

FINISH THE YEAR STRONG

Having a profitable year is ultimately determined by how much in sales you produce and bill out in the 4th quarter.

Succeeding at business is akin to winning a long distance sprint. You have to get a quick jump off the starter-blocks, accelerate quickly to your top speed, and sprint through the finish line. It is the final sprint that wins the race. Here are 14 ways to sprint through the finish line and end on a profitable note.

Weekly Throughput:

The main driver of net profit in the fourth quarter is measured by your company's Weekly Throughput i.e. the amount of billable production work your company can produce ("put through") each week.

Here is why this is so important: Even though you estimate for net profit with each and every sale, starting with your first sale in January, the fact is that all the profit from those sales goes towards covering your overhead (OH), until all your overhead is paid for. Once your overhead is covered, you have reached what accountants call your breakeven date.

Breakeven date:

Once you hit your breakeven date - all the profit you then make from every sale goes straight to your bottom line. Not only the *net* profit, but also the *operational* profit (that previously went to pay for overhead) now goes straight to the bottom line. This date is generally hit right before or in the 4th quarter.

Operational Margin:

My high performing clients are able to achieve an Operational Profit Margin in the upper 30's up to 45% depending on the type of business they are in (and how long they have been working with me.) If your operational margin is, for example, 40%, then after you hit break even, every dollar that gets produced will put approximately 40 cents towards your bottom line!

To this end, the more sales that your team can produce and bill in this final

quarter (called: Weekly Throughput), the more net profit you will ultimately earn. Conversely, if you have too many hiccups in the fourth quarter, you put your net profit at risk.

Here are 14 ways to increase your Weekly Throughput.

- 1 Keep salespeople motivated to continue selling strong up through December. Use incentives to keep up the selling momentum. Having an increased backlog puts positive pressure on the crews, so they have more than enough work to chew through.
- 2 Decrease the non billable time (morning, travel, deli and gas stops, evening) so more time is spent on billable work.
- 3 Decrease (eliminate) the unnecessary go-backs needed to complete a job by ensuring crews are properly equipped and dispatched, with trucks and tools operating smoothly.
- 4 Ask crews to be flexible in bad weather, so you can hit your Weekly Throughput goals.
- 5 Use overtime (OT) to get your extra backlogged work done; the incremental cost of OT will be more than offset by additional operational profit that will drop straight to your bottom line. Do the math!
- 6 Sell more fall and winter add-on services. Remember, enhancement sales can be sold at a higher margin than your standard work anyhow, so it is a double win.
- 7 Take lower margin install work if you can be guaranteed that doing it will not displace other high margin work.
- 8 Walk every maintenance property and sell them pruning services to be done asap.
- 9 Find extra work that can be performed by crews already on maintenance properties.
- 10 Sell holiday decor to be done now. For example, how about selling front door arrangements like you see in the magazine *Southern Living*?
- 11 Sell fireplaces and hardscapes to be done now (and during the milder winter.)
- 12 Raise your 2016 hourly rate right *now* in 2015, and apply it to your fall work. Who says you have to wait till January to raise rates?
- 13 Deliver your Xmas presents to clients early; and they will likely give you more work to take care of.
- 14 Incentivize your crews to increase their Weekly Throughput. Make crews accountable for their weekly production goals, and motivate them to be as efficient as possible. Share the winnings when they sprint through the finish line.

Connect the dots:

Many employees may not immediately grasp how sprinting through the finish, and ensuring a healthy net profit, will benefit them and their family. Take the time to explain it to them by connecting the dots on how it benefits the company and how it benefits them directly. Using an incentive plan helps see directly how it benefits them.

BREAKTHROUGH IDEA

Speeding up in the fourth quarter and sprinting through the finish line will greatly impact and increase your net profits.

TAKE ACTION

- Pull everyone together and explain to them which day in your calendar you hit break even, and how the production during the 4th quarter will help the company hit and beat its year end profit goals, thus benefiting everyone.
- If you want to learn more about how to use Metrics to improve your business; reach out to me and we can discuss how to implement them in your business.
- The earlier in the year you hit your break even, the better your chances are of making extra ordinary profits. To this end, develop an incentive system for next year that moves up your break even date, and increases your Weekly Throughput in the Spring, Summer and Fall.

BIOGRAPHY

Jeffrey Scott, MBA, author, coach and Hall-of-Fame Consultant – is the expert in growth and profit maximization in the landscape industry. He grew his landscape company into a successful \$10 million enterprise (15 million in today's dollars), and he's now devoted to helping others achieve profound success. He facilitates the Leader's Edge peer group for business owners; his members achieved a 27% profit increase in their first year. To learn more visit www.GetTheLeadersEdge.com.