

Financial training For non financial staff



The financial training specialists

Where's your profit? (profit)

I bet you know which of your products earns you most sales, who is your biggest customer, and who your highest selling sales person is.

But do you know which product, customer and sales person earns you most profit? It won't necessarily be the one with the highest sales...

Discounts are a good way of winning a sale and giving away the profit. For example, it costs us 80 to make our biggest seller, and we sell it for 100, making 20 profit. The customer negotiates a 10% discount for a large order, so now we're selling it for 90, and only making 10 profit per item.

We've got to sell twice as many to make the same profit as before!

If you want more about discounts, watch my short video [Pricing for profit](#).

And then there's the product mix. Some products carry more profit than others. We need to recognise that, and make sure we are pushing our most profitable products.

For example, as well as the product we've already looked at, we make another product that costs 50 to make, and we sell it for 75: that's 25 profit.

Not only does the cheaper item make more profit, but if we can persuade the client to spend 300 of their budget on the cheaper item they get 4 items not 3 (better value for money), and we make 100 profit, not 60.

Try the video on [the product mix](#).

So, in your business, where do you make your profit?