

BUSINESS MADE EASY[!]

A man with short, light-colored hair, wearing a blue and white checkered button-down shirt, is smiling broadly. He is splashing in water, with white foam and droplets around him. The background is a light, textured grey.

Episode 80

How To Secure & Grow Your Business Profit

Full Episode Transcription

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Good day, good day and welcome to the Business Made Easy Podcast where we make business easy. Jason Skinner your host here for another week of the podcast that is all about growing your business, growing your bottom line business profit and giving you a better life as a result.

How are you doing out there? Thanks so much for joining me this week on another week of the podcast. If you're new to the show, welcome. I'm glad you found it this and, uh, and don't forget to hit that subscribe button on your favourite listing device of choice. Uh, that will make sure that you get each episode as it drops each Friday and you won't miss any of this valuable content to help you grow, uh if it is a business podcast so if you are here looking for something else, uh, stamp collecting etc. We don't talk about anything like that, I'm sorry. But it is strictly a business podcast for people that want to grow their business and as I say have a better life as a result. So if that's you, you're in the right space, hit the subscribe button and you're good to go. For those of you who are returning, uh, listeners, welcome back, glad you're here with us as well and hope your weekend business has been powering along as mine has.

All right, let's get into today's show but before we do, um, if you have a business question and I have been getting people, uh, emailing and then asking me-- ask me various question but if you do have a business question that you want answer, something you may have been struggling with and haven't sort of been knowing where to look to find the answer or, uh, just you might be spinning your wheels on a particular topic, don't forget you can always ask me, you can ask me over at the businessmadeeasypodcast.com website. And there's a hit red record button over there. If you hit that red record button you can ask me any question you like and I will, uh, I will answer it for you. Now, if I do answer this-- your question on the show, so if it's a good question and I answer on the show, I'm

going to send you one of this free two easy t-shirts. So they are great t-shirts that you can uh, you can sport around town and everyone would be saying, "Hey where did you get that?" "I don't know, I wear mine," no one has said that yet but anyway maybe they will for you. Uh, but it is a free t-shirt just as a thank you for, um, coming on the show and- and having your question answered.

So do that over at businessmadeeasypodcast.com and hit the red record button and I will answer that for you. Another way you can get your question answered if you- if you are having trouble and you are needing help in your business, I'm here for you. You can just drop me a line at jason@businessmadeeasypodcast.com, write your question out there if you don't want to send an audio recording and I'll be sure to help you and point you in the right direction as well. Top that off, there is another place you can have your question and answered as well over at the- the Business Made Easy Podcast group, the Facebook group community and that's how you can join there for free over businessmadeeasypodcast.com/community. So three cool ways that you can get your question in business answered and I'm here to help you in any way shape or form that I can.

All right, let's get into today's episode and this week we are having a bit of a flow on the episode from last week. Back in episode number 79, we spoke about, the importance of developing a risk strategy in your business and assessing all the various elements of risk that could be around in your business. So that you've got a clear understanding of the types of risk that your business is exposed to and strategies or I guess assessing those- those risks for levels of, uh, priority you know, is it a major risk, is it, uh, is the business going to fall over if that risk-risk event did happen? If you haven't checked that out, uh, yet, you can do that at businessmadeeasypodcast.com/episode79. If you go back there, uh, you can

get the- you can up to speed with that episode. But I wanted to do that today, a little bit of a tongue twister, I wanted to go through, uh, actual strategy for you that you can sure up some of that risk in your business and you can actually secure your business better and also improve your profit margin and improve your profit in your business as well which we all want to do at the end of the day. So, um, that's why we go to work is to- to, uh, to make more money and have a better lifestyle. So what I feel I'd do is I'll introduce you to a concept today or a strategy that you can implement in your business and you make sure that, um, you can think about this area or these areas of your business as we- as we talk through today's, uh, today's content.

So I want to introduce you to the concept of income pillars, um, or yeah profit-profit centres or income pillars in your- in your business. Now, when we're talking about this, it's very very important to understand in business particularly that if we and you might have heard of this that the- the old saying of having all your eggs in one basket. And when we're talking about income pillars, this strategy really does apply to any business or whether you're sort of an online business or a physical bricks-and-mortar old store business. Uh, you may be a consultant or whatever it is that you do, I believe that you can establish these income pillars in your business.

And the importance of them I get into in a second, but I do want to put one little [inaudible] on that. And when I- when I say any business, if you are starting out in business, this may not be for you now but I do want you to listen in still because I do want you to understand the concept and I want you to have this thought in your mind as we go through the content so that you can say, okay when I'm ready for that or you can have it in mind as you're growing and developing.

Now the reason why I, um, I don't think it's as great for startup type businesses or if you're just starting out is because you need focus when you're starting out. And if you- if you're concentrating on all various different income streams, you can end up sort of doing nothing-- Doing a lot of things not very well. So I don't-- It is a strategy that really isn't for someone who is just starting out and- and just starting to get- get their first rounds on the board.

But I do want you to understand that as you grow that- that you want to keep a lookout out for these opportunities as I- as I share- share them with you today. So it is- it is more for the- the uh business with momentum has been growing for some time, uh, maybe, uh, maybe a mature business, reach some saturation that you haven't-- you- your profit may have flattered a little bit, uh, or you know you're being gone for a while and- and you know your wanting to- to expand your- your offering. But critical thing when we're looking at income pillars are ways of spreading risk within your business.

And, um, I want you to think of this you know, as I said, having all your eggs in one basket is not a great, um, thing okay. Never is, if you- if you get you know your life savings and someone says, "Hey, go on and put it all here and invest it all in here," um, that's not a great strategy because what happens if something happens to that or to that investment or where you put your money then- then- then you've got none left. You know if something happens, it- it all goes you haven't diversified, you haven't spread any risk anywhere.

And income pillars work a little bit like that, they work to- to, um, to spread risk in your business if you like. So what I want you to think of if you're driving along at the moment in your car or if you're at the gym or whatever you're doing at the

moment, I want to sort of take you on a bit mental journey, don't go too far of because you're going to concentrate on the road or whatever it is you're doing but I don't want you to crash. Um, but let's just say, I want you to think about, um, the Parthenon in- in Greece. For those of you who don't know, the Parthenon is an ancient Greek, um, Gre-Greek building. I think it was built in 447 B.C. and um, a long time ago, very old building. But when- when-- If- if you have seen the Parthenon you know what I'm talking about if you haven't it's basically a building that's held up entirely around the whole building with these massive big concrete pillars.

They're big, concrete pillars and basically, they- they've been there for hundreds of thousands of years and they hold up the roof, the very roof of the building, all the way around, big circular- big circular columns. Now, the- the important thing to know with this, with this concept, uh, and the ancient Greeks got it is that each one of those pillars supports the load of the roof. It's not one single pillar in that- in that building that is holding up the entire roof. Each pillar has its own role and so the- the load of the roof, the weight of the roof-- sounds like we're getting into a bit of an architecture podcast, I'm sorry, it's got nothing to do with, uh, nothing to do with that, but the weight of the roof, so stick with me, the weight of the roof is basically supported by each pillar. Now if one of those pillars was taken away, so it didn't exist anymore, something happened to it, then basically what would happen is the roof would still stay up. The- the building would still be relatively intact, it wouldn't be, um, decimated or-- but if- but if it had one pillar just holding up the roof and something happens to that pillar then basically the roof would fall down and crash everybody underneath it.

And I want you to think of your business a little bit the same, not a little bit, a lot the same. So if you've got a business that is reliant on one sole source of income,

if something happens to that- to that source of income and- and things that can happen we went through last week in episode 79. Again, um, you know the various risk that can happen. But if something happens to that one source of income then what would happen to your business profit? And I'll take you a little bit further, what if you've been going along for five, six, seven years and you've been enjoying great profit and rewards for your hard work in your business and- and you just relied on selling the one item. You're income source was the one income source. In some cases, for some clients, um, their income is-- some business owners, their income is their-- is one customer you know. I've seen that which is even worse. So imagine having the one source of income with one customer, like that's really putting all your eggs in one basket.

So what I want you to think of as the business owners, how you're spreading your risk? What income pillars do you have in your business? It is all coming from one rental incomes source? Is it all coming from one, um, one particular skill that you have that you're delivering to a market? Is it one particular product? You're an online business that just delivers one particular product and I want you to think about that is-- because effectively what you're doing is you're relying on, uh, one income source.

Now, for an online type business, particularly say if you're an affiliate marketing business, you might be um, you might be solely relying on Amazon affiliate commissions to support your business. So you might have a website, it's hooked up with an affiliate, with Amazon and your sole source of income for- for your business is getting income from- from Amazon, Amazon commissions. Now that's great, while Amazon is still paying commissions but what about if in three, four or five years time you've built up you know, you're paying off your home,

your mortgage, your family's growing and your needs are growing and you need to- you need- need that income still.

And basically, you know that income source could just go and, um, and- and you know, so Amazon decided not to pay commissions anymore, that's the end of your- your business income. So I want you to think of it like that. Also too, if you rely purely on Google search traffic, um, you know if your business is purely reliant on- reliant on-- This is I'm talking online businesses or pretty well any business really. If your business is reliant on say a particular keyword within Google and all of a sudden Google bring out some algorithm change that changes that- that search volume of your-- bang, your business can be wiped off in- in no time at all. So you get the seriousness of this and why I want you to start thinking about this in terms of your business and your income pillars.

So basically an income pillar is a channel of income, think of it that way or product, a particular source of income, where is your main source of income coming from? Now quite often you can sit down and just analyze and have a think about that. Um, you may have already various income pillars that you're not aware of. So I'm sitting down and doing a bit of analysis where the business coach like myself can help you identify those- strengthen those income, sure that up and identify them. So that's- that's an important thing to do. But also to-- you might have opportunities that you're not currently, um, capitalizing on.

So you know, you might have various other opportunities that are in your market that compliment what you're doing now that um, you know could- could actually become an income pillar for you. I'll give you an example, let's just say for instance your, um, I don't know, let's say your business putting in security systems for instance. Um, you might, you know, uh, you might put securities--

I've- I've gone down a path here. I've got no idea where I'm going to go over there, you always stick with me, we'll see how we get.

But just say- just say for instance that you are a security business and you install alarm systems and security, um, systems into a home.

Now usually with those alarm systems comes, um, fire, um, fire alarms. I'm- I'm saying that because I'm looking at one on the ceiling right now but let's say it might be fire alarms. So typically you- your main income source has been, um, installing security systems but you may also get an additional income market installing fire alarms. And that- that could be a great way to build another income pillar for you. It compliments what you're doing now, it's not too far different to what you're doing now.

Another example of the security system might be home automation services. So you know the services that you can put the Apps on your phone now and you can turn your lights on as say, "Hey Google," and, um, Google will turn your lights off etc. So that might be a complimenting income stream that you can um, develop into your- into your business. You might even for the security thing- you might only do residential, um, type homes at the moment which might be a little bit um, you know discretionary if you like and dependent on the economy doing whereas commercial and- and largest systems might be um, a better market in the sense that they're not so recession um, affected. So you know there might be a little bit more recession-proof type market that you could go into.

And- and so I'm not talking about going and doing a totally different thing when I'm thinking of income pillars. I'm thinking about the risk and the- and the circumstances around with each income's stream that comes into your business. I want you to think of it like that. Don't go and say okay, I'm running security, um,

business, I'm running a security installation business, we'll stick with that and, um, I'll think I'll go and get another income stream of mowing lawns so lawn mowing. You know they- they kind of pulls apart, they don't compliment each other. Now they may work for you, I don't know. I know in, um, pest control, for instance, you see a lot of um, pest control business also do carpet cleaning. Um, now pest control and carpet cleaning aren't the same thing but, they seem to-- they must complement each other in some way. I guess in the sense that well you're getting your pest control done, it would make sense to get your carpets cleaned while you're- while you're going. So- so these are you know another income pillar for that- for that type of business. I see that quite often around the place.

So I hope you get my idea in terms of what I'm talking about there with- with income pillars. So they're very very good for securing up risk. Now the important thing is- is that don't go and set up something that's going to actually cost you- cost like detract from your business either.

So you'd only go and set up, um, focus, okay we're going here, we're focused on this type of product or income pillar and then we, um, all of a sudden go right now, we're going to head over here now to a totally different market. What I want you to do is just think of it in terms of complementing and- and assessing risk, so that's what- that's what the concept of what it is.

There's also another opportunity and a great opportunity if you do this right and do the sums around it. And again you may need some, um, some professional help to do that which I'm happy to- to help you with. But if you-- um, you may have let's say a piece of equipment in your business. So you might you know incurring a particular expense in your business now that you have to have. And

I'll use-- Actually I'll use our accounting practice as an example. Um, we have offices in our- in our, um, building, there's- there's you know multiple offices around and we have to have that space. To see our clients we need to have that space. Um, so I'm incurring that rent, every- every month I pay the rent. But the thing with that is, it's an overhead really. I have to pay it, I need it for the business but I'm paying that each month but it's not being fully utilized all month. So I've got offices for instance in our building that are quite often vacant. We've got meeting rooms that are sitting there dormant that I'm paying rent for. And so that's a cost to my business, it- it puts pressure on the profit margin of my business.

Now, if I established another income pillar and that's what I did in- in my case and I'll use that situation. I basically-- uh, and this was actually my good wife, well this is idea. She came up with the idea of renting out meeting room space, a little bit like the what so in we work type concept. But basically, she put our thing on our website that said, uh, meeting room for hire with conferencing facilities etc. and we rent out that uh, meeting room space on a help basis. So people could book online and they can come in and they can have their meetings in a professional environment. But what that does, it forms another income pillar to our business. It's not-- It doesn't detract from our business, it doesn't affect it at all, it actually helps us absorb some of the overhead. So we create leverage, we create profit leverage because we're using the overheads existing to support another income stream because there was capacity there to do that. And that's what I want you to think off when you're thinking of these income pillars. They can be really really powerful if you get them right.

Another example is we have a complete office like, um, we don't need all the office space we have so we permanently rent out another office to a- to a

complementary business to our business that actually compliments our business. So a professional service business they can compliment uh, our business. They're in a professional space, they need the same things as we need, um, so we can rent that out on a permanent basis and fill that space. And that's another income stream that is coming in, an income pillar coming into us.

A meeting room hire and- and office hire rental that is complementing an accounting and business coaching business and that's- that's what I want you to think of. And there are many many examples of these that I'm sure you could, um, think of. Now, if you are working from home you may not have wanted people renting out rooms in your house, having strangers coming into your house, everything like that, so I'm not talking about that. But think about if you are an online business, um, and you're getting income from one source, what other sources can you-- what other sources of income could you get?

If you're like an Amazon affiliate type business, here's an- here's an example for you. Let's say your an Amazon affiliate business and you get-- you're in a particular niche, let's say it's the fishing niche, um, and all you commissions come from Amazon commissions, um, from people buying Amazon fishing products on- on the website. Uh, so you're at Amazon's mercy, um, you're at Google's mercy and you're at you know you really in a- in a quite, um, exposed situation with that. But what about if you actually went to, um, some of the fishing supplies in your niche, fishing, um, rod. I'm not an angular so excuse my terminology.

But imagine if you actually went to somebody, uh, one of the suppliers, the fishing rod supplier, a reel, whatever hooks, um, and approach them for an affiliate deal, not just Amazon but you could actually sell their products um, in an

affiliate capacity on your website as well. Now, all of a sudden you've created another income pillar. It's not just affiliated commission from Amazon but it's also direct, uh, sales and commission. You may even be able to branch out into e-commerce and sell fishing products direct with a drop shipping type arrangement. There's a million in one different things you can do to- to build these pillars into your business.

So I want you to think of that Parthenon example, think of it in terms of your business and all the pillars holding up and supporting the profit of your business. Think of that-- um, think of that roof of the Parthenon as the profit in your business and- and- and the more pillars you can get there, the bigger the profit you can- you can make and the bigger the- bigger the roof on the- on the building as well. So- so there you go, that's income pillars, they're fantastic just in summary to, um, secure your business and your profit.

So they are a great way to secure your profit. Um, just remember that you don't want them competing with your existing, um, business income also to you don't want them to-- you want them to be profitable in their own right. So you don't want to bring something in there that is going to now start creating and- and building excessive overhead in your business that you didn't have before. So I'm off seeing that before, people have built two income streams and when you look at the numbers, you separate them out and actually look at them properly you'll see that one business is making them a loss and the other business income area is making a great profit.

Well, there's no point in there because all you're doing is- all you're doing is reducing your- your overall net profit or your net margin. So have a think about that, make sure they're going to be a profitable sense in their own right, very

very important. And there are great ways to leverage um, excess overhead that you may be having so-- or non-productive overhead that you're having in your business now. I used their offices as an example, this could be a piece of equipment or machinery that you have, it could be you know any- any cost in your business that's underutilized that could actually be boosting your profit even- even further. So there you go, income pillars, check them out, they're great thing.

If you need help with them or understanding further with them or if you- if you identify them and you want someone to double check them for you, just drop me a line at jason@businessmadeeasy podcast.com. More than happy to help you out there and help you to get them secure and get them identified in your business.

And also to, if you haven't, just remember we can also get help over at the Business Made Easy Podcast Facebook group community which is at businessmadeeasy podcast.com/community.

Alrighty, that's all I had time for this week and I hope you found that valuable and helpful for you. I really do want you to, um, succeed in your business and I do want you to maximize your profit as best as possible. That's what I'm here for to help you do that in a sustainable way and in a risk- as risk-free as possible and until next week uh, I'm going to hand you over to Mia. She's going to take us out and um, here's to your success. Take us out Mia. All the best. See you next week. Bye.

Thank you for Tuning In

We hope you enjoyed this episode.

If you have any feedback or questions about the content in this episode please don't hesitate to drop me a line at jason@businessmadeeasy podcast.com I would love to hear from you.

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Thank you again,
I appreciate you!

*Regards
Jason*