

A photograph of a business meeting. In the foreground, two hands are visible, each holding a pen and pointing at a document. The document is filled with various business charts, including bar graphs and a pie chart. In the background, a person in a blue shirt is seated at a table, looking towards the camera. The setting appears to be a modern office with large windows in the background.

GROWING YOUR BUSINESS & PROFITS FAST

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A focused approach to growing your profits and business fast

Hi, my name is Ian Tennant, the owner of IMT Business Advisory, an exclusive boutique business advisory firm focused on **profitability and business growth** for medium sized enterprises. Our ideal client is a SME with a turnover of between R20m and R50m per annum.

We provide a personalised service to ambitious business owners who wish to grow their profits and business in a controlled and sustainable manner. We assist those who feel they are working too hard for too little reward. This is largely due to the size of their business and thin management structures. These owners do not have the benefit of a typical corporate with its specialist management structures that tasks can be delegated to.

I am a qualified chartered accountant with extensive experience in both financial and general management and completed my articles with PWC in KZN. I also spent almost two years in the London office, specialising in computer technology.

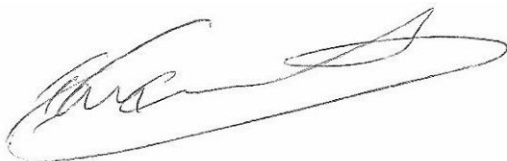
Most of my career comprised 20 years with Multichoice Africa, initially as CFO then CEO for sub-Saharan Africa, managing operations in over 40 countries through a combination of joint ventures, franchises and agents.

I have worked in or been closely exposed to a wide range of sectors including mining, television media, logistics, tourism, retail, hospitality (accommodation, restaurants and pubs), business consulting, property development, commercial property management and business brokering.

My financial acumen and business experience in driving sustainable bottom-line performance makes me an ideal business advisor and coach for ambitious business owners who want to take their businesses to a higher level.

This eBook will help you build a strategy for growing your business faster than ever, without having to do any expensive and complicated marketing. And without running out of cash.

The end result - You'll make more money. And be able to work less hard.



Ian Tennant

ian@imtbusinessadvisory.co.za

You cannot manage profit!

Profit is simply an end result.

It's why so many businesses find profits and sales eventually stagnate. And this can be so frustrating. Perhaps you've been there. You're trying everything you can to improve your sales, improve your profits and generate more cash.

The problem is... you can't manage profit.

Every business is different and will have its own unique business model and profit and cost drivers. Nevertheless, for most businesses there is a generic model. And when you understand this model, you can build a strategy for achieving the profitable growth you want.

I call it, "**The 9 Drivers of Profit.**"

Let's explore that model now.

Profit is the end result of deducting **costs** from **sales**. It looks like this:

But that's too simplistic. It doesn't help us much. We have to understand both sales and costs in more detail. We need to break those two simple Profit Drivers down into something more manageable.

Let's look at costs.

What drives your costs?

Costs are made up of *fixed costs* and *variable costs*. It's important to differentiate between the two because they have a very different impact on your business model.

Fixed costs, as the name suggests, don't change (at least, not in the short term). For example, the lease for your premises.

Variable costs – sometimes referred to as *direct costs* – change in proportion to changes in sales. For example, material costs and direct labour.

Our formula now becomes:

$$\text{Profit} = \text{Sales} - \text{Variable Costs} - \text{Fixed Costs}$$



What determines the number of customers you have?

If you want to increase the profits of your business you could focus your attention on the first driver, *number of customers*. But what determines the number of customers?

We can break this driver into 3 separate components:

Current Customers = Customers Last Year + (Number of Sales Leads x Sales Conversions Rate) – Customers Lost



In other words, there are 3 things that drive the change in the number of customers:

1. Getting more sales leads (*which is **Marketing***)
2. Converting more of those sales leads into customers (*which is **Sales***)
3. Reducing the number of customers that you lose (*which is **Customer Service***)

With our profit diagnostic software, we can model this and identify how changes in each of these drivers impact your profit.

The most important driver of profit: *the price lever*

The second of Jay Abraham's "*Three ways to grow a business*" is the average amount of each transaction. In other words, what can you do to get customers to spend more money with you every time they do business with you?

This is very powerful.

But to build our mathematical business model we need to break this down into two separate components. Essentially there are two ways of getting customers to spend more:

1. Buy more from you each time (for example, by creating some *up-selling* systems); and



2. Changing the price.

PACKAGE DESCRIPTION	STARTER PACKAGE	STANDARD PACKAGE	CORPORATE PACKAGE	UNLIMITED PACKAGE
Storage	300 GB	500 GB	850 GB	2.5 TB
Free Update	X	X	✓	✓
Hosting	50 TB	150 TB	200 TB	600 TB
Internet Speed	6 mbps	8 mbps	12 mbps	24 mbps
Social Management	X	✓	✓	✓
24/7 Support	X	X	X	✓
Analytics Report	✓	✓	✓	✓
	\$250.99 annual fee	\$350.99 annual fee	\$580.99 annual fee	\$999.99 annual fee

It's important to consider these two separately because they each have a different impact on costs. Buying more means variable, or *direct*, costs also go up. Changing price has **no impact on costs**.

This is one of the reasons why, mathematically, price is the most powerful lever in the profit equation.

If you've been following carefully, you'll know we now have 8 drivers of profit. Don't worry if you've missed some, we'll summarize them soon.

That just leaves one final driver.

The 9th driver

The final driver is a little different, but no less important.

The first 8 drivers can be built into a complex mathematical model; a profit diagnostic model that predicts what happens to profit when you manage and change any of the drivers.

The final driver is to systemize everything. To create systems for improving each of the drivers of profits, e.g. customer service systems, selling systems, referral systems, pricing systems. Online real-time financial and administration systems and their management information systems are critical too in managing your business growth strategy.



When you systemize the critical business processes that drive efficiency, growth and manage profits you start to build a 'money machine'. A well-oiled business that works.

So which one should you focus on?

You should work on all of them simultaneously. But if you were to pick one you should **always start with price.** Firstly, it is the most powerful lever in the profit equation, i.e. it has the biggest mathematical impact on profit. Secondly, it can have an *immediate* impact on profit.

You must also understand how each of the drivers impacts on other elements of the profit equation. Most businesses focus on getting more sales leads and winning more customers. However, if the price is wrong (or by giving discounts to attract new customers) very often this can have a negative impact on profit.

This is why we specialize in pricing. Get your pricing right and you'll see your profits rising significantly. Get it wrong and it's a fast way to go out of business. You must understand the numbers.

This is why we always start with the numbers before creating your pricing strategy.

Here are the 9 profit drivers:

1. Getting more sales leads
2. Converting sales leads into customers
3. Getting customers to spend more
4. Getting customers to spend more often
5. Getting customers to remain customers for longer
6. Pricing for maximum profit
7. Manage and reduce variable costs
8. Manage and reduce fixed costs
9. Systemize everything

Getting results requires action!

If you read this eBook and then file it away, nothing will change. You'll get no benefit and you're just wasting your time.

If you want to get results, if you want to earn more money, you need to act. You need to take some action!

If you're working too hard, and not making enough money, invest some time and attention to fix this problem and it will pay dividends.

This eBook, I hope, will be the thing you look back on in 6 months from now when you're celebrating your best ever month in business and are thankful that you read it and took action!

The next steps should you require help to analyse and implement

Book your Profit Diagnostic Review meeting. This is how we can help you and it works like this...

We meet with you (online with webcam if you prefer) to explore the profit potential in your business and agree an action plan. Some of the things we will cover in this Profit Diagnostic Review include:

- We will talk about your business, where you want to be in the future and your current challenges
- Using our profit diagnostic software approach, we will look at your numbers and consider some different scenarios and the potential impact on your profits resulting from some key strategies
- At the end of the meeting, you will have some powerful actions for increasing your profit and, should you so wish, we will discuss areas where we can be of assistance in making it happen and the next steps regarding this.
- We provide professional support at a fraction of the cost of an in-house resource or the use of a big consultancy firm. Every assignment and business is unique and we generate our fee interactively with the client to ensure that we meet the needs of the client. Our goal is that the client generates additional profits far in excess of our fees as a result of our interventions.

To book the meeting, please send me a mail with your name, your business's name and your contact details to ian@imtbusinessadvisory.com and I will make contact in order to arrange the meeting.

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