

In today's issue...

- A look at each of the strategies
- Taking stock of current productivity
- No-charge webinars to help you
- **789 words, total reading time: about 4 minutes. Thank you!**

ACCELERATE™

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Grow Sales. Raise Prices. Lower Costs.

Those are the three strategies for increasing profitability. There are no others.

Each strategy is challenging, and each can be effective.

But to have the greatest bottom-line impact, your 2010 profit strategy should incorporate a bit of each. Today, I hope to show you some ways to do that.

Grow Sales

This always seems like more fun than the other profit-growth strategies. Do more business, make more money. Simple, but not always that easy.

There are three main strategies for growing sales. The first two focus on increasing the number of customers your company serves:

- 1) Increase leads, ie, talk to more prospects (a marketing strategy)
- 2) Increase conversions, ie, convert a higher % of prospects to paying clients (a sales strategy)

The 3rd approach is to increase your average sale, that is, take more money from each client you serve. This is an attractive strategy because no additional clients are required. And it can be accomplished through pricing, sales, merchandising, and marketing tactics.

I've noted a specific tactic for each of these strategies at the bottom of the newsletter page on my website (www.ffbizcoach.com/newsletter.html). Meanwhile, some noteworthy math:

Improve any one of these by 5%, and sales will grow 5%. Improve each of these by 5%, and your sales will grow by 15%.

Raise Prices

In a competitive environment – and we are certainly in one now – this may seem impossible. But as I illustrated recently with the “2% Install Parts Strategy”, you don't have to raise prices on gear to increase your gross margins on a project.

(The 2% Install Parts Strategy is now posted on my blog – www.ffbizcoach.com/blog.html)

I think it is better to think of this strategy as “Raise Gross Margins”. That lets you consider not only the pricing of individual items, but also the overall mix of items included within a proposal.

Just as install parts are more profitable than gear (or should be, anyway), certain types of gear are more profitable than others. A higher mix of more expensive speakers in a project will most

certainly raise your GM, as will the inclusion of lighting management* and automated window treatments.

Imagine a client who is sensitive to the cost of the main system display (gee, has that ever happened??). OK, price in a really competitive, low cost display – and more than make up the lost GM with a stronger mix of higher-margin product throughout the rest of the system.

* Don't miss the upcoming Feb 8 webinar with Kevin Mikelonis, "Opportunities in Lighting Control". You can register for free using the link at the end of this newsletter.

Lower Costs

This was probably the most common strategy for salvaging a profit in 2009. In tough times, you need to make tough decisions.

The challenge here is to know which costs to lower, and by how much. You may think you should lower payroll costs, but if you take too many hours away from a key producer, what happens to sales? If you cut marketing, what happens to new leads? If you cut training, what happens to employee development?

Operating costs are not the only costs you should look at. What about product costs – is there any way to negotiate a better deal with a key supplier?

And what about efficiency? A key component of productivity – and profit – is being able to generate greater output from a given set of resources. Your installers may be capable of billing more hours each week, but you are making them count install parts usage on each and every job. Perhaps there is a more efficient way to measure install parts consumption (there is).

Start by "Taking Stock"

The first exercise in our CFO Group was to figure out where members were right now in terms of sales productivity, labor efficiency, sales mix, gross margins, compensation, variable expenses, profitability, and breakeven. Armed with that analysis, we can then proceed to the next step: identifying & implementing targeted strategy(ies) for improving members' profitability in 2010.

This analysis could be valuable for you, too. If you send me your 2009 P&L, I'll do a TLM productivity analysis for you and e-mail the results.

Only \$97, you save \$100

I normally charge \$197 for the analysis, but for a limited time you can save \$100 and get this really valuable information for only \$97. See an example of an actual report, and get the details for ordering yours, at www.ffbizcoach.com/benchmarks.html.

Upcoming Webinars (60 minutes each, no charge to attend)

Friday, Jan 29, 11a Central: *Best Practices for 2010*. [Click here to register](#).

Monday Feb 8, 11a Central: *Opportunities in Lighting Control* with special guest Kevin Mikelonis. [Click here to register](#).

I hope to speak with you soon. May you Grow & Prosper!

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