

## 10 Biggest Profit Mistakes

Profits is never the problem; it's the symptom of not running on all 6 cylinders, the "ST 6 P's!"

- Number One -People**

Number one of the "ST 6 Ps" are the backbone of your company, you cannot grow your company without them. However, many owners become upside down with employee overhead, especially if operating in industries that have slim margins. It's imperative to structure compensation that's based on performance.
- Number Two - Product/Service**

Consumers create the demand, therefore review your products/services and valuate if your industry is thriving or dying. If your product is not in demand than your business will decrease in revenues, which decreases profits. Ask yourself, what business am I in, what business should I be in, Get crystal clear on where the demand is and then create to meet the demand.
- Number Three - Process**

Lack of process and documentation can significantly contribute to waste, inefficiencies, loss of productivity and decreased profits.
- Number Four - Proprietary**

You don't know what you don't know...Many business owners have lost money, went out of business, filed bankruptcy, all because they did not protect their IP (Intellectual Property,) If you did not federally trademark your company name, slogans and logos, you could wind up in court, costing you millions.
- Number Five -Patrons**

Customer concentration is one of the biggest causes of business failure. The golden rule is that 80% of your revenues come from 20% of your clients. If your 60 % of your revues is tied up in 1-5 clients, and you lose one or 2, you will loose money and can be at risk of losing your business. It's imperative to always diversify in which to increase your client base. It's also important to keep you exiting clients happy as it's more expensive to acquire a new client than to retain your existing clients.

- Number Six - Profits**

Know your numbers, study your KPIs (Key Performance Indicators ) daily and implement checks and balances. There are .... Embezzlements every year due to lack of owner's inspection, checks and balances. Many business owners don't have a savings account, no reserves. It's crucial that you have savings in which to weather the unforeseen occurrences that could completely shut down your business, such as the Coronavirus. Millions of businesses will go out of business, because they only have enough reserve to operate for a few weeks/months.
- Number Seven - Location**

If all of your business is centered around your town/state, and a natural disaster occurs/ and you don't do business in any other area, than your business will lose profits and could be at risk of going out of business. It's imperative to diversify your client base and locations so you can have a business that can operate anywhere.
- Number Eight - Manufacturing**

If your business manufactures in other countries, and a catastrophe occurs that shut that country down, you could loose significant profits and be completely out of business. Manufactures, should never put their eggs in only one area, they should have backup manufacturing plants and be ready to start at any time.
- Number Nine - Technology/Cyber Security**

Inefficient technology can cost the company loss of productivity, inefficacies and loss of profits. A hack can cause a company to loose everything, go out of business and possibly face client lawsuits. It's imperative that business owners invest the money to ensure they are protected and are in compliance.
- Number Ten -Lawsuits**

Unfortunately lawsuits are prevalent and many are without merit, however you still have to spend money defending such, which will obviously decrease profits. Protect your business with proper insurance such as E&O, liability, workers comp, malpractice, disability, life and business interruption. Insurance. Business interruption insurance; depending upon the policy will cover your expenses if a disaster occurs.

These are just 10 Profit Mistakes, there are of course many many more.