

7 KEY STRATEGIES TO GROW YOUR PROFITS



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Everyone wants to be more profitable. After all, profit is how we keep score in business. It's not about what you make – it is all about what you keep. Sometimes the simplest ideas can help you increase your profits.

If your company isn't already doing so, now is the time to take advantage of this robust economy and grow your profits. That's sometimes easier said than done. Many growing businesses operate with fixed budgets and finite resources. Forced to put out daily fires, fulfil the most pressing requests and manage customer issues, business managers don't always have the time or energy to develop—and put into action—new strategies for growing profits.

In this white paper, we explore seven key strategies that organisations have used to improve their results and show you how to use them to your company's advantage. Ranging from top-line revenue-oriented actions to regulatory burden management to simple cost-cutting tips, these strategies will help you free up scarce resources, maximise your company's strengths and grow your profits

When the economic landscape is positive, it's an ideal time to examine all areas of your business and take steps to:

- Optimise processes
- Drive operational excellence
- Better leverage organisational strengths
- Reduce or eliminate waste
- Expand into new markets
- Sell across more channels
- Find new revenue streams

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Profit-Building Strategy #1

TAKE A 360-DEGREE SNAPSHOT OF YOUR BUSINESS

Increasing your company's profits requires visibility into all aspects of your operations, not just sales, accounting or distribution. By capturing events, activities and outcomes across all departments, you can begin to view your operations holistically and recognize the patterns and connections behind success and setbacks and then devise fixes and develop new strategies aimed at improving profitability. When developing a 360-degree view of your business, the best place to start is with your customers. Ask yourself questions like:

- Who are our most profitable customers? Are there identifiable characteristics that make them so?
- Who are our least profitable customers?
- Which customers should we be putting more energy into? Are there some less profitable customers that share traits with our most profitable ones, and are they worth putting more energy into?
- Similarly, which should we be deemphasizing?

Optimizing your most profitable customers and products, or the ones with high potential is a clear way to higher profits.

You can use the same approach with company projects, whether it be in marketing or product development. If, for example, a project is getting to be too difficult and taking too much time, it's probably eating up your costly human resources. And speaking of employees, you can gain a 360-degree view of them by answering questions like:

- Who are our best performers?
- Do they share any identifiable characteristics?
- Are any employees not performing up to speed? (And do they share any identifiable characteristics?)

Don't forget to apply the 360-degree view of your company's reputation and its perception among customers by asking:

- What are people saying about us online? Are we employing the tools that allow us to listen to those sentiments?
- What kind of feedback are we receiving from our customers? (Are we asking for their feedback?)
- How does that compare with what people are saying about our competition?
- What steps can we take to better differentiate ourselves and our perception in the marketplace?

- And, how can we leverage industry-specific, specialized automation tools to analyze key customer-related data points that tell us how we're doing, what's working and what we can improve on?

Getting that 360-degree view isn't easy, but it starts with integrated software systems, often with embedded analytic capabilities and a unified database approach. When software systems aren't integrated, companies wind up with overlapping, disparate databases that don't provide holistic business performance data, let alone in a timely fashion.

Three Action Steps to Take Today:

1. Avoid taking the silo approach to business improvement and instead take a complete, 360-degree view of the entire organization.
2. Incorporate both internal (sales, marketing and HR) and external (customers and partners) viewpoints into the process to create a holistic picture.
3. Use strategic planning to outline your company's goals and their importance, all while aligning your organization's operational drivers to its overall revenue/ profit plan.

Profit-Building Strategy #2

DRIVE DOWN COSTS BY MAXIMIZING OPERATIONAL EFFICIENCY

Companies of all sizes are using sophisticated business software that helps fuel growth, but many of them struggle to manage costs and maximize operational efficiency due to a hodgepodge of disconnected functional systems. This disjointed software array fosters problems that range from workflow bottlenecks to employee productivity barriers to customer service problems, and it is especially a major pain point for smaller firms that lack robust, internal IT teams.

The good news is that streamlined, integrated platforms help companies transcend those growing pains. These platforms are catalysts for profitable growth because they help avoid these traps:

- **Wasted employee productivity.** In some organizations, employees spend hours manually re-entering order information into the accounting and invoicing system, while others pull that same information from a CRM system for order fulfillment processes. When an order is cancelled, employees must sift through mounds of data to reconcile this information again. Such labor-intensive and manual tasks reduce organizational agility. Three Action Steps to Take Today: 1. Recognize that more efficient operations will help you move faster, enhancing your company's overall profitability. 2. Invest in the automation tools needed to reduce cycle times, close your books faster and streamline the quote-to-case process. 3. More than anything, ensure that the systems driving the stem-to-stern customer experience are well integrated so that they work together as one well-oiled machine.
- **Lack of real-time visibility.** Today's fulfillment and distribution environment demands high levels of visibility. When software systems aren't integrated, the multiple, overlapping databases don't provide a timely, coherent view of business performance. As a result, businesses either end up making critical decisions slowly, based on inaccurate or unsynthesized information, or they make hasty and risky decisions from gut instinct.
- **Complex and costly integration processes.** With so many disparate applications, IT teams waste an inordinate amount of time and money on integrating, maintaining and acquiring new versions of these applications. That valuable IT time that could be used to make the business more productive is wasted, while maintenance costs skyrocket.
- **High customer churn.** Customer acquisition and revenue growth are key pillars of any competitive business environment. When customers can't get the information they need quickly, or can't get issues resolved in a timely manner, they move on to your competitors. An integrated software system ensures a seamless customer experience, where employees have the instantaneous access to all the customer information they need to service and sell to them.

The right technology can solve all of these issues, and more. An investment in modern-day technologies will cut operating costs in the long run.

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Profit-Building Strategy #3

FINE-TUNE YOUR TAX, REGULATION AND COMPLIANCE ACTIVITIES

Many companies view human resources (HR) and payroll departments as employee-centric entities, but they are also crucial tools in protecting your organization from profit losses. If, for example, federal or state tax laws and industry-specific regulations aren't followed carefully, your company can rack up costly fines, fees and government penalties. The same goes for the payroll department that doesn't file the appropriate forms on time, or that assigns the wrong worker classification or fails to maintain proper employee records.

The problem is that the tax and regulatory environment is constantly in flux, with new rules and regulations being passed into law every year.

The cost of non-compliance involves more than just fines, fees and penalties. There's also the time and labor involved with redoing paperwork, correcting existing errors and filling out all of the additional forms, especially during an era when labor is in high demand and more expensive than ever.

Because human resource and payroll records have to be perfect, and because of the sheer volume of records that these departments deal with, automation tools have become a must-have for companies that want to avoid unintentional non-compliance.

Three Action Steps to Take Today:

1. Commit to avoiding costly tax, regulation and compliance mistakes that not only eat away at profits, but also waste key employee time. Make compliance a business practice, rather than a nuisance to be ignored.
2. Use technology to streamline tedious financial and human resource tasks and ensure better overall compliance.
3. Focus on streamlining corporate tax functions in order to gain efficiencies, reduce reporting timeframes and save money.

Profit-Building Strategy #4

SELL MORE TO YOUR CURRENT CUSTOMERS

If your company isn't cross-selling and upselling, not to mention simply delighting your existing customers, you're just leaving money on the table. This applies to B2B and B2C, both of which are generally ripe for:

- Cross-selling products and services related to current buys (an offer of batteries to go with a camera, for example, or ink to go with a printer).
- Upselling higher-margin products and services that the customer isn't aware of.
- Understanding your customer's buying behavior and coming up with offers that are timely, contextual and customized to that buyer's needs.

For upselling and cross-selling to positively impact your firm's bottom line, your account managers should be constantly communicating Three Action Steps to Take Today:

1. Make sure your account managers are constantly communicating with customers and inquiring about their unfulfilled needs.
2. Get to know your customers' businesses and key pain points, and then use that information to help them do their jobs better.
3. Offer a product or service bundle that will meet those needs in the "one stop shop" format.

You can also maximize existing customer rapport by getting to know their business—and key pain points—and then helping them do their jobs better. This will be much appreciated in a business world where everyone is strapped for time. To find out where you can add the most value for those customers, take these three steps:

- Develop ongoing relationships with them, take them to lunch and call them on a regular basis.
- Survey them and aggregate that data to better understand the commonalities and differences across your customer base.
- Use customer sentiment tactics and tools to find out what they're saying on social media. If you have a website, what sites were they visiting before they came to your site and where did they go after they left?

Taking these steps will not only help you meet immediate needs, but it will also help your company develop a broader array of products that you can cross-sell or upsell across your entire customer base.

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Profit-Building Strategy #5

SELL THROUGH MORE CHANNELS

It's not enough to just continue selling more to your current customers. In order to grow, you also have to build out your customer pipeline, specifically by exploiting more sales channels. These include offline, online, direct and wholesale sales channels.

This also has two important side effects: It diversifies revenue streams, so that your business isn't overly reliant on the whims of any one single channel; and it increases your company's exposure, boosting its visibility among more customers.

Consider this: You may have a fantastic website, but people still have to find it in order for it to produce results. If, however, you sell your products on your website and also list them on several online marketplaces, your brand and product reach can increase significantly.

The key to a successful, multi-channel strategy is to use automation tools to develop a collaborative and consistent customer experience across all channels. Product offerings, pricing, brand messaging, customer support and fulfillment should feel the same, even as customers move from one channel to another. That enjoyable experience is crucial to driving a purchase.

To provide a seamless and consistent customer experience across channels, Toad has a single view of data and insights from each channel. When the retailer moved each aspect of its business onto a unified cloud platform, it was able to reduce the amount of unsold inventory by 20 percent because it could now optimize inventory across channels and leverage better demand forecasting (e.g., how much product it needed to fulfill customer orders). By treating each of these pieces as a channel rather than distinct operating units that could compete with one another, Toad knows that its customers get what they want from whatever channel is most convenient every time.

Perhaps your company started with a single product that appealed to a specific, target customer. Over time, it may have added more features or services as customers requested them, or as the market presented those opportunities. Now it's time to increase your company's profits by adding even more selection to its product or service base, and by exploiting new revenue streams like subscription models.

This is an important step, because new revenue streams help your company scale quickly while staying relevant, competitive and profitable. They also allow you to solve new customer problems, thus enhancing client loyalty in an era where the nearest competitor can be literally one click away.

Exploring new markets for your existing products will also help you expand your revenue streams. An electrical distributor that has traditionally worked only with electrical contractors on jobsites, for example, can expand its online presence and begin selling electrical components directly to do-it-yourselfers who need both the products themselves and the expertise those independent distributors

are well known for (e.g., through short video tutorials that walk users through an installation process, for example). Exploiting multiple, new revenue streams requires knowing where expansion makes most sense. Ask yourself questions like:

- What are your current customers asking for?
 - What is the general market asking for (outside of our traditional customer base)?
 - Do we have the expertise to fulfill these needs? (Is manufacturing capable of adding new product lines? Is our fulfillment department up to the task? Is our transportation network in place?)
 - Will we be able to scale up quickly once we identify a new, potential revenue stream?
 - And finally, how will all of these help boost company profits within the shortest possible timeframe?
- The answers to these questions will help you whittle down your list of potential, additional revenue streams while ensuring that they're applicable to (and welcomed by) your existing and future client base and supported by your internal resources and processes.

Three Action Steps to Take Today:

1. Use automation tools to develop a collaborative and consistent customer experience across all channels.
2. Target consumers at different stages of the buyer's journey, including the early stages (where someone might discover your product via social media) and at the buying stage (where a customer will turn to a comparison shopping engine for help).
3. Leverage multi-channel marketing and selling to gather more information about your customers and their habits.



Profit-Building Strategy #6

IDENTIFY AND EXPLOIT NEW REVENUE STREAMS

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- And finally, how will all of these help boost company profits within the shortest possible timeframe?

The answers to these questions will help you whittle down your list of potential, additional revenue streams while ensuring that they're applicable to (and welcomed by) your existing and future client base and supported by your internal resources and processes.

Three Action Steps to Take Today:

1. Start exploring new revenue streams that help your company scale quickly while staying relevant, competitive and profitable.
2. Ask yourself questions like, "What are our current customers asking for?" and "What is the general market asking for (outside of our traditional customer base)?"
3. Increase your company's profits by adding even more selection to its product or service base, and by exploiting new revenue streams like subscription models.

Profit-Building Strategy #7

EXPAND INTO GLOBAL MARKETS

By expanding globally, your business can:

- Extend the sales life of existing products.
- Reduce dependency on the domestic market.
- Grow profits due to seasonal changes or demand cycles that differ around the globe.
- Launch new products that may not have been applicable for U.S. customers.
- Gain greater access to talent.

Global expansion does require readiness and commitment, so be sure to conduct foreign market research and evaluate regulations and methods of distributing your products abroad. For example, there will be cultural, social, legal and economic differences, not to mention practical issues like currency and tax discrepancies to work out. Modern automation tools can accommodate many of these global business imperatives.

If you want to eventually expand into global markets, start planning for the expansion now. This is particularly true for your technology systems, which will need to be able to scale up to meet your new, international company's needs.

Three Action Steps to Take Today:

1. Start planning for international expansion now rather than later.
2. Explore global growth as a way to extend the sales life of your existing products and reduce your firm's dependency on the domestic market.
3. Implement technology that will scale with your business as it grows both internationally and domestically

THE BOTTOM LINE

Whether you're a new entrepreneur or veteran business owner, there is always room for operational improvements. By fine-tuning your processes today, you can help your business run more smoothly while also boosting its profitability over the next 12 months.

By taking an honest, 360-degree snapshot of your business, working to drive down costs and maximize operational efficiency, fine-tuning your tax and compliance activities, selling more to current customers (and via new revenue channels) and following the other strategies outlined in this guide, you can achieve these and other goals while maintaining a loyal customer base and exploring new revenue boosting opportunities.

Add a robust, enterprise-wide technology platform to the mix and you wind up with a streamlined operation that's ready for anything. Ultimately, if you can't grow revenue or realize efficiencies, you'll feel it in your bottom line. If your business is unable to take advantage of the opportunities outlined in this guide, it's time to switch to a modern, cloud-based business management suite. By leveraging automation and analytical capabilities, you'll be able to effectively implement innovative strategies, grow your profits, attract new customers and keep your current ones happy.