

Create Opportunities

Become a...

Business Optimiser

**5 WAYS
TO MAKE
MORE MONEY...**

Phillip Scandizzo

Book 1

Hello from Phillip - Strategic Director

Hi, my name is Phillip Scandizzo from All Trades Bookkeeping where we help building trades and construction business owners organise their books, grow their profits from 5 to 6 figures plus put more money in the bank.



You see I believe one of the most important things in life is... **living a life you want,**

You know why? **Because you are a long time dead...!**

What I mean is, lots of business owners I encounter are a *slave* to their business!

They are working 60+ hours a week, and when they are not on site or in the office they are working late at home and on weekends...

The *last thing* you want is a business that runs your life and holding you back from all the things you could be doing.

Which is why I developed the Business Optimiser System.

The Business Optimiser System is integrated into the All Trades Bookkeeping process to help our business owner clients be more **ORGANISED** → Determine the numbers & specific KPI's to **FOCUS** on → which will guide their profit **IMPROVEMENT**.

It is a blue print to help you get more value from your business by focusing on the key drives;

▶ **PROFITS** ▶ **CASH FLOW** ▶ **EFFICIENCIES**

And it all starts with getting organised, deciding what you want in life and structuring the business so that it delivers what you want. Which is EXACTLY what we help our clients do.

So, if you want to Pay Less Tax, Make More Money and get to Keep More of the Profits you make while doing more of the things you want to do without burning out or working your butt off...

Please use this guide to help make improvements to your business. Or, if you want to get the ball rolling faster, with someone to work alongside you to guide you on what needs to get done to improve your profit.

Start by taking the **PROFIT IMPROVEMENT QUIZ** to show you **your specific KPI's** you need to focus on to improve your profit. *What KPI's do you track in your business?*

Or, contact us today to discuss how we can help you make more money and keep more profit. Let's create a life you want and put you in control of your business, make it easier to run and make your life better.

Cheers,

Phillip Scandizzo
ASCPA, CFP, MFAA
Co-Founder, All Trades Bookkeeping

1. INCREASING THE PROFITS OF THE BUSINESS

Have you ever heard the saying; "You never go broke making a profit?"

If you want to make more money, you have to make a profit.

And if you want to make more money than you have now, you need to make more profits than you currently do at present.

No matter what business you are in, there are only a few ways in which you can make more profit.

There are 3 ways to INCREASE PROFIT:

1. **Increase Sales**

There are 3 ways to increase sales

a. *Increase the Number of Customers*

By increasing the number customers you will increase the number of sales you make. It does not matter whether you are a plumber, shed supplier or a home builder, there are several ways to increase your number of customers and the number of sales you make.

- You can start by generating more inquiries by advertising an irresistible offer. This should not be a 'discount' offer. So long as you know what the life time value of your customer is, you can easily make a High Value – Low Cost offer to start the ball rolling with a new customer.
- You can increase your 'conversion rate from an inquiry to a sale which will definitely result in more sales. Simply by providing a quote 'quickly' or even instantly, will sometime secure the business straight away.
- One of the best ways to increase sales is to make an appointment to go through the quote with your client. Then 'follow-up' your quotes if you have not received an answer in your meeting.

b. *Increase the Quantity Sold [Number or Value of items sold per sale]*

This is the "would you like fries with that" scenario. Each time you make a sale there may be optional extras or complimentary products which could be sold along side of the main product. Or you could offer a higher price [higher margin option] or premium version.

Another way to increase the value of the sale is to 'package' up complementary products. This way you can sell more just by offering a 'six pack' or a parcel of goods / services.

c. *Increase the frequency of sales*

Keeping in touch with your clients and making regular 'offers' is also a great way to increase sales. It also ensures that your customer does not forget about you. Which is vitally important when there is a high level of competition.

d. *Actively generate referrals*

By asking your customers or clients "do you know anyone else who might also benefit from my services?" This will increase the number of customer and the number of sales.

2. Increase your gross profit margin

As with your sales there are 2 ways in which you can increase your gross profit margin.

a. Reduce your cost of goods or services sold

Reducing your cost of goods or services sold means just simply, buying or spending less money on the cost of the goods or services you sell.

This can be a little difficult as you may have to shop around for the best price or negotiate a deal with your suppliers.

Sometimes the best price may mean a reduction in quality or service, which may not be appropriate for your business.

b. Price

Price - what you charge for your goods and services, is by far the quickest, and one of the simplest and easiest ways to increase your profit which will have an instant impact on your profits and eventual cash flows.

As long as your product or service has a reasonable level of demand or you have a unique approach or offer a high value service delivery, a price increase will have little impact, if any on sales volume.

Perhaps you find you have work 'coming out of your ears', this is a good indication that you could increase your prices, 5,10,15 or even 20% on some or all of your products or services

Those increases will go straight to your bottom line. Increasing your prices has a double whammy; it not only increases your sales value but also improves your gross profit margin as well.

3. Decrease your expenses

There are expenses which you can stop immediately which will not have an impact on the operations of the business but will add to your bottom line straight away.

The best way to reduce expenses is to ask your-self "*Do I really need this cost to run my business?*" and if the answer is no...then stop, eliminate that expenses instantly.

Look at the expenses which have crept into the business over the years and have gone too far, i.e. subscriptions, amenities, stationary, printing, personal drawings and ineffective advertising which is no longer working.

Some expenses you will not want to eliminate totally but you may reduce them somewhat. Start with each expenses item and ask "*What do I have to do to reduce this expense?*"

Most businesses that focus on an expense reduction strategy can reduce expenses by 5% up to 15%.

2. TURN PROFITS INTO CASH FLOW FASTER

Have you ever heard the saying; "Money Makes Money"

Have you ever looked at your accountant funny, when they told you that you have made \$130,000 profit and you have a huge tax bill to pay and you only have \$4,000 in the bank?

"Where's all the money gone?" You ask.

In most cases, businesses profit does not flow directly to the bank account. It sits lazily in accounts receivables, stock or as an asset you may have purchased in cash.

In some cases, the profits flow to the accounts payables too quickly or to reducing loans. Successful businesses manage their working capital accounts very carefully.

5 Ways to Improve Cash Flow and Put the Money In Your Bank Account

1. Collect your accounts receivables quicker

Most businesses sell on terms; 7, 14 or 30 days. In reality the cash is collected in 45, 60 or even 90 days or longer. Work out your average accounts receivables collection days and then develop procedures to collect what is owed to you on your due dates, NOI when people want to pay you.

2. Don't pay cash for large asset purchases

The majority of assets purchased by a business which will be used to produce income, has a useful life greater than one year. So it makes sense, in most cases to finance the cost of the asset over the useful life rather than paying cash. This way, the asset generates income and you have left a significant amount of cash in the bank.

3. Don't pay off loans too quickly

As with the purchase of large assets, you may want to take out a loan for the asset over its useful life, not earlier. As any shorter periods will increase the repayments and require more cash to make the repayments.

4. Reduce your stock

In some circumstances, a lot of the business profit ends up in a higher volume of stock. Depending on how quickly you turn the stock over, YOUR PROFIT will be locked up in your stock.

If you have excess stock, you may want to consider running a promotion to reduce your stock, increase your cash and recoup some of the capital which is tied up in your stock levels.

5. Have better payment terms for your accounts payables

Better accounts payable terms will help you keep your money longer. If you are collecting the money owed in 14 days, you will see a significant improvement in cash flow if you then pay your accounts payables in say 30 days, so long as you maintain control over other expenditure.

It is recommended you calculate your average accounts payable days and compare this to the average accounts receivable days and make necessary adjustments to control your cash flow.

3. Pay Less Tax

Have you ever heard the saying; "It's not all your money Jack"

It is one thing making more profits and converting it quickly into cash, it is another thing entirely to make more profits and KEEP more of that profit. Remember, we all have a silent partner in our business and he's called the ATO.

2 Ways To Reduce Your Tax and Keep More of Your Profit

1. Maximise you tax deductions on income producing assets

a. Use the instant depreciation write off rules for small businesses

If you finance the asset over its useful life you not only reduce your tax but you also get to retain more of your cash.

b. Maximise your super into a Self-Managed Super Fund (SMSF)

Paying money into your SMSF can help you buy an active investment property to run your business from or perhaps a passive investment property rented out to a 3rd party.

Whichever, once you have purchased a property with your SMSF, you could use your contributions each year to get a tax deduction and also help your SMSF reduce any loan it may have on the property.

2. Fund a negatively tax geared property via your business

Distribute more of your business profits and then offset the extra income with a negatively taxed geared, low cash flow investment property.

4. Convert non-deductible debt to tax deductible debt

Have you ever heard the saying; "Get rid of bad debt"

In some circumstances, business owners have accumulated large loan balances owed to them from not taking profits from their trusts each year. Or, from just advancing funds to their businesses over the years.

In any case, sometimes these loans sit on the balance sheet of the business for years whilst the business owners have home loans in their individual names, which are not tax deductible.

How to Restructure Your Debt and Get Rid of Your Home Loan

If circumstances permit, most business owners who are owed money from their business and have a personal home loan, can borrow to pay out what is owed to them from the business and the interest will be tax deductible.

They then use these funds to pay down their home loan to reduce the debt where the interest is not tax deductible.

In most cases, the result is no change to cash flow AND the business gets a tax deduction for the interest on the loan meaning less tax being paid and more money in the owners pocket at the end of the day.

5. Restructure the way you get paid

Have you ever heard the saying; "There's a pecking order"

The way you get paid effects the tax you pay and how much you bring home.

The Order of How You Withdraw Money from Your Business

1. Pay off any loans the business owes you

If the business owes you money, take a loan repayment as there is no tax payable on loan repayments.

2. Salary /wage

If you are going to take a salary or a wage, consider taking a wage up to the 30% tax bracket.

3. Dividends

If your business is run as a company and you have the ability to pay dividends, this should be the next option as you may be able to take advantage of the company franking credits.

4. Packaged Benefits

The most popular benefit that is packaged up for most business owners is a car. Depending on how you use the car there may be significant tax benefits for your business.

The most common way to create additional benefits to you is to develop a car package where you make employee contributions to reduce the fringe benefits tax implications.

If you are interested if saving more money, paying less tax, or making more profit, or you are interested in implementing some of these strategies please call us and book a discovery chat.

We can have a further discussion on what we can do to help you run a smoother business with less stress and worries and give you a better lifestyle and future.

6. BONUS Checklist

6 Practical Simple Things You Can Do IMMEDIATELY To Make More Money

1. Collect all outstanding Invoices

Phone all overdue accounts and get the money in fast.

2. Send Invoices Immediately

Use technology to make sure you are sending invoices immediately.

3. Collect a larger deposit

Where possible take a 30% or 50% deposit And on completion the balance of the invoice / payment on the day to improve your cash flow. It's far better to have the cash in your bank account.

4. Increase Your Prices

Sometimes we are way TOO conservative - add 10% to your price each time you send a quote until people start complaining. When people complain you'll have found the limit.

5. Create a Better System to 'Quote Quickly' and follow-up

Make sure you can get your 'quotes' out quickly. "Money loves speed". Create a system to gather all the information required. Create standard packages and get the quote to your customer QUICKLY!!

Screen the tyre kickers / time wasters.

Test for urgency; *"When would you like to have this completed by?"*

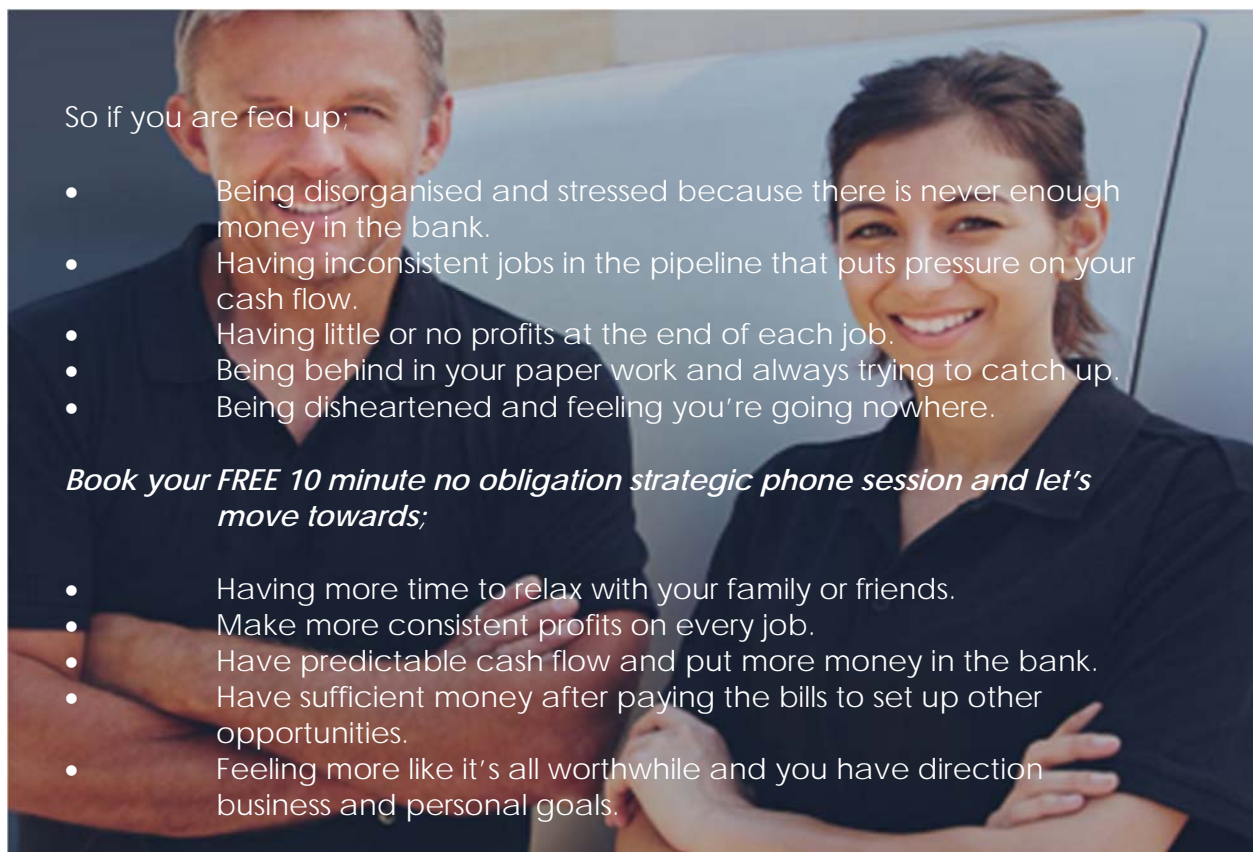
AND above all make sure you, or someone else, follows up each quote. Better still deliver the quote and go through it with your client and show them what it all means. Especially if it is a high-ticket item.

6. Increase the Number of Jobs

Increase the number of jobs you do. Do whatever you can to increase the number of jobs you do each day, week, month, or year [depending on the type and length of jobs.]

- One more job a day = 5 more per week or 250 more jobs per year will help your profit levels.

Take 10 Minutes to have a chat



Free Bonus Offer!
Limited Time Offer! Grab your copy today!

↓↓↓↓↓

Free Accounts: for business owners who hate bookkeeping....

One of the things our clients love about our "Full" and "Premium" cloud bookkeeping and accounting service is this; once we've completed your bookkeeping and paperwork for the year we prepare your end of year statutory financial statements completely free of charge, which means the cost of doing your business tax return is reduced dramatically.

Call today to find out more.

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