

5 Things That Are Cutting Into Your Profits Right Now

Many small business owners are so caught up in the day-to-day that they just don't have time to find out how they can save money. By understanding what is cutting into your profits right now, you can effectively cut costs, increase profits, and improve your bottom line (or net profit).

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1. Billing and pricing

Are you...

- Having issues getting invoices out to clients?
- Waiting weeks or months to send out invoices?
- Finding that clients contact you to ask for an invoice?

Untimely billing and inaccurate pricing happens when you lack a good process for sending invoices and receiving payments from your customers. When you fix your billing, you fix your cash flow problems. A great process for billing and collections is a wonderful stress reliever for a business owner. Stop checking your bank account daily for your cash balance and start collecting from clients in a fast, efficient way. This increases your customer experience, cash flow, and net profit.

2. Wages and payroll

Running payroll is expensive. There's no way around it. If you're overspending on payroll and your employees are underperforming, your cash flow and net profit are going to suffer greatly. Many business owners aren't even aware they have an issue with efficiency and their payroll being out of control.

Tracking and measuring your payroll expenses regularly will help reduce your payroll spend and increase efficiency, leading to a positive change in your net profit. Knowing and understanding what your industry averages are is a great start to measure where you and your business stack up compared to competitors.

3. Overhead and fixed costs

When was the last time you reviewed how much you are spending on your fixed expenses?

Reviewing your fixed expenses regularly can help you determine if you need to negotiate with any vendors, including a landlord. And believe it or not, negotiating can get you somewhere! Budgeting and planning are under-utilized tools that many business owners just never get to. Day-to-day operations dominate your time, so planning for the next year, or 3-5 years, is often neglected. Develop a clear picture of where you want your business to be with planning and budgeting, and stop overspending and reach your personal and business goals by staying on the path you have set for yourself and your business.



4. Lead times and conversions

How long is your sales cycle? Can you convert a new customer in a day, week, month? Is your process identified, written down, and followed for every new lead you get in the door? Are you letting leads slip away because your conversion rate is low and the time to close a deal is too long?

Speed up your sales cycle! One way you can do this is by offering more than one way for customers to buy from you. Make your buying process simple and easy. Automate whatever you can and watch the dollars roll in!

5. Entity review and tax planning

Tax is one of the largest expenses for any business, and business owners throw away thousands of dollars each year because they've never explored or reviewed their tax entity status. Reviewing your entity status annually will guarantee that you're not overpaying on your income tax. This step can help you keep your hard-earned dollars and stop giving it to the state or IRS.

Keep your money and grow your business!

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