to obtain your raw materials more cost-efficiently. Check in with your suppliers to ensure that you're getting the best deal, they may offer a better price for a longer contract or you may be able to use your status as a valued customer to negotiate a better deal. If they won't budge, consider another supplier.

Finance

Are you making the best use of your loans and overdrafts? Are your finance agreements at the most competitive rates?

Production

Are there ways to streamline your production processes? Fewer working hours means reduced costs. Ratio analysis can help you to determine areas of production where efficiency and profitability can be improved. Once you know your problem areas you can begin to fix them.

2. Focus on your best customers

The 80/20 rule says that 80pc of profits are generated by 20pc of customers. Do an assessment of your key customers to find and focus on that 20pc. When focussing on key best customers consider

the following opportunities:

Upselling

Selling your customer a premium product.

Cross-selling

Analyse their previous purchases and offer them complementary products.

Diversifying

Identifying your customers' need that isn't being fulfilled and develop a product to meet that need before they look elsewhere.

3. Review your pricing

By identifying the problem that you're solving for your customer and how what you offer is different to what's on offer by other companies you can make your brand more valuable and locate areas where customers are willing to pay more for your product.

However, it's always wise to test any price increase before you make them permanent. A reduction in price can also increase profits by driving extra sales despite smaller profit margins.

By using our [ratio analysis template](#) you can determine the potential impact of a price change on your business' profitability and whether an increase or decrease is right for you.

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