
**When Did You Last
Grow Profits by 61%?...
Here's 5 Ways to Do So Today**

Introduction

Is there a “secret” way to grow your profits?

For years, **ActionCOACH** founder Brad Sugars and his **ActionCOACH** Business Coaches have taught a simple, “secret” formula to massively grow profits in any business.

Interestingly, those owners in the category of small-and-medium sized businesses seem to embrace this formula far easier than those “big business” owners who have been in business for a long time.

So what is this “secret” formula ... and why is **ActionCOACH** sharing it? The **ActionCOACH** mission Sugars defined in 1993 is “World Abundance Through Business Re-Education.”

Since good business knowledge is one of the key elements to business success, the more knowledge **ActionCOACH** can offer you to help you “re-educate” yourself and your team on how to run a more profitable business, the more comfortable you will become with the idea of coaching, and the more open you may be to some of the other systems and strategies available through the global **ActionCOACH** system.

There is “Magic” in Numbers

Be aware of one thing, however.

The following “formula” is based on a series of profit “drivers” – best explained by simple numbers and formulas.

If you are “number phobic,” don’t worry.

The examples are simple and easy to follow.

However, know that as an owner, there is “magic” in knowing numbers – from what your numbers in your business really are – to how new sets of numbers can literally add thousands, or even hundreds of thousands of dollars to your bottom-line.

When you can become a master of your numbers (because, after all, the language of business is numbers), you will see vast improvements in your business and in the opportunities presented to you.

And, when you are comfortable with the numbers in the “secret” formula, you will be ready and able to work all the factors in the equation.

Then, you’ll start seeing more bottom-line growth and profit than you – and your competitors – could ever imagine.

The “5 Ways” ... What It Is and How It Works For Your Bottom-Line

So what is this simple growth and profit-focused formula?

While most people see profits based only on two factors (revenues and costs), the “5 Ways” sees profit based on 5 separate profit drivers.

Just with a few simple distinctions, the “5 Ways” gives you 2.5 times more options to work on your profit – giving you 2.5 times more opportunity boost your profits – versus other “expert” owners who love to “cut their way” on the expense side to boost their profits.

What are those factors?

Very simply:

1. Leads. This is the total number of leads – those people who have contacted or who have been contacted by the business – over the course of a year.
2. Conversion rate. This is the percentage of people who actually bought. For example, if 10 people walk through a store and three people buy something, that store’s conversion rate of 3 out of 10, or 30%, for that day.
3. Average dollar sale. This is the average dollar amount per sale – estimated over the course of a year. It’s just an average, and can range from \$5 or \$10 (say for a discount retailer) up to tens of thousands of dollars (say for a car dealership).
4. Average number of transactions. This is the number of purchases the average customer will make over the course of a year. Again, this can be an estimate. In a retail setting, this will probably be larger than those companies that operate in a professional services industry.
5. Profit margin. This is the profit percentage of each and every sale. Simply put, if a business sells something for \$100, and profit was \$25, the profit margin is 25%.

So how does this all relate to top line revenue and bottom-line profit?

Let’s see.

How to Apply the “5 Ways” to Your Company

In your sample company, we can use a very simple formula to multiply the factors we’ve just discussed.

Remember, this formula multiplies factors, not just adds them.

That means the cumulative impact on the bottom-line is massive.

The “5 Ways” formula looks like this:

Leads x Conversion Rate = **Customers**

Customers x Avg. Value/Dollar Sale x Number of Transactions = **Revenue**

Revenue x Profit Margins = **Profit**

In your company, let’s say you have either estimated or fully determined the following numbers:

$4,000 \times 25\% = 1000$ **Customers**

$1000 \times \$100 \times 2 = \$200,000$ **Revenue**

$\$200,000 \times 25\% = \$50,000$ **Profit**

What does all of this mean?

Simply put, you are running a business that converts 1 in 4 prospects into paying customers, and those customers average two purchases at \$100 per purchase each year – and your company enjoys a 25% profit margin on revenues of \$200,000.

It also means your total profit for the year is \$50,000.

So what would happen if, over the course of the next year, you could increase results by just 10% in each of the 5 areas?

Let’s do it, and then let’s take a look at what happens to your bottom line:

$4,400 \times 27.5\% = 1210$ **Customers**

$1210 \times \$110 \times 2.2 = \$292,820$ **Revenue**

$\$292,820 \times 27.5\% = \$80,525.50$ **Profit**

How a 10% Increase in Top-Line Revenue Becomes a 61% Increase in Profit

Examine the numbers closely and you'll see the 10% increase is incremental – which means you could easily nudge numbers up by that amount over a period of months – or even weeks.

The bottom-line is that the new bottom-line looks very interesting, doesn't it?

Even though we've increased each factor by just 10% (including top line revenue), we were able to boost bottom-line profit by 61% – or a total of \$30,525.50.

What could you do with an extra \$30,000 in your business this year?

Think 10% is impressive?

Do some math on your own and see what the numbers look like if you increase 30%, 50% or even 100% down the line.

The key is that we are multiplying factors – not adding – which has a massive impact on profit.

Contrary to those “mature” and “expert” business owners, the “5 Ways” isn't a complicated numbers game.

It's simply looking at your business in a different way and working a set of numbers that exist in every company.

While your competitors will be in an endless cycle of trying to grow top line revenue and cutting expenses to generate more profit, you'll have at least 5 other factors with which to work.

And there are literally hundreds of strategies you can use (all available in the **ActionCOACH** system) to boost those numbers immediately and over time.

If you want to do some extra homework, you can work your own numbers and brainstorm ways you could increase leads, get more customers coming back, increase what and the amount they buy and raise your profit margins.

Unlike some of your old homework from your school days, however, there can be a literal and immediate payoff to your efforts – in the form of literal dollars in your pocket.

Plus, you'll be miles ahead of the majority of owners successfully operating businesses today.

Better yet, you'll be pleasantly surprised how “mastering the numbers” is easy to do – and you'll be more than happy with your ultimate results.

So, Are You Ready for Business Coaching?

As an owner, you have to ask yourself if you're coachable – or at least willing to be coached.

That means admitting you don't know everything.

It also means being willing to implement new and sometimes uncomfortable ideas for you and your company.

You also need to be willing to do the work necessary to grow the company.

Why?

Because unlike a consultant who may do a project and leave, your Business Coach will educate you on strategy and process – and leave it to you to implement.

Your coach won't do the work, but will expect the work to get done.

For the coaching process, that's where accountability comes in and is key to your achievement and your company's ultimate success.

Your Next Step

If you are interested in improving your company at every level, business coaching may be the right fit for you.

Just as world-class athletes strive to get better by working with the top performers and coaches in their respective fields, more business owners than ever are looking to improve their “game” through coaching.

Just contact me for more information about how to hire a coach, or about group coaching events in your area.

Like a good athletic coach, a good business coach will push you to perform.

If you are ready to take your business to the next level, **ActionCOACH** is too – and will help you achieve the success you want for you and your company.