

JAMES SCHRAMKO

4 More Things That Kill A Business's Profit

1. Reputation and first impressions

How people perceive you will determine whether or not they want to do business with you. Are you easy to work with? Do you treat people well regardless of their status? These things have impact. Are you honest and reliable in your dealings? Don't think you can get away with bad behavior - there's a grapevine that sees all and tells all.

Be mindful, too, of who you associate with or endorse. Their reputations can color what other people think of you. Do your due diligence, whether it's for a business partner or a podcast guest. Look for reputational clues or reviews, how they're known in the marketplace.

2. Ad hoc services and products

Product diversity sounds like a good thing. The more stuff you have to sell, the better, right? Not if you're offering things not aligned with your core specialty. Product or service add-ons can create unnecessary complexity and challenge your capacity to manage and to deliver.

One quality product or service, or a few, will scale more efficiently.

If you already have several offerings, consider:

- How much revenue is coming in by product line?
- How many of your hours are involved by product line?
- What are the team costs involved per product line?
- What are the total hours, total profit and the effective hourly rate?
- And is there any compound, is there any sale value of that business model?

By scoring your different product lines or divisions with significant metrics, you should be able to work out which of your products you need to cut, and get down to the core.

If you are going to add on products or services, it would be good if they have something in common, either with the team you've already got or with the customer you've already got, so that you're

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overlapping resources and getting some efficiency or leverage.

3. Life events / major events

Major events in your life, if you're ill-prepared to deal with them, can become product killers. One of the most obvious is having kids. A child comes with a host of long-term demands, in terms of money, attention, time and energy. It can be hard to perform at your best in business while handling the task of child-rearing. That said, they can also be your best motivation to succeed in business, and the best way to achieve responsibility.

Then, also, when you reach a certain age, there's the consideration of parents getting on in years. As with a child, you may need to devote finances, time and attention to helping them through the latter stages of life.

You might also take into account major events that you yourself put on for the sake of the business. Depending on the scale of the event, you could be looking at massive outlays of cash and a lead period for the return of your investment, wherein which you may have no profit. It requires careful planning and strategy to avoid putting yourself in a financial lurch.

4. Health and wellness

Health and its impact on your business is a consideration all around - the health of your children, of your parents, of yourself, and even possibly of your partner or your friends.

First of all, it helps to have leeway in terms of finances and time to be able to deal with possible health situations, yours or someone else's.

Then prevention is of huge importance. The better you can care for your health and that of your family, the better you can hold off the possibility of a severe, or even an average health crisis. Do your research; have people around you who can advise you on health. Eat, exercise, and sleep properly. The wrong lifestyle decisions can lose you significant time in a year, time that could be put to use looking after your business.

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