

TRACI CONNELL – BUYING WHOLESALE FOR PROFIT MODULE 4 – MARGIN MAGNIFIER

MARGIN MAGNIFIER ACTIVITY

Fundamentally, there are only 3 ways to grow any business:

- 1) Increase the number of people buying from you.
- 2) Increase the profit you make every time they buy.
- 3) Increase the number of times they buy.

Sounds simple? It is, however, do not underestimate the power of simplicity. Let's have a look at what happens when you apply these 3 principles. The effect is massive. Imagine the following scenario:

EXAMPLE ONE (Average in your profession)

100 customers in a week \$20 profit per customer Each customer comes in 10 times a year

 $100 \times $20 \times 10 =$ \$20,000 profit for every 100 customers

Now, imagine you could do the following.

- 1) You <u>increase your customer base by only 10%</u>. So instead of 100 customers you have 110. (We'll show you how to double your customers in a month later in this manual.)
- 2) You make an extra 10% profit per customer. So instead of making \$20 per sale, you make \$22.
- 3) You get your customers to come in 10% more often. That means they come in 11 times a year instead of 10. Let's do the numbers and see what happens.

EXAMPLE TWO (Entrepreneur)

110 customers in a week (10% increase)\$22 profit per customer (10% increase)



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Each customer comes in 11 times a year (10% increase) $110 \times $22 \times 11 = $26,620$ profit for every 110 customers

That's 33% more profit from just a 10% increase in three key areas!

Now imagine that you could do the following, which is the aim of this manual.

- 1) You increase your customer base by 100%. So instead of 100 customers you have 200.
- 2) You make an extra 50% profit per customer. So instead of making \$20 per sale you make \$30.
- 3) You get your customers to come in 10% more. That means they come in 11 times a year instead of ten. Let's do the numbers and see what happens.

EXAMPLE THREE (Super Entrepreneur)

200 customers in a week (100% increase) \$30 profit per customer (50% increase) Each customer comes in 11 times a year (10% increase) $200 \times $30 \times 11 = $66,000 \text{ profit for every } 200 \text{ customers}$

That's an increase of 330% in profit!