

# 5 Steps To A More Profitable Business

To grow and run a sustainable business that allows you to create a life of freedom, you will need to understand exactly what it takes to be profitable long-term. Successful solopreneurs know precisely how much it costs to run their business relative to how much revenue they generate, and they make business decisions accordingly. In other words, they know how to calculate profit and how to promote profitability.

Complete the following five easy steps to learn how to make *your* business more profitable today.

## ITEMS NEEDED TO COMPLETE THIS WORKSHEET:

- Last Year's Business or Corporate Tax Return if LLC or Corporation
- Last Year's Personal Tax Return with schedules for Profit and Loss of Business
- Last Year's Profit and Loss Statement from Quickbooks or Accounting Software

## STEP 1

- Expenses Per Year a. \_\_\_\_\_
- Number of Clients/Customers b. \_\_\_\_\_
- Figure Cost per Client c. \_\_\_\_\_  
(Divide Line a by line b)

## STEP 2

- Revenues Per Year d. \_\_\_\_\_
- Figure Revenue Per Client e. \_\_\_\_\_  
(Divide Line d by line b)



### STEP 3

Analyze

Figure Profitability and Profit Margin for your business

■ Net Income from Business Last Year: f. \_\_\_\_\_

Revenues (Line d) – Expenses (Line a) = Net Income?

■ Profit Margin g. \_\_\_\_\_

Net Income (Line f) divided by Revenues (Line d) = Profit Margin

■ Figure Profitability and Profit Margin Per Client h. \_\_\_\_\_

Revenue Per Client (Line e) – Cost Per Client (Line c) = Net Income Per Client

■ Profit Margin i. \_\_\_\_\_

Net Income Per Client (Line f divided by Line b) divided by Revenue Per Client (Line e) = Profit Margin

### STEP 4 - BUILD A PLAN

■ What can you control?

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■ Can you decrease expenses?

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■ Can you increase revenues?

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■ Where is the low hanging fruit?

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### STEP 5 - EXECUTE THE PLAN

Remember, getting clear on your number allows you to make smarter strategic decisions. The sooner you understand how profitability works in your business, the faster you can become more profitable and get on track to creating the life of freedom you want.

