PAUL CLAESSEN
Get your win

PROFIT PREDICTOR

How to build a profit predictor for your business

A budget starts with your costs and guesses the revenue. A profit predictor starts with how your business actually makes money, so you can see what a decision will do to your profit before you make it. You need about an hour, last year's numbers and the worksheet on the next page.

1 Find the sum behind your revenue.

Every business makes its money through a few numbers multiplied together. Pick the one closest to yours. It doesn't need to be exact.

TYPE OF BUSINESS	REVENUE SUM	FOR EXAMPLE
Jobs or projects	**Enquiries × win rate × average job**	Builders, electricians, designers
Selling time	**People × billable hours × hourly rate**	Accountants, consultants, agencies
Repeat customers	**Customers × visits a year × spend per visit**	Clinics, salons, gyms
Retainers	**Clients × monthly fee, less the ones who leave**	Bookkeepers, IT support, memberships

2 Put your numbers against each driver.

Use last year's figures as the starting point, worked out for an average month. Then write down the most work your team can deliver in a month. That's the ceiling, and selling past it won't add revenue until you add capacity.

3 Add your costs once.

First the direct costs for each job, visit or hour, like materials and subcontractors. Then your team and overheads as one monthly total.

4 Change one driver at a time and watch the profit.

Lift each driver by 10% on its own and work out the new profit. Price often comes out on top, because a price rise adds no extra direct cost. More jobs or customers bring their direct costs with them.

> **The driver that moves your profit the most is where to spend your time this year.**

WORKSHEET

Your profit predictor

YOUR REVENUE SUM

_____ × _____ × _____ = **Revenue**

Write the names of your drivers on the lines, from the table on page 1.

YOUR NUMBERS

	NOW	WHAT IF
Driver 1		
Driver 2		
Driver 3		
Revenue a month Driver 1 × Driver 2 × Driver 3		
Direct costs a month Cost per job, visit or hour × how many		
Gross profit a month Revenue minus direct costs		
Team and overheads a month Wages, super, rent and everything else		
Net profit a month Gross profit minus team and overheads		
Net profit a year Net profit a month × 12		

YOUR CEILING

Most jobs, visits or hours your team can deliver a month _____

In the What if column, change one driver and keep everything else the same. Then try the next driver. The one that adds the most net profit is your lever.