

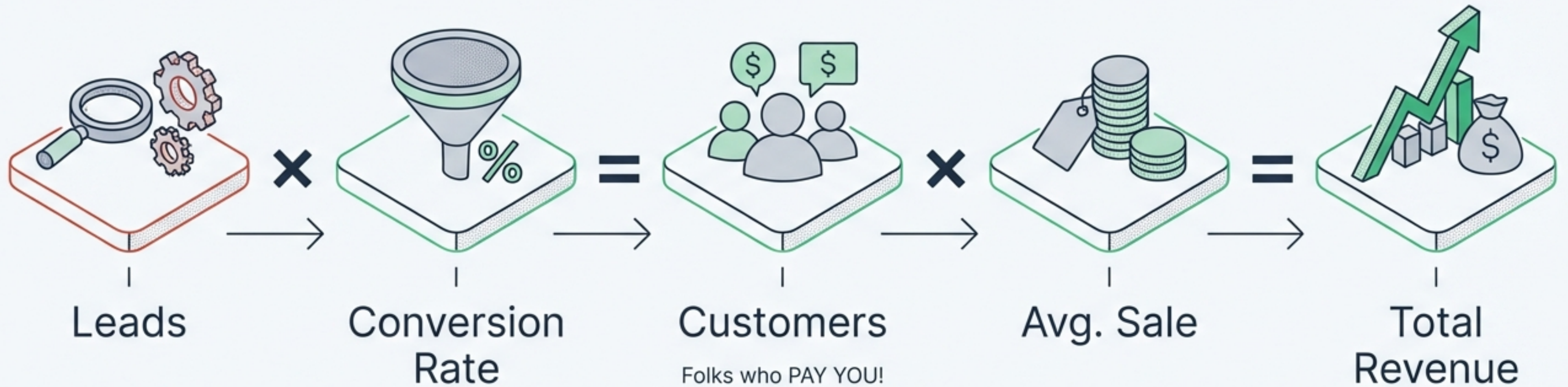


5 Ways to Improve Profits

Strategic Compound Growth

Presented by Misty Lambrecht | Foundry Collective

Profit is the output of a five-part engine.



The Profit Formula

$$([\text{Revenue}] \times [\text{Gross Margin \%}]) - [\text{Fixed Costs}] = \text{PROFIT}$$



Leads

+



Conversion
Rate

+



Avg. Sale



Gross Margin



Fixed Costs

Optimizing the Top of the Funnel

1. Leads

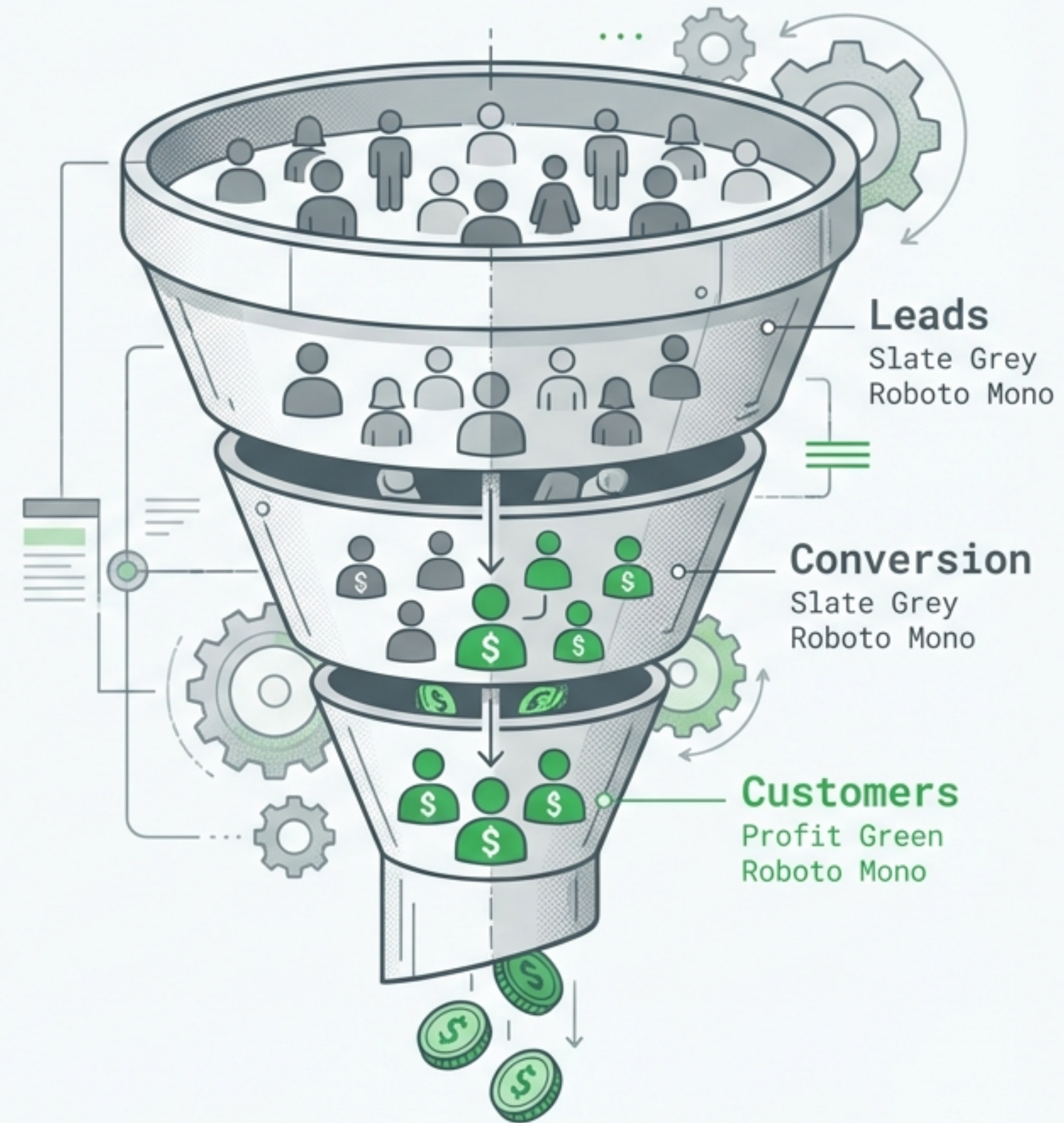
Potential customers visiting the shop or website.

- ✓ Launch referral programs to incentivize existing customers
- ✓ Utilize Local SEO for “near me” results
- ✓ Post consistent social media content

2. Conversion Rate

The percentage of leads who actually make a purchase.

- ✓ Implement sales training to handle objections
- ✓ Display social proof (reviews/testimonials)
- ✓ Prioritize “Speed to Lead”—respond in minutes



Maximizing the Value of Every Transaction

Driver 3: Average Revenue per Sale

Increasing the dollar amount spent during a single transaction.



Upselling & Cross-selling

Suggest complementary products at checkout.



Bundling

Create package deals that offer higher perceived value.



Micro-Adjustments

Review and nudge pricing on low-sensitivity items.

Protecting the Bottom Line

Driver 4: Gross Margin

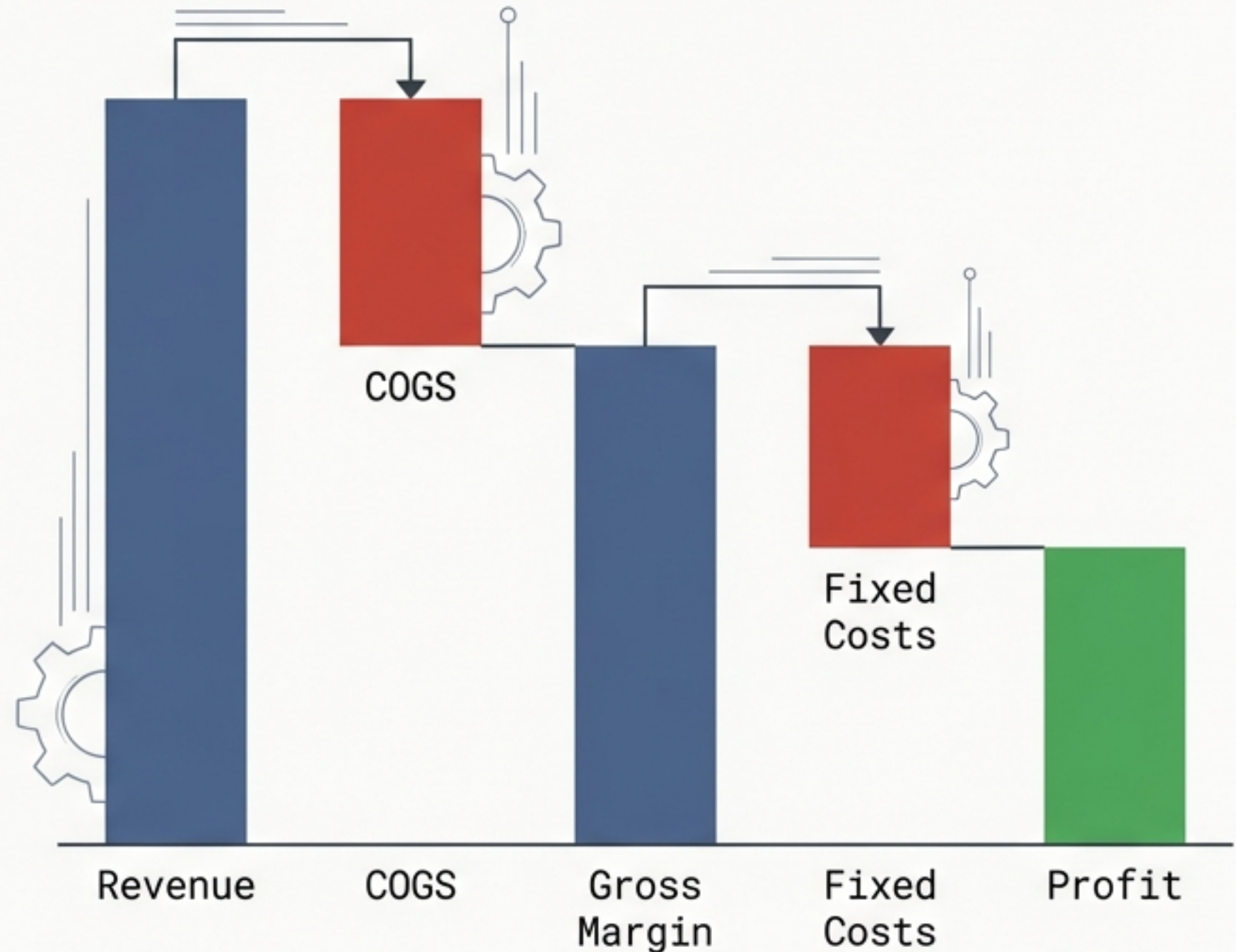
How much you keep from each sale after direct costs.

- ✓ Negotiate vendor terms, eliminate inventory waste, focus on high-margin items.

Driver 5: Fixed Costs

Overhead expenses that remain static regardless of volume.

- ✓ Audit subscriptions, improve energy efficiency, automate admin processes.



The Baseline: A Snapshot of Daily Performance



Leads

40



Conversion Rate

30%



Customers

12



Average Sale

\$50.00



Gross Margin

75%



Fixed Costs

\$180.00



Daily Profit **\$270.00**

The 10% Hypothesis

What happens to the bottom line if we stop looking for one “silver bullet” and instead improve every driver by just 10%?

Increase Leads, Conversion, Avg Sale, and Margin by 10%. Decrease Fixed Costs by 10%.



The Compound Effect: 10% Improvements Nearly Double Profit

Current (Monthly)	With 10% Improvements
Leads: 880	Leads: 968
Conversion: 30%	Conversion: 33%
Customers: 264	Customers: 319
Revenue: \$13,200	Revenue: \$17,569
Margin: 75% (\$9,900)	Margin: 82.5% (\$14,494)
Fixed Costs: \$3,960	Fixed Costs: \$3,564
Profit: \$5,940.00	Profit: \$10,930.59

For this business, a 10% shift across the five drivers resulted in nearly TWICE the profit over a single month.

Is 10% across the board too intimidating?

“I’m not sure I can make
across-the-board 10%
improvements.”

If 10% feels out of reach, what happens if we aim for a barely noticeable 1% shift? Does a tiny ‘nudge’ actually make a difference?



Annual Context: The Long Game

Baseline performance over a 264-day working year.



Yearly Leads: **10,560**

Yearly Customers: **3,168**

Yearly Revenue: **\$158,400.00**

Yearly Profit Baseline: \$71,280.00

The 1% Nudge Strategy



Leads: Increase to **10,665** : Just ~100 more leads per year



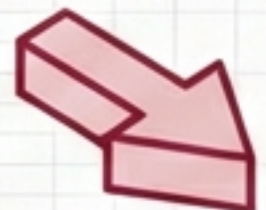
Conversion: Increase to **30.3%** : A tiny fraction



Avg. Sale: Increase to **\$50.50** : Just a 50 cent price hike



Gross Margin: Increase to **75.75%** : A tiny fraction



Fixed Costs: Decrease to **\$47,044** : A 1% reduction

The \$5,000 Surprise

Baseline Annual Profit

\$71,280

Profit with 1% Nudge

\$76,578

Difference: **+\$5,298** →

A mere 1% improvement puts over \$5,000 **in additional free cash in your pocket annually**. Small hinges swing big doors.

The Path to Sustainable Profit

1

Don't chase the 100% win.

Stop looking for one massive change to save the business.



2

Respect the 'Machine'.

Focus on small, incremental gains (1%–10%) across all five drivers simultaneously.



3

Trust Compound Growth.

It is the fastest, safest path to increasing your free cash flow.



Let's find your hidden profit.



Misty Lambrecht

misty@foundrycollective.org

541-961-1889



Scan to schedule a consultation