



AVEGNA

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### Strategic CFO and Financial Control Issues Often Overlooked

With Christmas fast approaching and all the associated festivity this entails now is a good time to keep you head and carefully position you business for the next stage in our economic recovery. Here are four key things you need to watch closely whilst others may not:

1. **Analyse your sales** - Slice and dice your sales and the associated margins. If you sell products - What products sell well? Do they actually make you good gross margin? In a real life example a business I know of chopped over thirty percent from their sales revenue by dropping negative margin products from their offering. The net result was a fifty percent increase in their bottom line.

If you are a service based business - what clients do you spend most time working on? What is the real billable hourly rate after all the non chargeable phone calls and emails, queries, questions, disagreements and ultimately discounts. Would you be better off getting rid of their work and working on more “user friendly” and hence more profitable clients?

2. **Don't discount unnecessarily** - Do you really need to discount? Just because it's Christmas and everyone else seems to be discounting does that mean you have to as well? Again by way of a real life example, some years ago when I was working for Cadbury the new Sales Director at the time was exasperated to find we were discounting Easter Eggs before Easter! “Why” he yelled? “That's when people buy the bloody things!” We were giving money away - are you?
3. **Existing clients are cheaper.** What we mean is, it has been proven to be up to 24 times cheaper to sell more to existing clients that it is to sell something to a new client by the time you take into account the sales and marketing effort and cost involved. Keep in contact with your existing clients even if you don't get sales from them every day or every month. Keep in contact, a phone call or email every ninety days as a minimum will keep you uppermost in their mind when it comes to your product or service.
4. **Look after good staff.** As I wrote recently on our Aveгна blog, with the economic recovery underway it is predicted that shortages in skilled workers is only a matter of time. To ensure this doesn't happen to you or your business make sure you recruit, train and retain your good staff. Again it has been proven to be financially beneficial by up to 100% of the total cost of an employee's package to retain them versus replacing them if they leave - and this doesn't take into account the costs of recruitment.

For any further information on the issues covered in this article please contact. We offer a free, no obligation initial consultation.