

12 Tips to Increase your Profit Margin

Using These Easy-to-Do Positive Cash Flow Strategies!

increase
cash



coming
in

decrease
cash



going
out

PRICING + OFFERINGS



CLIENT INVOICING

Raise your Prices

No one wins with "race to the bottom" pricing. If it's been a while since you've increased your prices, go ahead and raise them!



Give Early Discounts + Enforce Late Fees

Offer small discounts (even just 1% - 2%) for early payments - and enforce late fees for late payments.



Boost your Revenue Streams

Break out your income by revenue streams, and compare them with regular P+L reports. Then, double-down on the high-earning streams, cut out any streams that are both low earners and high maintenance, or add a new related revenue stream.



Improve your Payment Terms

Require a full or partial deposit up front. Shorten your payment terms. Both great ways to get the money you earned into your bank account faster!



Invoice Quickly + Send Reminders

Once a deal is closed, make sure to invoice it ASAP. Run regular A/R reports, and send reminder notices every single month. Have a system in place to collect payments within 60 days or less.



Offer Electronic Payment Options

The speed + convenience are usually worth the fees!

EXPENSE MANAGEMENT



VENDOR PAYMENTS



Review A/P Report Every Month

Do you have any out-of-date expenses that you can cut? Or any subscriptions that have continued longer than needed? Schedule some time to review + trim them regularly.



Sales - Profits = Expense Budget

Instead of the usual equation, $Revenue - Expenses = Profit$, make sure to PAY YOURSELF FIRST. Don't pay yourself last - instead, limit your expense budget to the amount of revenue leftover after you're paid!



Use Cash Flow Forecasting Tools

Cloud-based accounting software (like Quickbooks) has built-in cash management tools that help you see your company's financial future, and more easily plan for + pay your vendor invoices on time.

Avoid Late Fees

Enter your unpaid bills into your software and run regular A/P reports. Set up recurring vendors for automatic withdrawals or bill pays.



Renegotiate Terms Regularly

Get longer terms for payment due dates. Ask for reductions. Leverage long term relationships for better terms.



Budget for Large Annual Expenses

Sometimes big annual expenses - like purchasing large equipment, property tax payments, etc. - sneak up on us. Plan ahead, budget, and set aside money every month for those expenses.

