

## *Financial training For non financial staff*



*The financial training specialists*

### **The 1% challenge (Profit)**

Last week's blog was setting a challenge of having a 1% impact in your area.

"But 1% is too small to make a difference. --"

Tesco have issued their financial results for 2017. Sales were £56bn, with store costs of £53bn. Head Office costs of £2bn and other costs (mainly finance costs) of £34bn left a profit of £145m.

Whilst £145m is a lot of money, it's not much profit from £56bn sales.

So what impact would 1% have?

1% saving on store costs would be another £530m profit: increasing the £145m to £675m. That's quite an impact!

I was working with a client in Madrid recently, and stayed in a local hotel. My shampoo leaked on the flight out, rendering a shirt unwearable. So I did something I've never done before and used the hotel laundry service. £7 for washing and ironing. When I checked out, I was charged about £600 - but the laundry charge was missing.

A hole in the internal admin systems meant the hotel lost 1% of its sales revenue.

But every business has holes in its sales systems, meaning we end up giving our customers things we should have charged for. Where are the holes in your system? There's your 1%.

And we all waste money: doing things that don't need doing, or are a waste of time. Buying things we then throw away. Overpaying for things (or paying for things that never got delivered).

Where are **you** doing these things? There's another 1%!