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January 15, 2023

## Was 2022 Profitable?

Having had a couple of weeks to recover from the holiday season, did you bask in the joy of increased sales only to realize that actual net profit was minimal, at best? You ask yourself how could I have achieved such good sales numbers yet have so little to show for it? There are a couple of reasons this may have occurred.

A major factor that plays in this is inventory purchasing prior to the season's arrival. There is that drive to be the end all and be all. You purchased stock for all possible price points. The trouble is you have not set goals. Without goals you can't make a cohesive plan that will help you grow your business. Inevitably you will not achieve growth and create a cash flow problem leaving you inventory rich and cash poor. If you had a plan, you might have reworked some of your existing inventory and only purchased new stock to fill holes in the needed price points. Unfortunately, no matter how well we sell, you are always left with between 70% and 80% of the new stock unsold. In the end your cash is in the showcases. The vendor bills will come due, and you will have to scramble to pay them. To further add to your cash flow issues the increase in inventory is an asset and is taxable. This moves the smile from you to the tax man.

It is too late to fix last year's mistakes, but we can address some of the issues now so that history does not repeat itself. You must have goals for this year. The goals can be increasing transactions, improving the average sale, or raising the mark ups. It can be all these things. Once you set the goals you can create a working plan to facilitate the goals. With proper planning, goal setting, and discipline you can avoid last year's issues and take home some of that profit in your showcases.

The second area that businesses overlook is expenses. A solid review of the year's expenses can lead to areas you can save. Every dollar you save is less you must earn to maintain the same profitability. If you save some and increase business, it compounds the profit. The first area to look at is your marketing. Did it achieve your goals? If yes, then maybe invest more; if not, maybe stop and reevaluate the money spent.

In the end, the "how come I did so well and where is my money" syndrome can only be fixed by you. If you have goals, plans and the discipline, you can create a very profitable 2023.

We at PRIME specialize in assisting retailers in finding the path to achieving their goals and overall success in their business. We invite you to visit our website, [www.NVPrimeConsulting.com](http://www.NVPrimeConsulting.com), for an overall view of the services we provide. If you have questions as to how we may be able to assist you, please do not hesitate to call - 888-849-4978. Of course, all communications and information are strictly confidential.

Sincerely,

**The PRIME Team** – *Jim, Jeannie & Warren*

-----Professional Resources & Inventory Management Experts-----

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