

# BUSINESS ADVISORY

## Profitability

### What it is:

This is essentially your business results. How much are you getting out of your business?

### Why it is important:

Does it generate a healthy return and support your personal goals and lifestyle? Alternatively, does it make minimal or no profit and make you unhappy? Should you invest more effort and funds into a profitable business, or is it better to keep your money in the bank and get a better return?

### How to improve it:

Analyse your revenue, costs of goods sold and overheads. Do you know what your breakeven point is?

### BREAKEVEN POINT

Do you know how much you need to make in your business per quarter/month/week in order to be able to open the doors tomorrow?

#### INCREASE REVENUE

- Analyse product mix
- Review product margins and focus on profitable items
- Maximise volume
- Review pricing strategies and bundling of products and services

#### REDUCE DIRECT COSTS

- Monitor inventory levels
- Reduce spoilage and wastage
- Identify slow moving items
- Negotiate purchase discounts with suppliers
- Identify and track wrong orders and negotiate better pricing
- Maximise efficiencies. Review for wasted time and double handling

#### REDUCE EXPENSES

##### NON-ESSENTIAL EXPENSES:

- Entertainment
- Discretionary travel
- Delay Donations and/or help in a different way
- Delay training
- Advertising – review for marketing strategy and reduce all non-essential marketing

##### ESSENTIAL:

- Rent – review your lease terms & space requirements
- Utilities – reduce wastage; negotiate better contract terms
- Interest – Review your financing arrangements
- Tax – Are you implementing tax effective strategies?

For more information or to discuss your specific circumstances, contact Elena Lenda or Matthew Hastings – our experts.



**Elena Lenda**

DIRECTOR

**07 3394 2311**

[elena@hoffmankelly.com.au](mailto:elena@hoffmankelly.com.au)



**Matthew Hastings**

MANAGER

**07 3394 2311**

[matthew.hastings@hoffmankelly.com.au](mailto:matthew.hastings@hoffmankelly.com.au)



COME AND VISIT US AT  
our new office