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There is truth in the old business adage, 'turnover for vanity, and profit for sanity'

And yet, if you were to look at the average business from the outside, you could be forgiven for assuming it was run for vanity. Most managers are so busy dealing with day-to-day matters - ensuring that existing customers are content and retained and that there are good levels of activity directed towards securing new customers - there is no time left for anything else.

Of course, retaining customers is essential and gaining new ones is necessary for all organisations, but it is equally important to ensure that you are not just gaining business for the sake of it. Someone should check that the new contracts are profitable – as it is profitable growth that will secure the future, as too much *non-profitable* growth could ultimately ensure a premature demise of the business.

Anyone who's tried, knows that securing profitable growth is hard work. It is costly and time consuming - so surely it makes sense that a business would ensure that it gets every drop of profit benefit from the growth it secures?

However, this tends not to be the case. As companies grow, inefficient ways of doing things become established - working capital requirements grow exponentially and the benefits of new, alternative ways of doing things are overlooked. Add this to the problem of not reporting key performance indicators and it's easy to see how the leeching of the profit potential of the sales goes unnoticed.

But, rather like New Years Resolutions, most managers never get around to addressing these issues and unlocking the profit potential – allowing the business to under-perform and not achieve its true worth. What a terrible, terrible waste!

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