

Wholesale and retail sector

➤ Top 5 tips to reduce costs, improve efficiency and increase revenues

Factsheet

How can you improve the profitability of your business? Here are some top tips on ways in which you can reduce your costs, improve your efficiency, and increase your revenues. Some of the suggestions are quick and easy to implement and some are more costly and time-consuming. If these suggestions have inspired you to make some changes, please contact us to see where we may be able to support you at bgh@growthco.uk

Reduce costs

1. Review your procurement practices

List the top 20 items you buy in: whether that's disposables, cleaning products or food & beverage. Negotiate with your current suppliers and look for alternative suppliers, without compromising on quality, service and delivery.

Even saving 1 or 2p on your packaging could mount up to thousands of pounds in savings over a year.

2. Adopt lean inventory processes

This will allow you to only carry the stock that you need and nothing more. An automated Enterprise Resource Planning (ERP) system gives you real time analytics on which products are selling, which items are the most profitable and can even provide predictive analytics to improve purchasing accuracy.

3. Maximise your storage space

Working with your existing resources, take a look at how you can optimise your warehouse space. Try adding taller storage units or more effective storage materials rather than increase expenses with expansion costs.

4. Perform preventative maintenance

Ensure critical equipment is well maintained to avoid costly repair bills and service outages..

5. Reduce your energy bills

Consider your energy sources including electricity, steam, and fuel. Check your facilities and equipment such as boards, transformers, generators, motors, compressors, and pipelines and repair every leakage and source of energy loss.

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Improve efficiency

1. Increase warehousing efficiency

Simplify your order fulfilment processing. Using appropriate equipment to expedite orders quickly and efficiently will free up time to focus on customer relationships. Place your frequently moved items in the most accessible areas of the warehouse.

2. Limit manual processing

This means streamlining your processes to avoid double handling of materials. Have clear, safe access to all storage locations. This also applies to paperwork – don't double handle data!

3. Digitise

Increase accuracy, efficiency, and speed of data handling through digitisation. Adopt automation where you can (inventory, purchase orders, sales orders, analytics, scheduling).

4. Get your systems to communicate

Integrate your systems (e.g., CRM and ERP) to increase visibility into daily operations. This helps with productivity and will also help inform marketing decisions.

5. Start measuring

Decide on some key measures within your business, set targets for them and record performance against these. Investigate root causes of poor performance and take action to prevent them from recurring.

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Increase revenues

1. Know your margins

A simple costing and product specification can ensure you're not wasting time and energy on things that don't make you a lot of profit. Understand your margins and focus on the most profitable products. To maximise your profits, centre your sales strategy on these products.

2. Take control of seasonal demands

Be aware of demand shifts and stay on top of these trends. This way you can order stock only when needed. This helps with profitability and efficiency while also keeping customers happy.

3. Focus on service

Provide excellent products and excellent customer service. This means creating a welcoming and friendly environment for customers to enjoy.

4. Upsell and cross sell

Encourage customers to buy a premium product (upsell) or buy an additional complementary product (cross sell).

5. Build customer loyalty

Encourage and build repeat customers. You can incentivise repeat business by offering discounts and offers and keeping in contact e.g. through social media and newsletters. You can also develop a VIP email list to communicate with your customer base and build a community of brand advocates.

