



Seven key techniques to grow your sales and profits fast....

...how to increase sales and profits by insane amounts, in 90 days or less.

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Our goals can only be reached through a vehicle of a plan, in which we must fervently believe, and upon which we must vigorously act. There is no other route to success.

Pablo Picasso

PABLO PICASSO

How to how to increase sales and profits by insane amounts, in 90 days.

If you are reading this you are probably a business owner, most likely someone who has worked for others in the past and then went on to set up your own business. You may have been in business a while or just be starting out and are now finding that you are not getting the full results you were expecting or believe you are capable of.

If the description above sounds familiar you will be able to gain some benefit from continuing to read further, making your business more successful than you thought possible.

Now something about me! When I introduce myself as an Accountant, people I meet, always make the assumption that all I do is prepare accounts. It is one facet of my business but not the most important one. The thing is I am just like you I have a business to run and the techniques I am sharing with you here are the very same ones that I use. I have written this guide to share the benefit of my vast experience and to let you know about some simple techniques that can be used to improve your business in at least one aspect (if not more) because my business is about helping you with your business.



With staff to keep employed, my own budgets, accounts and cash flow to prepare, my business is just like your business, I have to meet exactly the same challenges as you, albeit in a different field. The one thing that makes it a bit easier for me in running my business is that I have worked at high level in other small and large companies, including national and multinational. I have had first-hand experience of seeing how these techniques work and how it has helped companies to flourish.

It is also worth telling you that I have had my fair share of difficulties for example I have had the painful experience of businesses that have failed for one reason or another and I have had to put into liquidation, I tell you this because it is part of my experience, I know the pain and the pitfalls. Life isn't always a bed of roses and business is no different. Having been through this it has helped me, help lots of other businesses through similar problems. I have been able to guide them with first-hand experience.

So, if you are engrossed with the daily running of your business and finding it is not as easy or as successful as you would like, then maybe your business is running you rather than, you running your business! Some may say a bold statement, so take a moment to ponder this..... How often do you have the time to stand back, review your business and identify or think about what is happening in your business?

Are you managing your business or just meandering along? Are you winning loads of orders or struggling to pay your bills? Would you like to do things better, more effectively in less time?

My clients often tell me I am not like other accountants, I am able to relate to their needs and experiences and give them advice in a way which they are able to understand and use in their

business to great effect. So if you are looking for some help which is a bit different and looks at your whole business not just the numbers read on.

There are loads of people out there selling you different things which will work on some part of your business or another. They are commonly known as consultants, I am sure you will have come across a few of these by now!

The thing is they don't explain how what they do interacts with the other parts of your business to make the whole thing work well. I can hear you thinking now, well how does he know that! Well it's as simple as this, I have spoken with lots and lots of business owners and worked on their accounts and systems. My talent is being able to understand your business and how well it is doing by finding the clues which are hidden (to most people) in the accounts. I can interpret the numbers and understand the story they tell about how well your business is doing and where with some effort you can produce a great improvements to your results, assuming of course, that you follow the recommendations I make.

There are some straightforward tools which all businesses should use but often don't, so I am going to run through these first as they are the basis of running any business well. Then later on I will take you through 7 proven techniques you can use to great advantage.

Straight forward tools

The first thing to think about is, what is your business there for? Then think about your goals and plans for the short and long term and focus your attention on this and only this. Everything else is a distraction that takes you away from your main plan to make your business great, allowing you time and money to do what makes you happy be that; a great home, a brilliant holiday, a superb car or time with the family.

Having personally worked in both large and small companies and across a variety of different types such as wholesale, retail, manufacturing and media. And working with an even wider range of business owners through my accountancy business and business contacts, the one thing which all of the successful companies have in common is they are constantly reviewing their numbers, daily, weekly, monthly, quarterly and annually. The other thing they have in common is the fact that they produce a budget annually – they set a target, something which they can measure against. And in many cases they also use management accounts to check how things are doing and take actions to keep to their plan.



So ask yourself this – do you have a budget? And more importantly do you use it to good effect?

Now then, don't worry if the answer to either of these questions is "no", I will now explain how a budget can work for you in conjunction with management accounts and if you need any help with this you can always contact me to discuss your needs.

Having introduced two technical terms a budget and management accounts, we need to look at these in more detail.

A budget should be the starting point for every business.



I have found that people have a variety of understanding of what a budget is. Most people can associate with the Budget that the government uses to (usually) make us pay more in tax or to the budget for your own finances. However it is frequently thought that it takes too long or is too complicated to do a budget for their business or even their personal finances. Really! A budget is a plan, a goal, an aspiration or an objective you set yourself to achieve in terms of numbers – how much how many and how often. The time frame could be a month a week a year or for a long term project several years.

Whether you're launching your first business or have years of experience as an entrepreneur, the importance of having a budget cannot be overstated. Creating a budget for your business will provide a guideline for expected income and expenses and enable you to compare your anticipated financial goals with the actual numbers. In essence, it will serve as a benchmark for how your business is performing. It will also allow you to plan ahead and determine any changes that should be considered to achieve your goals such as additional staff, equipment or premises and make further plans to meet these needs.

These targets are what the more successful businesses use to measure their performance against, it gives them a "Yard Stick" to gauge how well they are performing, otherwise how are they going to know whether what they are doing is good or bad.

The importance of having a plan was put across succinctly in the book Alice in Wonderland by Lewis Carrol. Think about the following conversation between Alice and the Cheshire cat.....

Alice "Which path should I take?"

Cat "Where do you want to go?"

Alice "I'm not sure?"

Cat "If you don't know where you are going then it doesn't matter which path you take!"

Do you know which path you are on?



Why should you produce a budget?

A budget should be a key element in your business strategy as I said earlier the budget or plan should be the starting point for every business. Unfortunately many businesses will produce a budget then hide it away where it will gather dust. This is completely the wrong thing to do, I find this with many companies that we take on. The next most important thing you can do with your budget after you have spent all that time and effort creating it is to use it!!

What should go into your budget?

Budgets are quite often produced in a hap hazard way, sometimes with very little thought and very little detail behind the numbers. You should *always* put as much detail as possible into your plan, if you are going to use this as part of your tool kit to manage your business wouldn't it make sense to be able to recall what you thought and the reason behind the numbers. I have often spoken to people who didn't know why they had used a particular figure.

Many businesses will create a budget, and for example have a total sales figure for each month of say £50,000.00. Ask yourself some simple questions

1. How did I get that number? - (It's what we did last year)
2. What is it made up of? - (It's a guess)
3. How do we know will get the same this year? - (I don't know)

I think you will begin to get the picture, if you are going to monitor your performance against your original budget then the more detail you have the easier it is to understand. Any changes you make will give you a better understanding for future budgets and for making changes in your business.

Remember the more detail you put into your budget the more you can get out of it and the easier it will be to use it to measure the performance of your business.



I see things like this all the time where business owners struggle to put a sales budget together and end up putting a total sales figure together with no thought at all. Even if you are a new start business you must have some idea of who your customers are or what products you are going to sell. For purposes of your business a budget should be the numbers behind what you plan to do for example over the next 12 months.

If you are an established business here is a couple of suggestions as to how you should be developing your sales budget:

- How many customers do you have?
- What did they buy last year?
- Will they buy the same again this year?
- Can we increase prices?
- Can we sell them more products?

Whilst we are on the item of sales, how do you arrive at your budget for marketing?

- a) £500 per month
- b) £200 per month
- c) Why are we spending any money on marketing – let's reduce this to a minimum?

The thing is most companies treat marketing as an expense, something that can be trimmed when things are going bad. If they are making those decisions then I guarantee they are not measuring the results of their marketing efforts and no thought has gone into the figure other than a guess.

The most important thing about marketing is to test and measure. Find out what return you are getting on your investment. Then ask your self is marketing an investment or a cost, if you answer "cost" I suggest you look at what you are spending your money on. Marketing is a whole other aspect of running your business and not one I can include in this guide.

After you have developed your sales budget, you can then work out your expenditure budget and all other aspects of your business, based on providing that amount of sales. If you need help to formulate a budget you can contact me.

Now let's take a look at management accounts.

Management accounts are your review tool, to see how you are doing

The main purpose is to help you control your business and make decisions. Unfortunately the problem I have found is many companies produce monthly management accounts showing current financial information and miss out key data about the business. If used correctly the management accounts show the business owner the information they need to drive the business forward and move it in the right direction. Instead they are used as an overview and in many cases never compared to a budget.



Management accounts are there to provide you with the tools you need to make decisions about how your business is performing. What changes you need to make by comparing to your budget, whether that is to cut a product line or to increase production of a highly successful product.

You should see the relevance of creating management accounts not as a hindrance but as a key management tool. The more frequently you have these reports the easier it is to manage your business.

There is no standard format for how they should look, instead, the components of management accounts are driven by what information you as a business owner need to run your business. They can cover whatever period needed and be as detailed or as simple as you want.

You should expect to see these sorts of items in a set of management accounts:

- A summary, which will usually contain some Key Performance Indicators (KPIs) and highlight the main issues

- An action plan outlining any remedial measures to be taken
- A profit and loss account for the period. The comparatives are likely to be either the cumulative position against the budget or the equivalent period last year
- Balance sheet showing the working capital position
- Management accounts tend to focus on historical information, but they may include some forward-looking data, such as a budget and/ or a cash flow forecast

In the main when they are produced, the information is minimal and prepared to keep a financial institution such as a bank happy. You as a business owner should be looking for management accounts with a deeper analysis of specific areas of the business or non-financial information.

I have a client who I am working with currently, who would like to be able to access that level of detailed information from his sales history to enable him to review this against his budget. I am working with him on his systems to get to that information.

We are having to tailor his systems to suit the needs of his business and allow him to analyse his data for review. As I mentioned before the components of management accounts are driven by what information you as a business owner need to run your business. Once we have this data we will then be able to use it to identify what changes need to be made to keep him on track. This will be done by measuring his key performance indicators...

How to improve the performance of your business

Now for the point of this guide, the way to get results now and fast.... These are the things really successful businesses pay attention to day in day out, the things they use to drive their business forward, make decisions and achieve success.



The boring but all important term - "key performance indicator" (KPI's), these tend to be misunderstood and underused. It is quite often used as a catch-all description to describe any form of measurement of business data. For KPIs to work in your business, you need to identify those indicators which matter to your business and will be the best measure of your performance.

I will explain below 7 key ways, where an improvement in any of these measures will have an immediate impact on either the growth, the funding or profitability of your company. As I said before you need to decide what is important to you and develop the indicators that are meaningful to you.

Love them or hate them, when used correctly they will have an immediate impact on your business. Learn them, use them and reap the benefits. Understanding your numbers is key to understanding your business. And the whole point about indicators is that they give you an immediate sense of what is happening to your business.

For example – the speedometer on your car tells you how fast you are going, it's easy for you to see.

For other things you need to dig a bit deeper for example to check your oil levels or other fluid levels you need to open the bonnet and look underneath and identify those levels. The same can be said for your KPI's – some are easy to see and readily available, others require more investigating (or a look under the bonnet), but when you do find them can be quite revealing.

That is why I have split them into two sections, the dashboard indicators and the more in depth insight indicators.

The Dashboard indicators

These are the easy to access KPIs which are readily available from any set of accounts and give you a quick check on how things are going. Some of these will be familiar to you, but often no one does anything about them other to say what they are. So this is where you can make a real impact – do something with the



information you have, it will give you a benefit over the competition and who would not want that? Ask yourself a couple of simple questions – what am I doing about it and how do I make the changes?

1. Get cash into your business fast.

The life blood of any business is its cash, if you've tried to raise finance from a bank for a loan or to fund a machinery purchase I am sure that you will have found it a nightmare at this present moment in time.

For example I have a client who has a healthy business and who could actually pay for the machines they require, but they decided to defer part of the cost by way of a hire purchase agreement. The bank were just not interested, too "small for us" was the comment, the amount of the finance a not insignificant £50,000. Bear in mind my client was lending the bank money (by keeping a credit balance in their account) and continues to do so, although after this experience they are now looking at alternative banks.



I looked at this proposition for them and suggested the best way would be to keep the cash reserves to fund the expansion. This approach is now working really well for them. One of the additional benefits of this, they created a better relationship with their customer and found they could sell them more products. Increasing Sales, profit and cash in the business who wouldn't want that?

The all-important working capital – money that circulates in your business is an essential element as a business grows.

One of the best ways you can inject money into your business is to be on top of the customers who owe you money (your debtors). Make sure they are paying you on time, it's a simple thing to measure

How to calculate it – simply work out: (Debtors outstanding / Sales) x 365

If you are slow to collect in your money then, you will need more money to fund your business. If you allow customers to take say an extra month to pay you and your sales for the month are £30,000, you will need to find an extra £30,000 yourself whilst you are waiting for your customers money to come in.

I quite often hear clients say my customers do not like being chased for money, wrong!! Customers do not like being hassled but they do not mind being reminded that it is time to pay their account. More likely it is simply something you just don't like doing yourself, because you only do it when you are stuck for cash and your urgency develops into a strained conversation and therefore is hassle on both sides.

The benefits of being on top of ensuring you receive your money at the right time are:

- a) Increase cash in your business – you can do more business.
- b) Reduces your overdraft (if you have one), less interest to pay.
- c) Makes sure customers are paying on time and to your terms and will if done properly improve customer relations.
- d) Reduces your risk of bad debts, people not paying you at all.

One final thought on this How easy do you make it for customers to pay you and to know how much they owe? These are simple things you can do for yourself, but they also take you away from your main focus – doing only the things that you can do, so if you need help with this or any other aspect of your business you can contact me for some assistance.

2. Get the best out of your suppliers

Following on from the action above, you should treat your suppliers with the same integrity you want your customers to give you. By getting your customers to pay you on time you in turn

will be able to pay your suppliers to their terms. What would that do for your relationship with your suppliers?

As a reliable payer you would be able to become a priority client, accessing discounts (keeping more of your cash available for you), as a preferred supplier your relationship will be stronger and they will be more likely to meet any tight timescales which may be needed from time to time. It is a simple thing to measure...

How to calculate it – simply work out: (Creditors outstanding / Cost of sales) x 365

So another easy way to improve your business it could result in better terms, lower prices through buying more, leading to more profit for you, who wouldn't want that?

Whilst thinking about suppliers, do you know how reliable they are? I have seen businesses put under great pressure when a supplier went bust, failed on quality or just was not able to produce the goods fast enough. Do you let that happen to you in your business?

In my observation many businesses put an inordinate amount of time and effort into credit checking their customers but never think to credit check their suppliers. This leaves them vulnerable in all sorts of ways.

I came across this aspect of supplier background checking in a case where a finance house credit checked the machine supplier and also wanted assurances from the supplier that they had good title to the machine. In cases where manufactured items are re-sold by a wholesaler a chain of non-payment can be created and whilst this was extra work to check everything out it did ensure that my client had proper title to the machine and also safeguarded the finance houses loan.

3. Get a higher return for your efforts

Whether your business provides a service, you buy goods for resale or you make your goods to sell you need to ensure you sell them at a higher return than it costs to provide, buy or produce. This is called your gross profit, this seems a bit simplistic but it is something that people take for granted even after they have been in business for several years.

Taking your eye off the true cost of sales can easily result in damage to a business. It is very easy to think you are selling the correct volume to make a profit but then be confounded when you are struggling to pay your bills and don't know why, when you believe you are selling at a profit. Each item may seem to be at a profit (gross profit) but do you sell enough of them to fully cover all of your costs (make a net profit)? The gross profit has to be sufficiently high to cover the additional costs beyond the cost of providing the service, buying in the goods or making them.

Controlling your cost of sales or your cost of production to make a sufficient margin should be one of your key objectives in your business. The calculation is relatively simple to do but understanding why it is going up or down is difficult as there are many facets which go into a business. A small increase (or decrease) in gross profit margin, however caused can produce a substantial change in overall profits. Identifying where the changes are and why they have happened is where I can help you.

Things for you to consider that may be impacting on your success are:

- a) Volumes
- b) Discounts
- c) Efficiencies

If you are running your business well you've got a budget, know how many to sell and what it costs but if things change in reality you need to know if there have to be some adjustments. How are you going to measure that?

How to calculate it – simply work out: (Gross Profit / Sales) x 100

One of my clients is a manufacturer and he needed to improve his gross profit by 2-3% to have a massive effect on his net profit. Increasing the price of the product was not an option, an easy thing to do but the prices were market driven. The materials were of a high value and the quality was a key factor so nothing could be done with the material content.

What we had to do was to identify where they could make savings in the production process, in other words they had to become more efficient and find better methods of producing the product.

When we completed this we found that we had increased the margin by nearly 4.2%, this had a huge impact on the profitability. It shows that sometimes you may not get savings simply by cutting costs.

4. Get your overheads under control

Assuming a constant gross profit margin, the net profit margin tells us something about a company's ability to control its other operating costs or overheads. Do you really understand your overheads – things you have to pay for which don't contribute directly to your business? Rates, insurance, service agreements or your utility bills how often do you review what you are paying for? I have seen business paying for things each year without knowing what they are for.

So how can you measure how effective you are at controlling your overheads? A simple indicator is your net profit margin and it is easy to calculate. In most business a good return on your investment is 5% to 10% but when interest rates are high, like we have seen in the past at 15% this needs to be more.

How to calculate it – simply work out: (Net Profit / Sales) x 100

I worked with a client who had a factory with large offices and probably more space than he need to produce his products. Most of the offices weren't used and there were no plans to change this in future. They had looked at the possibility of moving to other premises with less office space included, but it wasn't an option. So what they did was to create a small office inside the factory area for their own use.

This then opened up the opportunity for them to refurbish the main offices and sublet them to other businesses. The impact it had on their profit was excellent! The reason profit improved was not only because they had extra income to offset the rent, but the other major benefit was savings in rates, the offices were charged rates at a much higher cost than the factory space, something that they had overlooked until we pointed it out to them. In this example, the increase in net profit was bought about not by savings (they had to spend more initially on the refurbishment), but actually thinking smarter not working harder.

Some things you can consider reviewing on an annual basis to ensure that you are not paying more than you need to or to find an alternative provider which gives better value. These could make an immediate impact on your profits:

- a) insurances
- b) credit agreements
- c) computer systems and licences

Insight Indicators

As I said before these indicators take a bit more investigation to identify but give you more insight to what is happening in your business. There are literally hundreds of ways to delve deeper into what makes your business tick, but I have focused here on the few which will have the most impact for most businesses. If you want to develop a more comprehensive range of indicators for your business you can contact me to discuss your requirements.



If a business wants to make a real impact on its growth and its profit margins then the following indicators are critical to a business. These three are probably the ones that are most overlooked and least used.

The reason these are overlooked is they are concerned with sales and marketing, they should be used to create your budget, if not they should be. This is where most businesses go wrong, they do not create their sales budget in enough detail. They simply set a total sales budget for each month and then wonder why they can't discover where things are going awry.

They should be setting a budget which will tell them:

- How many new customers to attract.
- How much they need to increase average spend per customer.
- How much more often they want customers to buy.
- How to increase the number of products each customer buys.

The following measures work both independently and in unison. If you can get all three working together then the results can be spectacular.

5. Get your customers to spend more with you

Some of the easiest things to do when you set a budget is to target, how you can increase your sales in the following year. How many times have you just selecting a figure and not really analysed what you can do by analysing your customers' habits. What would happen if you could increase the average sales value from each customer by 10%?

How to calculate it – simply work out: Total Sales / No. Active Customers

Have you thought about putting your prices up? If you can't remember when the last time you put your price up, it was probably too long ago.

I have a client who was resistant to putting his prices up, he umm'd and arrh'd and procrastinated, saying things like "it won't work", "I'll lose customers", "it's the price in the market" and so on, all the things you would probably say yourself. I convinced him to put his prices up, it took a while but when he did, no disaster happened. No great exodus of customers, in some cases, the customers even said "I wonder why you hadn't put your prices up". You see customers expect prices to rise, why should you be any different to other businesses.

I have been working with this client to delve deeper into his figures and the details showed him that his gross profit margin was being eroded, we identified that his suppliers had put their prices up and he needed to do the same. Simple, but it works and changes your success incredibly quickly, so why don't you put your prices up?

6. Get your customers to spend more often

What would happen if you could increase the number of times a customer bought from you, for example – if all your customers made one purchase per year and you could increase that to two your sales would double. Do you know whether your customers would buy from you more than once in a year? Do you know how often they would buy your products or services?

How to calculate it – simply work out: Total No. Invoices / No. Active Customers

A client of mine who runs a garage, was servicing a vehicle once a year, he thought that it was the only time that a customer would come and see him. We looked at what the garage could do to get the customer to spend more often. We offered a low cost summer check before they went on holiday, and the client took him up on the offer.

What the garage didn't know was the customer had started to travel more miles and the check had identified additional wear to the brakes pads. The customer was happy because he was about to do a lot of miles travelling abroad and towing a caravan, it would have meant that the brakes would have had to be replaced whilst on holiday. The customer was happy with the service he received and the client made more sales and profit at a time when he would not usually have expected a sale.

The more opportunities you have to be in contact with a customer makes it more likely they will buy something from you, so find your contact opportunities and do something about it. It will greatly increase your chances of success and have a direct impact on your business, who would not want to do that?

7. Get your customers to buy more products from you

What would happen if you could increase the number of products the customer could buy from you?

I had the opportunity to see this in action only the other day! I have just had to replace our franking machine, it is on a two year contract. The Salesman then proceeded to let me know that he could also supply me with labels, replacement cartridges, franked mail envelopes and some other things. He was making sure that I knew that he had other products I could buy from him. How often do you do that?

How well do you know your customers? Or maybe more to the point, how well do your customers know you? Do they know all the things you provide or only the things they buy from you?

How to calculate it – simply work out: Total No Products Sold / No. Active Customers

For example one of my clients was selling product X, the customer had been buying product X for years. The client also sold a complimentary product Y, which went hand in hand with product X. The customer was being taken for granted, no-one had bothered to identify the fact that the customer only bought product X. If the customer had bought product Y, not only could they have doubled their sales but they could have trebled their profits.

This client is now using this calculation to make sure they are monitoring the numbers of products that are being sold per customer. This has resulted in an increase in sales and profits without having the effort of finding more customers. Could you do this in your business?

This has been a quick guide to some key business indicators which can make a great impact on your business results. These are just a few of the things I look at with my clients on a regular basis. Taking the time to understand your business and the actions you can take to make real differences to your profits is often overlooked. Time spent with someone with a wide range of insight to how successful businesses operate can give you an edge over your competition. I see time and again business owners struggling on their own as they and their fellow directors are experts in their own field but rarely know enough about business dynamics to make the best use of simple strategies to maximise their profitability. Strangely enough the more often I meet with clients and discuss these issues the more success they seem to have!

I have now shared a few of my often used techniques with you that can make a big difference to your business and you are probably finding at least some of these are ones you can see yourself using, but are perhaps a bit overwhelmed at the underlying complexity of integrating it in your own circumstances. May be you are feeling uncertain of doing it well, being able to find the right information or are just so busy you don't have time to do it! Ask yourself this – can you afford not to follow up on the chance to maximise your results?

You need to use your enthusiasm for your business to make the right decisions to make a difference for you, your goals and your future success.

I want to assure you that you are not alone, so if there are any aspects of this guide or other elements of your business which you want to explore further you can contact me

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About the Author

David Taylor is a business mentor with over 25 years' experience in business management. Unlike large corporate advisors who often seem distant and unaware of all of the facets of running a larger small to medium size enterprise (SME) he is an advisor who is on your side.

With experience of owning and running his own business as well as advising clients in diverse sectors such as :- manufacturing, retail, wholesale, services and supply chain.

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With an enthusiastic nature and an insight into what makes a business succeed, he is an acknowledged advisor to many successful and growing businesses.



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