***Five ways to reduce your business expenses and make more profits;***

Good day. So this is another webinar. This is our first webinar for 2024.

And today we're talking about five ways to reduce cost and maximize profit in your business.

You know, why am I talking about reducing cost and maximizing profit? There are some businesses that we are doing that most times, yes, you are making sales probably,

but you can't account for the money that is going into your business or coming out of your business because most times it's as if you are just doing business for doing business sake.

So you don't know how to get more profit from your business. So when you understand how to maximize your profit and how to get more profit from your business,

for instance, now in a month you are able to like, let's say, make sales of, let's say, for instance, #100,000. And normally you make a profit of #10,000.

And which there are ways you can be able to make profit of #20,000.

You know, the higher the profit, the more easier it would be for you to grow in your business. And the more happier you would be for being in business.

Do you get? So if you have been making sales, and but you cannot account for the profit in your business,

it's as if you are just putting more money in your business day in, day out. So this webinar is for you.

So I'll be talking about five ways you can use to increase the profit coming in from your business.

So the first one you need to do is try to get a cheaper, a cheaper source of supply. Like where you are buying from,

there is a probability that it is cheaper somewhere to get. You know, if you are buying something for #100 from your supplier and you are selling for #150,

so that means that you are getting #50 in profit. But if you can get another supplier and you get that particular product for #80, that means that if you are selling it for #150,

for that same #150 you will be getting #70 in profit, which would help you to increase your profit.

And also help you to increase the amount of money you'll be getting from your business. So you might be asking that, ah, how will I get supplier?

There was a time I was managing a bag business for someone. And do you know that there is a particular bag that, a particular supplier is selling for #2,000,

another supplier is selling it for #3,000, and they are both wholesale suppliers and they all have customers. People are buying from them, people that are reselling.

So someone that is buying at #2,000 and someone that is buying at #3,000, if they are selling at #4,000, same #4,000 rate, since, you know, most of those bags, they have the same,

like almost everybody knows the prices in the market. So if you are selling for #4,000, the person buying for #3,000 will be getting #1,000 in profit. While the person buying for #2,000 will be getting #2,000 in profit.

So you can see that there is a huge difference. So it is when you do more research, make more research, that you would understand that there is more,

there would always be someone that would sell cheaper than your supplier. Although you should also be keen on quality. So if you are sure that this thing, they are the same,

the same quality, then you can go ahead and get from the cheaper supplier. So now if you are talking about importation, some people would go ahead and import.

Let me use that bag business as an example. The #2,000 bag is gotten from someone in Nigeria. Well, you know, there was a time we posted on a particular page on Facebook

and someone tagged us as being a scam. Why? Because she said that even directly when she imports from China and she's not getting it at that price we are selling from China.

So that means that we are scammer. Do you get? So now you understand that getting it from China might actually not be the best for you. You can get it from people that get it in large quantity.

People that import in millions of quantity, millions of pieces. Then you go into China and buying it like just 10 pieces directly from China,

Chinese manufacturers or Chinese wholesalers. Do you get? So you need to understand that there will always be a cheaper source of whatever you are getting.

So to reduce your cost and to maximize the profit coming out from your business, you need to look for a way. The first thing you need to check is can I get a cheaper supplier?

So the second one is you reduce stock by purchasing only when necessary. This thing used to happen to a lot of people. People will be like my money is tied down in stock.

Some of my stock are not selling out. Why won't your money be tied down in stock? Because you are just buying stock on what should I call it? On instinct.

Like I just love this thing. I see this thing. I want to buy it. I want to restock it. You need to do your customer survey. You need to understand that people are getting this. People are not getting this. So let me get more of this than this.

There is a particular person, a particular client of mine that was selling, you know, all these UK shoes, UK, US shoes and also let's say, yeah, UK, US shoes.

And this person, there will still be a lot of stock this person has on ground. And this person did not know where to sell it.

And she would still go ahead and order more of the shoes. Whereas she knows that most times whenever she buy those shoes and she bring it down,

people buy more of sneakers than high heels. But every time she still go ahead and still buy heels. She gets.

So now you will see heels that are like five years ago, four years ago. That she's still having in stock.

Normally, if she wants to maximize profit, she should be buying more of what people are buying. She already have her audience. She already have people that are buying. Then she knows that people buy more of this thing.

So she should clear off what people do not buy and put more attention, put her money into what exactly people, our people are buying.

It will help you to maximize your profit because there would be like fast turnover. Okay. If you buy this shoe for 10,000naira now, and you are able to sell it for 15,000 naira within

one week, you know, you already have 5,000 naira. So 15,000 naira, you can use it to buy like another two shoes and sell it again for 15,000 naira

So your profits would be much in a month. But on, unlike you buying a shoe of 7500, and you want to sell it for 20,000naira

But people are not buying it for like four months, five months, even one year. You know, you tied the money down. The money is not making profits for you. The business would not really grow at that point.

Do you understand? So the second way you can use to reduce cost and maximize profit is by reducing your stock by purchasing only when necessary.

So let's go to point number three. The point. Number three is you reducing your overhead costs.

What I mean by overhead costs is your salaries, your rent, your electricity, and all of that electricity. If you know that you are not making profits in your business, then you need to look in

what, in what into your overhead costs. Do you really need staff physical store? Are people okay? Buying online from you.

Do you get, do you really need to have a lot of physical store? Everything you have in, in your store, do you really need it?

You know, there is someone that was into, um, that was into skincare at the, at the point in time.

And, um, the person keep on erecting, she like say erecting, she keep on decorating her store.

You know, I have to tell her that at this moment, you don't need to keep on decorating your store. So I'm not saying you should not decorate a store, but understand the cost.

Know when to stop and know when to pause and know when to resume. The store is okay. Do you need to add extra TV to your store?

Will the cost not affect your profits for that month? Do you really need to replace a curtain with a sliding door?

Do you really need to buy extra like, um, expensive curtains?

Do you get, do you really need to, um, I am more people on into your business.

Do you get, do you really need to buy more fans You need to check your overhead costs. Your rent, is it affecting your business in a bad way?

The electricity, how do you reduce the cost of electricity? Is it that, okay, you are using prepaid? Is it that you are putting on some certain things that should not, that you do not really need?

So those things should be put into consideration when you are trying to maximize profit, when you are trying to increase profit in your business.

So the fourth point is you need to identify another source of revenue in your business

You know, one thing about profit is that the more money coming into your business, the more probability that you will make more profit.

So you have a business, probably you have a physical store. What? And you know that your rent is actually too much or accumulating.

And you know that you can't do without having, without paying rent. Okay. For instance, you have a salon. Is there any space in your salon that you can rent out for others?

You know, your salon is already bringing in people. You're already bringing people into your salon. People are already coming to your salon. So you can tell someone that, okay, can you bring your, you can bring your jewelry.

I can rent out a part of my salon for you. Then you can put in your jewelry there and you can sell your jewelry. So I can rent it out for like 5,000 a month.

So it's a win-win for you and the person, you get the money, the person gets the market, the people, the audience, the traffic she wants for her business. Do you understand?

So you already, so with that you are getting another, you are making another source of income. Okay. From an existing business. Do you get?

So with the source of income, you know that additional 5,000 a month is like an additional money, an additional revenue for your business. It's just like people that have private school.

There are sometimes on Saturdays, they would rent it out to people to come and do weddings and conferences and all of that.

So that is another source of revenue for your business. So in your business, you can actually identify another source of revenue. Okay.

Let's imagine you don't have a physical store. You are working online. So you can actually identify another source of revenue by probably teaching people what you know how to do. Do you get?

Or probably helping people to sort to, um, maybe you are, you sell creams. You can actually start charging for consultations. Do you get?

So that is another source of revenue. So if you want to maximize profit for your business, you identify another source of revenue.

So the fifth point is that if you want to maximize profit in your business, you look for a way to increase your sales.

I made an example earlier about someone that sells shoes. Okay. You are selling shoes. You are buying shoes for like 10,000 Naira and you want to resell it for 15,000 Naira.

And Lady A bought a shoe for 10,000 Naira. She wants to resell for 15. Lady B, the same thing. She bought the shoe for 10,000 Naira. She's selling it for 15,000 Naira.

So for Lady A, she was able to sell the shoe in two days. So she made, she sold it for 15,000 Naira. And for Lady B, she was unable to sell the shoes for one month.

But for Lady A, she sold the shoe within two days for 15,000 Naira. Then she used that 15,000 Naira to buy another shoe worth of 7500 each, which she sold for 12,000 Naira.

Do you know that she already got 5,000 Naira in profit before? Then she, she has just 10,000. The two of them started the business with 10,000 Naira.

So Lady A sold the shoe for 15,000 Naira. Within two days.

Then she used that 15,000 Naira to buy another two shoes of 7,500 Naira each. And she was able to sell it for 12,000 Naira. Both shoes within another four days.

So that is six days. So after the four days, she has 24,000 Naira. So from 10,000 Naira in six days, she was able to make 24,000 Naira, which is 14,000 Naira extra.

So if you continue that way, okay, that means that in six days she has 14,000 extra. And Lady B has not sold the shoe in one more, in that six days, she has not sold her shoe.

So she's still having 15,000 Naira in stock. While Lady A already have 24,000 Naira in six good days.

So if you want to maximize profit. If you want to increase profit. If you want to increase the profit you are getting in your business, you need to look for ways to increase your sales. So because there's something we call turnover.

So when you are having more sales, when you are making more sales, your profits would be accumulating. So your profits will be increasing. Unlike when you are not selling. Do you understand now?

So if you want to increase your profit, the first thing you need. Another tip you can use is to make sure that you are increasing your profit. Increasing your sales.

So this one is not a matter of, okay, probably profit margin is low. If your profit margin is even low and you have like high cash flow.

Like money is changing and people are buying from you. You are getting more supply. You are buying from your suppliers. People are buying from you. You are buying from your suppliers.

Then before you know it, it would have accumulated. Then before you know it, it would have accumulated. Then before you know it, it would have accumulated. So with that, your profits would keep on increasing. Your profits would keep on increasing.

So another way to reduce your cost and maximize profit. I think this is the sixth tip. Is for you.

This is actually a bonus tip. Is for you to check your employees. If you have employees, check them. Check them. If you need to fire someone.

If someone really, is their salaries really affecting your profit? You need to evaluate their salaries too. Is it the time to reduce their salaries?

Or is it the time to reduce your workforce? So that you'll be able to accumulate your profit. You'll be able to maximize the profit. Most businesses are actually working for their employees.

Unconsciously. Your employees are taking more of the money that is coming into your business without you knowing. I'm not saying that you are stealing. But a business that is making like 50,000 Naira.

Probably you bought goods of 100,000 Naira. And you made a profit of 50,000 Naira. And you already hired two staffs. And they are getting like 15,000 Naira each.

That's 30,000 Naira. So the 20,000 Naira, if you check very well. You might actually be making more than that. You are running at a loss. So for you to be able to maximize profit. You need to check your employee.

You need to check if you need to fire some people. If you need to evaluate your salaries.

You need to evaluate your salaries to know if you need to decrease their salary. So another bonus point in this employee evaluation. Is that sometimes you need to check.

That you need to employ more hands Sometimes employing more hands would help you to increase your sales. Or to increase your profit.

Okay, let me give you an example. If for instance you are making, you are selling egg rolls. You have a shop and you are selling egg rolls. And people come to buy egg rolls.

But every time the only, you only have the energy. To make egg roll. To make 50 egg rolls. But every time you make that 50 egg rolls.

The 50 egg rolls got sold out. So but you yourself you are the only one making the egg rolls. But you don't have the energy to make more than 50 egg rolls. No matter how much you try.

But you know deep in your mind that if you are able to make 100 egg rolls. People would buy it. So now a rare particular point. You know. The more egg rolls you make. The more profit you will be making. You make 50 egg rolls.

Probably you are getting, making 50 naira on one egg roll. That is 2500 naira per day. But if you are able to make 100 egg rolls. You will be making like 5000 naira in profit daily.

So you can now check that okay. Should I employ an additional person to me. With me sorry. And that additional person should be able to make 50 egg rolls too.

Do you get it? So you know that when you add an additional person. You would be able to increase your profit. You will be able to increase your profit. Because you will be able to make more products.

Because you already have the customers. You will be able to make more products. And people will be able to buy. And the person you get to would be happy to work for you.

Because you are paying the person now. So but at this juncture. You need to also evaluate his salary. So that you would not be paying more salary than the profit.

So this person can make 50 egg rolls. And our own 50 egg rolls would be 2500 naira profit in a day. In total profit. You have calculated the amount of like oil and everything.

Rent and all of that. So if this person can make 2500 additional profit for me in a day. Then that means that I would be able to pay this person 1000 naira per day.

So that's a 30,000 naira in a month. Is this person okay with 30,000 naira in a month? So that means that I would have additional 1500 naira profit. With this person that I hired.

Do you get? So business really need us to be like calculative. And you need to understand that okay this is it. You need to put everything in calculations. You need to put everything on a table.

That you will be able to analyze it. Analyze your results. And have an envisage result. And analyze it. So this will be the end of our webinar today.