



Accessories and the Power of Small Changes

Table Demonstrating the Power of Small Changes

more money for shoes

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	Current	Improvement	Target
Number of Clients	500	3%	515
Transaction Frequency	3	5%	3.15
Average Sale	\$500	2.5%	\$512.50
Overhead Costs	\$600,000	Down by 2%	\$588,000
Profit	\$150,000	More than 62% or \$93,403.13	\$243,403.13

Often business owners think that they need to make big changes to make big differences in their business. The table above demonstrates how making a number of small changes can make a big impact on your business. No increase is more than 5% with most a lot less. Yet, by increasing your targets by small amounts it can lead to much greater profits and more money in your bank account.

From the table above, the small changes that we are aiming to make in this example are:

1. Increasing the number of clients or customers. So, if you started with 500 clients the aim is to increase the number of clients by 3% which means an extra 15 new clients, or generally 1 new client per month.
2. Increasing the number of times your customers purchased from you (also known as transaction frequency) from 3 times per year to 3.15 times per year. So this is only shifting a small percentage of your customers to buy an extra time (not all customers are buying once more)
3. Increasing your average sale. Whether this is by increasing your prices by 2.5% or having the customers purchase more in every transaction, this means making sure that the average sale increases from \$500 to \$512.50.
4. Decreasing our costs. By decreasing the costs of doing business by just 2%, this would save you \$12,000. You might do this by organising a better deal on your insurance, telephone or internet, renegotiating loans or overdrafts to pay less interest, changing how you order stationery, negotiating discounts with suppliers or adjusting when staff were working to reduce overtime.

Now, in isolation, the changes all seem fairly small. But once those changes are all added together, the difference is an extra \$93,403.13 in your bank account. Every year. Now, that can buy a whole lot of shoes!