

## Changing Emphasis from Sales/Revenue to Margin/Profit

Companies moving out of the entrepreneurial stage into early growth are commonly very focused on sales and revenue. It is likely that sales is one of, if not, the most dominant functions in the enterprise. Customers and revenue are all important and rightfully so...cash flow is paramount.

However, too much growth and/or growth of the wrong kind poses extremely serious challenges for rapidly growing companies. Sales practices and guidelines were likely loosely structured...fostering an 'any customer is a good customer' attitude. Prices may have fallen as the company battled for a foothold in the market. Sales increased but the company may be engaging in non-sustainable growth.

The scenario above can lead to unacceptable gross margins. The sales volume created by aggressive pricing can also lead to an overload of the company's product/service delivery capabilities, a reduction in the quality of customer support and service, and a strain on the firm's administrative and back-office systems.

**TFG's MSP Analysis® provides insight and immediate identification of company practices that may be contributing to more revenue and customers...but lower margin and profits.**