

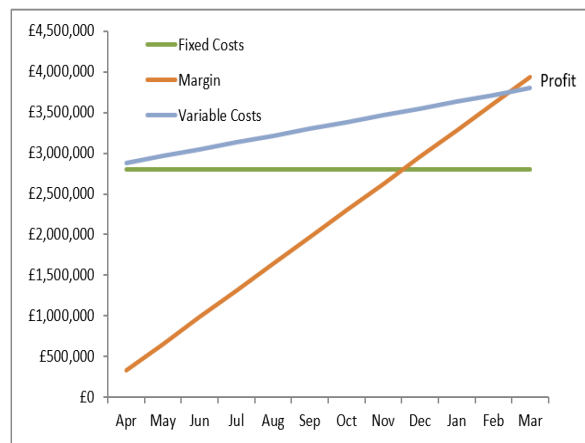
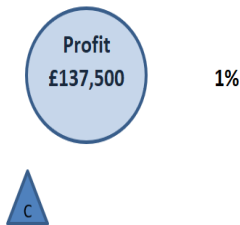
You have to know where you are now (**Your starting point**), and where you want to be (**Your Vision**), before you can plan your journey (**Your strategy**)”

Business Modelling

Simple business modelling can help to visualise your current position and to demonstrate what if scenarios

Business Simples From BSAED.

Sales £m	12.50	£12,500,000
Margin	31.5%	£3,937,500
Fixed Cost £m	2.80	£2,800,000
Variable Cost	8.0%	£1,000,000
		£137,500



This Simple model looks at the current and potential profitability of a business.

With an annual turnover of £12.5m, this business currently returns an operating profit of £137k, or just over 1% of yearly turnover.

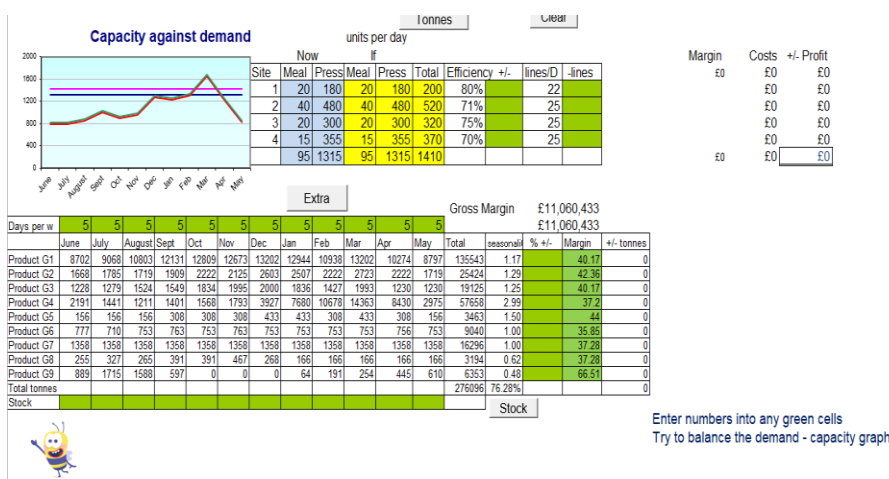
Their main competitors however, return an annual profit closer to 10% of turnover.

Change the numbers in green to work out what has to change in order to match the competitor's financial performance.

It's very important that the team knows just what “good” financial performance looks like

The simple model above helps to show what needs to change.

The more complex model below helps to work out the how.



This business had an annual turnover of £60m but was losing just over £1m per year.

They had spare capacity for most of the year, but peaks in demand for some seasonal products created costly difficulties and poor customer service during March and April.

The model was used to demonstrate several different what if scenarios, and in just one year the £1m annual loss was turned into a £1m a year profit, without any increase in sales.

Contact us if you would like help creating simple, or more complex models of your business

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