

# Xero Signals

Turns data into powerful insights, uncovering trends and unlocking new ways small businesses can work to achieve their goals.

## Maximise Profitability

In the long run, profit is integral to the success of a business. For smaller businesses, profit often funds the things business owners do in their personal lives. By focusing on the right business activities and improving efficiency, you'll see results in the bottom line – without having to burn the midnight oil. In this Signals' theme, we provide tips and tricks on activities that can help your profit margin.

### The majority of New Zealand businesses are making a profit

Across the small business community, profit has remained flat over the past year despite revenue declining. Surprisingly, 61% don't have ambitions to grow their profit\*.

81% of businesses are profitable but 61% don't have ambitions to grow their profit



### Profit is not just about revenue growth

If you're looking to grow your profit, your main focus is probably on top-line revenue growth, whether that's expanding your customer base locally or nationally, or introducing new products and services\*. However, growing profit is much more than this: it's about managing your expenses, making sure your business is efficient by having the right processes and systems, and using technology to drive efficiencies in your business.

#### Ways to grow your profit



## Replace manual process for technology

The right technology tools can have an impact on business profitability. Adding just one to your business can significantly shift annual net profit. Use technology to grow your revenue and manage profit, rather than relying on manual processes. The following insights focus on technology tools that support positive net profit improvements.

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## In tighter economic times, understand your expenses

An expense management system helps you keep costs in check by making sure expenses are legitimate and within permitted categories and limits. It also enables efficiencies across your business – whether it's making it easy to upload expenses or better reporting for decision-making. Our New Zealand-wide survey shows that only 12% of small businesses use expense management software\*.

Businesses using expense management software grow profitability

Businesses using software management



## Make the web work for you

In today's marketplace, 78% of New Zealanders aged 18 years make online purchases\*\*\* but only 15% of small businesses have an online shop. This means they are not only missing out on national and international sales but also on the efficiencies that it affords: online ordering, immediate payment and having knowledge of stock requirements post sale.

Another key trend is the use of mobile devices for viewing websites. You need to make sure that your site displays well on a mobile device, as consumers use them more and more. Here are two business guides to help you embrace online sales: [Building a successful ecommerce business](#) and [Tips on selling on Amazon](#).

Online store profit increases



## Go paperless

Going paperless may have been no more than a cool trend a decade ago, but it actually has a positive impact on productivity. With a document management system, employees can find and share information more readily from anywhere, increasing collaboration, improving outcomes, and doing away with bulky filing cabinets that clutter up the office. For more information check out our guide on [how to have a paperless office](#).

## Create a business plan

Only 30% of small businesses have a written plan and 41% don't have one at all\*. Four reasons why you should have a solid business plan are that it may help to:

- boost profits
- make you stop and think about your business challenges and how to overcome those
- help you identify your goals and how to achieve them
- trigger seeking expert advice where you don't have the answers

We're here to help with [how to create the perfect business plan](#) along with [free business plan templates](#).

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## Work with experts to improve your profitability

When it comes to streamlining invoicing, financial processes and real-time reporting, a bookkeeper can be worth their weight in gold, providing the business owner with valuable information and advice, and free them up to focus on their core business. See our guides on [how to hire the best bookkeeper](#) and [when to hire a bookkeeper](#).

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## Sources

\* Xero Small Business Market Study, May 2015

\*\* NZ Xero Signals data – July 2013–June 2015

\*\*\* Colmar Brunton Market Mood Monitor, Nov 2014