

Taking control of costs & income

In these extraordinary times, going back to basics and reviewing your income, outgoings and business model can help you to find a way through.

This guide will help you get to grips with your cashflow; understand what each product costs and brings in; and think through whether the concept behind your business still serves you in the current climate.



Managing cashflow

Do a quick cash flow forecast

- Work out what your weekly income is and carry it forward over a month.
- Then plot out your weekly outgoings over a month, capturing things like wages and utility bills.
- You can now see immediately if you have any shortfall and can begin to take action.



Reducing supply cost

- When is the last time you shopped around for a new supplier? You may not be getting the best price on stock or ingredients.
- Talk to your existing supplier. Do they have alternative lines that are more cost effective for you?

When you've worked out your cashflow, think about your business model and how you could adjust it to bring in the money you need.

Our Business Information Officers offer one-to-one, in person business support, including cash flow forecasts, advice on supplier contracts, advice on leases, and advice on staffing issues and contracts. Call them on 0114 224 5000 or email BusinessSheffield@sheffield.gov.uk

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Rethinking things in your business

- **Is your concept your friend?** Are you willing to modify your concept, in order to keep your margins at a level where you can pay your salaries and bills?
 - E.g. If you opened a zero-waste shop for ethical reasons, are you sure that is the reason that people shop with you? It may be to reduce plastic or food waste.
 - Ask your customers why they shop with you and where else they shop. Can you learn anything from your competition?
- **Are you sure that whatever you do, your location will bring in customers or is it time to move?** Or can you sublet to another business that operates when you don't or whose stock complements yours?
- **Recalculate all your Gross Margins (GM)** of every product that you sell. $GM = \text{gross margin which is (selling price of item) - (cost of making/buying in the item)}$
 - Can your current selling prices hold as your costs increase?
 - How much more can your customers afford to pay, to allow you to keep your margins?
 - If you have a stock or menu item that contributes nothing to your business, remove it.
- If you do not have a till system for tracking sales by product, start a sales diary and keep it next to your till.
 - Use a simple tally system to confirm how many of each item you sell over a week (or daily if you are very busy).
 - Look at your margins in relation to your sales - if you aren't selling many of your low margin items, then remove them to sell online or store (if they are not seasonal).



Make sure your customers can find you

- People will make more effort to visit if you're open consistently.
- Make sure your opening hours are up to date everywhere they're advertised (Google My Business, social media etc).
- Some businesses close during very quiet times, but over time this can put customers off. Can you get on with other jobs on the premises instead?
- If you have particular times that are always quiet, could you advertise them to people who may need or like to visit at quieter times?

If you'd like help with anything to do with your business, our friendly and expert business support team is here to help. Call us on 0114 224 5000 or email BusinessSheffield@sheffield.gov.uk

You can find information and support around the cost of living, including more resources to help you manage the impact on your business, at www.sheffield.gov.uk/costofliving

