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Lack Of Business Isn't Always The Problem

By C.J. Hayden

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When you're just starting out in business, it's a safe bet that you need more clients. But what if you have been up and running for a while, and you're still not making as much money as you would like? You may be in the habit of thinking that attracting new clients is the answer, but this isn't always the case.

There are many reasons why a professional services business might not be earning enough, but they typically fall into four categories: not enough revenue, not enough profit, not enough customers, or not enough time.

Start by looking at your gross revenue — the total amount your customers pay you over the course of a year. How does it compare to others in the same line of business? Ask some trusted colleagues or check with your professional association for any statistics they may have.

What percentage of your gross revenue remains after you cover cost of sales? This is your gross profit. As a service business, you may have no cost of sales. If, however, you are selling books, tapes or software, or accepting credit cards, your inventory cost and credit card fees need to be deducted from your earnings before making other calculations.

Now deduct your business expenses from your gross profit. What percentage of gross profit remains? Is this a typical percentage for your industry? If you can't gather comparable data from colleagues, your professional association, or a published source like Dun & Bradstreet's "Industry Norms & Key Business Ratios," compare your profit margin (net income divided by gross profit) to a desired goal of 70%.

LOW REVENUE – If your gross revenue seems low for your industry, your profit margin is at least 70%, and you have about as many customers as you can comfortably serve, concentrate on increasing your revenue, rather than trying to improve your profit margin or bring in new customers.

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Consider raising your rates, which may mean finding a market that is willing to pay more. Look for customers who will give you higher dollar volume contracts or place larger orders. Think about hiring more administrative help, which would free up more of your time to charge out at professional rates. You should also work to increase your passive income by selling products created by you or others, reselling some of your existing work, or licensing a process you have developed.

LOW PROFITS – If you are spending more than 30% of your gross profit on overhead and marketing, work on improving your profits. Look for ways to cut expenses by reducing your overhead, or focusing on your most profitable line of business.

In addition, if more than 15% of your gross profit is spent on marketing alone (assuming you are not a start-up business), consider cutting back on advertising or mailings, and using more referral-based marketing strategies. Seek out customers who will give you repeat business or long-term contracts.

TOO FEW CUSTOMERS – Low revenue combined with not enough billable work to keep you busy means you really don't have enough customers. If you don't have a marketing plan, it's time to create one. Focus your plan on the most attractive service you have to offer and the most lucrative market, rather than diffusing your energy by marketing several different service lines to more than one type of customer.

If you already have a marketing plan, but it's not paying off, you may need to break into a new market, look for a more appealing way to package your services, or form an alliance with someone who can send a steady stream of business your way.

TOO LITTLE TIME – It's possible that you simply don't have enough time to earn more money. When you are consistently spending over 25 hours per week serving clients, with more potential customers in the pipeline than you can realistically serve, it's time to hire an employee or bring in a junior partner. If you're not ready to take that step, think about subcontracting work to a trusted associate, and keeping a percentage of their billings.

In reading the suggestions above, you may have discovered that you don't have enough information to diagnose your earnings problem. There are six statistics every service business owner should know: revenue, expenses, profit margin, number of customers, average sale amount, and billable time. If you don't have the answers, start tracking these measurements today.

C.J. Hayden is the author of *Get Clients NOW!* Since 1992, C.J. has been teaching business owners and salespeople to make more money with less effort. She is a Master Certified Coach and leads workshops internationally. Read more of her articles at

MIND-OVER-MATTER

By Sara Hardy

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What is holding your business back?

You follow every lead you get about the "best" thing to do to enhance your business, you read up on everything, but nothing is progressing.

–What is most likely the problem?

–Will it cost a lot of hard-earned money to fix it?

Well, one of the most common and easiest problems to fix is **YOUR LACK OF CONFIDENCE!**

Be it in your business, yourself, your product, in dealing with people, whatever, it can be a HUGE wall blocking your way to succeeding!

–How can that be?

–What could that possibly have to do with success?

Consider these examples:

Have you ever held yourself back from;

*Writing an article for publishing?

*How about that award you almost submitted for, but thought your site was not good enough?

*What could be holding you back from trying to design your own webpage or graphics?

You may have an adequate knowledge to accomplish these things and more, but lack the confidence to proceed with the benefiting action. (Just look at what confidence did for that certain naked survivor from the first Survivor show! It helped him win a million dollars!)

When you have a Internet or home-based business, of course you are very proud of what you accomplish, but what happens when it comes to telling others about it? There is a certain stigma that comes with having this type of business. People react one of two ways.

It's either– "Tell me more about it, I want to do that too!" OR "Oh, do you make any money that way?"

Just because you don't have a big office in a big corporate building does not mean that you do not have a reason to be confident.

But fear of rejection can cause you to be hesitant to tell people what it is that you do.

It is so common that people close to you will tell people,

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"I am not sure exactly what it is all about."
This can kill any confidence you may have.

I'm sure you are asking,
–What can I do?
–Where can I get this great key to success?"

Of course, confidence comes from within.
We HAVE to constantly battle our thoughts.
One way to find confidence in what you do is by identifying the whole problem. Once you realize that you are better at what you do than you think, you will find ways to reach out to learn more, to try more, and to take more chances. You have to be convinced that "what you do and how you do it" is the best thing next to sliced bread.

You must also put effort into being more than confident when you tell others about your business. If you aren't exactly sure what your title would be, or what words to use to describe your business, then why not do a little footwork. Surf around the internet and see what terminology is the most impressive for what you do. That way you have no reason to even THINK that you need to be less than confident in what you have worked so hard to build. You must reflect confidence for others to think highly of your business.

When it comes to taking your business in a different direction, if you can jump into anything with both feet, that is great! But, if you have to test the waters first, at least you ARE testing them. If you keep the momentum going forward instead of standing still, then you will eventually get to where you want to go, all because of confidence!

Written by Sara Hardy, Owner of MarketingTrendz, and Publisher of The OnLine Exchange Ezine. To subscribe to her ezine go to: <http://www.online-exchange.com> This will automatically make you a member of The Profit Zone, a FREE Members Only Club that gives you unlimited access to FREE marketing tools, ebooks, resources and more!

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