

10 Insane (But True) Ways to Grow Small Business Profits

When you were a kid, you imagined becoming an entrepreneur — a dream that turned into reality a few years ago when you started your first small business and began enjoying the freedom of being your own boss. But, since then, your profits haven't grown at the rate you'd hoped they would. If you can relate to this scenario, you're not alone. Thankfully, many proven methods exist to help small businesses increase revenues, cut costs and improve their bottom line. If you're ready to take your company to a new level of success, consider implementing one or more of the following insane (but true) ways to grow small business profits.

Eliminate Low-Margin Clients, Products or Services

To boost your small business profits, ask yourself the following questions:

What clients, products or services generate the most money and offer the greatest growth potential right now?

What clients, products or services generate the least profit and provide the least growth potential currently?

After analyzing your findings, eliminate low-margin clients, products and services. With the saved time and money, focus on the higher-producing areas of your business. Purging clients, products or services from your company might be painful at first. However, this practice will likely slash stress and pay dividends in the long run.

Embrace Technology

Embrace technology, automate and go paperless. Besides helping the environment, you'll probably save a ton of money. In addition to cutting costs on paper, you'll also spend less money on printer maintenance and toner as well as file cabinets and binders.

Increase Conversion Rates Through A/B Testing

Regardless of what type of small business you have, turning more shoppers into buyers will improve your bottom line. To increase conversion rates, consider implementing A/B testing. Also referred to as split testing, A/B testing utilizes two distinct sales pages in order to ascertain which page converts more effectively. Depending on the nature of your business, converting might equate to a customer buying a product or a client purchasing a service.

Experiment With Pricing

Raising prices while adding value can perhaps be the simplest way to improve small business profits. However, you risk losing bargain-oriented customers. Fortunately, for many people, price isn't the most important factor when purchasing products and services. Lowering prices with the express intent of selling more products or services can also be a winning strategy.

Increase Average Lifetime Value of Each Client

Repeat customers can help your small business survive during stagnant economic times. Besides searching for effective ways to attract new customers, focus on increasing the average lifetime value of each client. You can accomplish this important task by:

- Offering loyal customers a product or service upgrade
- Providing customers with something your competitors don't offer them
- Being more convenient than your competitors
- Looking for ways to solve problems for your customers
- Providing stellar customer service
- Reduce Churn Rates

Churn refers to when a client ends his or her relationship with a business. A high churn rate will negatively impact your ability to grow your small business profits. To reduce churn rates:

- Establish customer expectations and strive to meet or exceed them
- Make your first impression a great one
- Listen to your clientele
- Closely monitor external environment changes
- Speed Up Product or Service Delivery

Speeding up the delivery of your products and services is another ingenious way to improve profits. Fast deliveries make customers happy and encourage repeat business. Decreasing the amount of time projects sit in limbo will also save money.

Bundle Products or Services

Do you offer products or services that naturally fit together? Providing customers with product or service bundles is a great way to increase both your revenues and your bottom line. For example, an accounting firm might bundle bookkeeping, tax preparation and consulting services.

Expand to a New Geographic Market

If you've saturated your current geographic market, consider expanding to a new one. Obviously, the costs of such an undertaking must be analyzed. But the long-

term benefits of tapping into new geographic markets might make the venture worthwhile.

Provide Maintenance Contracts

Do you want to generate a steady income stream for an extended period of time? Think about charging customers an ongoing fee in exchange for maintenance contracts. You can even offer discounts to customers who sign longer contractual agreements. When developing maintenance contracts, clearly list the products or services customers can expect to receive.

For some professionals, growing small business profits seems like an impossibility. Dealing with saturated markets and a sluggish economy can dampen the outlook of even an eternally optimistic business owner. If you're struggling to improve the bottom line of your small business, consider adhering to one or more of these strategies.