

Hidden Profit Leaks (And How to Find Them)

By Jim Verzino, Creators Financial, LLC

You're doing everything right. You're sourcing from local farms, building relationships with your vendors and customers, keeping your shelves stocked, and working sixty-plus-hour weeks. Your store is generating \$100,000, \$150,000, or possibly \$200,000 or more per month in sales.

So why are you still broke?

If this sounds familiar, you're not alone. I work with independent grocers and food businesses across Vermont, and I see the same pattern repeating; stores with strong sales that can barely keep the lights on. Owners who pour their hearts into serving their communities but take home almost nothing at the end of the year. Or worse, they're losing money.

Here's what I know from fifteen years in this industry, including leading Windham Grows, Vermont's award-winning food business accelerator: ***if your store is selling more than \$100,000 per month, there is absolutely no reason you should be struggling with cash flow or barely breaking even.***

Everyone knows grocery margins are razor thin. A 3% net profit is considered excellent in this business. Most independent grocers are thrilled to hit 1%. And plenty are operating at a loss or just scraping by at breakeven. But here's the thing: the difference between losing money and making a solid profit isn't usually about working harder or selling more. ***It's about knowing where your money is going.*** It is learning where your hidden profit leaks are and how to fix them.

The Problem Isn't Your Dedication

You didn't start your grocery store to become a spreadsheet expert. Most store owners never planned to become financial analysts. You did it because you believe in supporting local farmers, building community, and creating a more sustainable food system. You're passionate about real food and the people who grow and produce it.

Reading financial statements probably wasn't part of your dream. That's completely understandable. But here's the uncomfortable truth: if you're constantly stressed about cash flow, not sure whether you can make payroll next month, operating in crisis mode juggling vendor payments, and your hard work is not making money, **something needs to change.** And that something isn't working more hours.

Your Financial Statements Have All the Answers

Every single answer about how to go from struggling to profitable is sitting in your financial statements right now. It is not an exaggeration. Whether you're losing \$100,000 a year or barely breaking even, your Profit & Loss statement and Balance Sheet are essentially a treasure map showing you exactly where your money is leaking out. The problem is that most people don't know how to read that map.

Let me give you two real examples from clients I've worked with here in Vermont. The first owned a store doing just under \$2 million in annual revenue. When we started working together, they were making less than \$30,000 a year. Within one year of learning to read the financial statements correctly and making targeted changes based on what we found, profit tripled to over \$90,000.

After two years, they're on track to take home six figures. Same store. Same community. Same values. Just different decisions based on understanding where money was going.

The second client was losing \$70,000 per year on \$2.8 million in sales. By showing them how to read -financial statements identifying exactly where the problems were. They went from losing money to profit within a year and thriving within 2 years.

What a Financial Review Actually Reveals

When I sit down with a grocery store owner for a financial reports review, we're not looking at everything. We're looking at specific things that matter most for independent grocers. What almost always happens: within about an hour, we've identified three to five specific areas where money is being hemorrhaged. Not vague problems. Specific, fixable issues with clear solutions. You don't need to become a financial expert. You simply need to identify the key numbers to monitor and understand their significance for your specific business.

You Can't Fix What You Can't See

Running an independent grocery store in Vermont is hard enough without flying blind financially. You're competing against corporate chains and dollar stores with economies of scale you'll never have. You're trying to pay fair prices to local producers while keeping your retail prices reasonable for your customers. You're balancing mission and margin every single day.

But struggling financially isn't sustainable. If you're constantly stressed about money, that stress bleeds into every other part of your business and your life. It affects your relationships, your health, and ultimately your ability to keep doing the work you care about. The good news is you are likely closer to financial stability than you think. Most independent grocers and coops don't need massive overhauls. They need clarity to see exactly where they're leaking cash so they can respond to and plug the specific leaks. It's simply about knowledge and focus.

If your store is generating more than \$100,000 a month in sales and you're still struggling with cash flow or profits, take advantage of a complimentary financial report through Creators Financial. We'll spend an hour going through your financial statements together, you will see exactly where your money is going and how to fix it -with clarity to go from struggling to profitable with a roadmap aligned specifically for your needs.

You deserve to make a living doing work that matters. Your financial statements are the map to get you there; you just might need support. Reach out if you are ready to read your map and make effective changes to your business.

Jim Verzino is the founder of Creators Financial, LLC, providing bookkeeping and financial advisory services to independent grocers and food businesses throughout Vermont. Previously, he served as Entrepreneur in Residence at Windham Grows, which won the 2019 Vermont Business for Social Responsibility Innovation and Entrepreneurship Award. To schedule your free financial reports review (we can only do three of these right now so act quickly), contact Jim at jim@creatorsfinancial.com or visit www.creatorsfinancial.com.