

TerrificMentors

SIX STAGES TO BUSINESS PROFITABILITY

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There are six stages to making your business profitable:

STAGE 1. Knowing exactly what your cash flow is – all the time. Control of cash is the single most important aspect of an organisation's management.

STAGE 2. Knowing which products or services make the money. That doesn't mean that you kill those that don't; they will be contributing to the overheads of the business. If you kill them, heavier overheads will accrue to the remaining products some of which will then appear to be unprofitable. Follow that route and you will end up with no products at all.

STAGE 3. Learning the market potential for those products. You may not have access to sophisticated research data but you have two ears, the best research tools of all. Ask and you shall learn about the market in which you are operating.

STAGE 4. Calculating your investment pot. You need cash to invest in promotions, in staff, in advertising. How much can you call on if you really need to? Being undercapitalised is the biggest single cause of business failure. You may need to extend your investment pot. How would you do that?

STAGE 5. Controlling your costs. Do not be misled into thinking that this is merely a matter of saying NO to all expenditure or of fighting for the last discount on everything you buy. The sensible cost cutter knows what matters and what doesn't. Cutting essential costs damages the business. Keep your cost cutting to those things which the business does not immediately and urgently need.

STAGE 6. Controlling your (and your staff's) use of time. The emails on the screen today are not necessarily the ones that matter. Pay attention only to what is going to contribute to the four stages above. Leave the rest until you have time to deal with it. Great success is achieved by disciplined, shrewd prioritization.

Terrific Mentors help people in Business, Career and their Personal Lives

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