

JAMES SCHRAMKO

5 Things That Kill A Business's Profits

1. Drama

Business partners in conflict probably don't realize the time and energy they waste in disagreements, which could be better used to generate productivity in the business.

An organization, team or clients with high drama can disrupt the delivery of work with constant fires needing to be put out.

And if someone has a very drama-ful personal life, the likelihood that they're being as productive as they could be in business is probably very low.

2. Bad hiring

The financial damage that can stem from a wrong hire is massive. There may be the cost of recruitment, for starters. Add to that the expense of pay for wasted work hours, squandered sales opportunities, and the possible consequences of mistakes and bad decision-making in the line of work.

3. Under-training team

An under-trained team comes with some of the same costs as a wrong hire. Plus, if your team's poorly trained, and you're constantly having to come in to fix things, that's time not spent on your most productive tasks.

4. Staying in a dying trend

You have to consider the possibility that the thing you're doing now may not be as profitable in the future. At some point, you have to examine your business approach and wonder if it's time to change your focus.

Do this little exercise: imagine you couldn't do the thing now that brings in all the money. What would you do then?

A research and development team is a good thing to have, to study for alternatives.

And assess your market periodically: is it in a phase of growth, or decline?

5. Changing direction too often

It takes time to become good at something. And most of the rewards come once you're good.

If you're changing what your organization does, every month or every quarter, the likelihood that you'll ever become efficient at something is very low. And that would decrease profits immensely.

Most business owners who do very well tend to stick a course. They develop in an area where they have an advantage or a skill, and that's where most of the profit comes from.

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