

Free case study on creative solution of a business company

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It is the dream of every company to maximize the profit by increasing the sales, decreasing the costs, and reducing the risks. With the profit, the company is able to grow and the employee livelihood is improved. On the other hand, losses reduce the operations and may lead to bankruptcy. Losses arise when the company experiences a downturn in the business cycle or lower consumer demand which reduces the market share. This may result in laying off employees, closing underperforming facilities and selling assets or equipment, and the company may be forced into bankruptcy. There are various ways through which a company may increase the profits and reduce the losses, as discussed hereunder.

Increasing the revenue increases the profit. This can be achieved through increasing the selling prices, lowering the discounts allowed, revamping the entire price structure, improving the product mix (doing away with the loss-making products and concentration on the high margin products/services), and invoicing. When the sales volume is increased, the company is sure to increase the profit. This can be achieved through increasing the marketing activities, offering sales commissions, and advertising, among others.

Reducing the costs greatly increases the profit. The company may decide to reduce the fixed costs such as occupation costs (by finding smaller premises, subletting, changing locations, and clearing obsolete equipment), staff costs (by improving the efficiency, tying remuneration to performance, and reducing the labor), repairs and maintenance costs, and sundry costs. The company may also reduce the variable costs by improving the productivity, improving the yield, and reducing direct costs.

Setting up new business can also increase the profit. The company may

decide to introduce new products and enter new markets (Dynamic Bottom Lines 2007). Other ways of increasing the profit include improving fixed asset performance, improving debtor performance, improving stock performance, and improving creditor efficiency.

Work Cited

Dynamic Bottom Lines Pty Ltd. "How to increase your profits - a check list," 2007. Web. October 3, 2012. <http://www.dblonline.com.au/howincreaseprofit.htm>