

An Online Marketer's Guide
to Reinvesting Your Profits
for BIGGER Returns



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You've worked hard building your business. There were a few lean times, but you're finally beginning to see a profit. It's time to think about reinvesting some of your profits for a bigger return. But what should you invest in? What makes a good investment? And when should you begin investing back into your business?

For any business that wants to grow, some type of reinvestment in the business, whether monetary or not, is crucial. Reinvestment doesn't necessarily mean spending thousands of dollars, but a significant amount should be targeted towards things that can boost your bottom line and raise your profile.

Reinvesting in your business means investment not only with cash, but also with time, expertise and effort. It can mean investing in educational materials to learn a new skill, investing in others to help you do parts of your business, or creating add-ons to your existing business. For example, maybe you already have successful e-commerce website, so it might be time to add a blog as well to the mix.

Most big businesses know the value of reinvesting in their business, but what about small businesses? Even those who are still in the beginning stages should be reinvesting something back into their business.

Why reinvestment matters

Let's face it. Building and growing your business is going to require you to spend money. You work hard whatever it is you do, give a portion of it back to the government in taxes and have what's left to spend on what you want or need. In order to have more to spend you need to make more, reduce your taxes or grow your business.

The most successful investor of the 20th century is Warren Buffett. He recognized the importance of reinvesting early in his life. His first business was a pinball machine in a barbershop. He and his partner grew that business by investing in more pinball machines. Eventually he sold that business and reinvested his portion of the sale in stocks and then

launched another business. He had accumulated over \$174,000 by the time he was 26. That's \$1.4 million in today's market.

- Reinvesting is a way to build wealth, success and growth. Investment doesn't have to take all your profits. Time, knowledge and experience – when applied to your business – are often just as valuable reinvestment resources as money is.
- Reinvesting is a way to reduce your current income tax expenses. If you spend a portion every month on, say, outsourcing work, that money is deducted from your total earnings. The resulting income from your business is then taxed.
- Reinvesting in others to help you run your business frees up your time to allow you to build your business. Paying for someone to create more content or build software allows you to spend time marketing your business. One person alone can only do so much. Reinvesting in others to do tasks you aren't good at, or need help doing more of, allows you to grow your business much faster than if you did everything yourself.

In this report, you will learn why reinvesting in your business can lead to bigger returns. Begin by learning when to reinvest and what the best ways to reinvest are. You'll find out how to determine the return on your investment and to know when it is a good investment. Finally, you discover when to move to the next level of investing in your business.

Ways to Invest Profits



Henry Ford did it. Bill Gates did it. Warren Buffett did it. Every successful entrepreneur has built their wealth by reinvesting wisely. They continually invested in their businesses. Redistributing your profits and resources back into your business helps you grow your success and establish yourself as the leader in the services or products you offer.

What should you be reinvesting in?

Here are the top 6 ways to reinvest your profits:

1. **Outsource**

Outsourcing the basic everyday tasks that take you away from building your business is one of the easiest ways to reinvest in your business. It doesn't take a lot of cash to do either. You can hire a virtual assistant for a set number of hours each month to take care of tasks like uploading videos and content, responding to email or managing your social

media accounts. Experienced and reliable virtual assistants can be found on many freelance job sites like Elance, with costs beginning at around \$15 an hour.

You can outsource skilled tasks as well. Certain tasks like web design or software development are skilled tasks that benefit from hiring experts. Outsourcing one-off projects like mobile app creation is a cost-effective way to reinvest in your business. You can find experts through recommendations from your peers, LinkedIn or other business networks and industry-specific sites that showcase portfolios of people for hire.

2. Hire a Project Manager

A project manager is experienced in organizing and handling contractors. They can take the burden of tracking down workers, making sure projects are completed on time, as well as any other tasks you need them to do on a daily basis. Project managers delegate tasks you decide on. They have the communication skills necessary to motivate and inform your team to push projects to completion. A project manager helps you stay organized and be more productive as well.

Hiring a project manager frees up your time so that you can concentrate on taking your business to the next level. You will have to give up some control, but when you find a project manager you can trust and be confident in, you can let go of some of the day-to-day operation. You can find a project manager through networking, referrals and sites specifically for project management.

3. Software

Investing in different software can improve your productivity or streamline tasks you do daily. Investing in things that will help your business run smoothly will help you be more efficient by saving you time and money. Technology changes all the time and can be difficult to keep up with if you don't reinvest cash into what you need to be up to date.

You should consider whether the software will make you more efficient or make the end result of your product/ service better when considering investing in it.

4. Education

Reinvesting in education for yourself is smart in the beginning. Continuing to reinvest in education for yourself and your employees as your business grows keeps you ahead of the game. Learning new software and increasing your knowledge of the newest marketing techniques helps you take your business to the next level.

Training provides new skills you and your employees can use to increase your business growth. Keeping up to date and well-trained in your field can significantly affect the profit of your business.

Education doesn't have to be reading or learning new skills. Education can come from the experience and knowledge of others as well. Invest in a business coach or mentor who has reached a level you want to be at. Learning from their experience can be an invaluable investment that you can't get somewhere else.

5. Events

Attending events, either online or in person can lead to new partnerships, business associates and affiliates. Networking is one of the best ways to grow your business. Service professionals, for example, reinvesting time and money in attending events can meet clients or would-be clients at professional gatherings. Events allow you to forge new relationships that can grow into partnerships, clients or long-lasting friendships.

Reinvest some of your profits into travel to networking events offline. Meet clients in person to build a deeper relationship.

6. Marketing

Reinvesting in marketing is always a smart investment. You may have heard the old adage “You have to spend money to make money.” It’s important to be smart about the money you spend on marketing, though, by tracking the progress of your promotions.

You can never have too much advertising as a business. Getting your brand name in front of the people who need it and improving your image or those of your products is beneficial to your growth.

Your marketing investment can include more advertising on social media sites, on other websites or newsletters, expanding your PPC campaigns or creating offline advertising material.

Reinvesting some of your profits back into your business is one of the most important things you can do to grow. There are many ways you can invest in your business, including time and money. Redistributing your profits and resources back into your business helps you grow your success and establish yourself as the leader in the services or products you offer. Once you are ready to begin reinvesting, explore your options and make good choices on the types of investments you make.

Is it a good investment?



Henry Ford did it. Bill Gates did it. Warren Buffett did it. Every successful entrepreneur has built their wealth by reinvesting wisely. They continually invested in their businesses. They learned what a good investment was and if it was a good time for that investment.

When determining if an investment is a good one for your business, begin by asking yourself some questions.

- What's the return on investment? Is it small or will it make a difference?
- Will this increase my skills (or knowledge or profits)? Is it education that I can use to take me closer to my business goals?
- Is this something I can implement now? What other things will I need to learn or acquire before I can implement this?
- Is this something that fits with my business goals, both short and long term?
- Can I afford this right now, or is my money better used for debt reduction or savings?
- Will this product/service/skill increase sales?
- Will this investment increase my visibility and help my brand become better known?

- Will this investment free up my time, make me more productive and allow me to streamline my work?
- Will this be an ongoing investment (like for a project manager) or a one-time investment? If so, how will it affect my profit at this time?

Start by investing small amounts in things that will generate a return for your business, like marketing and promotions, software and outsourcers. Keep good records of what is working and where you can reinvest more.

See what investments others in your market have made. Knowing what works for them can help you determine if an investment might be right for you.

When looking at investment options, look at several and then calculate the returns on each one – including any risks.

In order to determine if an investment is a good choice you need to ask yourself some hard questions and do some risk assessment. A good investment will give you a good return in profit, help you move your business forward at the right time and increase your visibility.

Measuring the value of an investment

The value of an investment, or your return on investment (ROI), can be quantified and measured. Before you make any investment in your business, you first need to measure its value. When you calculate your ROI, you determine how much money you make with the investment and the amount of risk for each investment. It's the ratio of your net profit compared to your cost.

It's important to manage your profits so you always have enough to cover unexpected expenses, but you don't want to be so overly cautious that you miss taking advantage of a good investment opportunity.

Look at each possible investment and calculate the return for each one.

- Determine the potential gain and reward.
- Calculate the amount of risk.

Measure the value of an investment by:

1. Looking at the investment cost as a percentage of the total operating cost of the business. Use visual charts like pie charts to show costs of your business operations at a glance.

- Evaluate what you are actually getting for your money. Look at what is involved, whether you will be giving up your time to learn something and how it will affect your skills, or if it will be freeing time you can use elsewhere.
- For many investments you can shop around to find the best costs for your needs. For example, if you are investing in outsourcing, look at the market to see what different parties are charging for the same services.

- Look at the cost of doing it yourself. If you personally did the same tasks that you outsourced, how much time and money are you actually saving or earning? The same goes for any investment. Compare the time and money you might be losing if you did the project, but had to learn how to do it first – would your time be better invested in marketing and growing your business instead?

2. Measuring the value of an investment will help you determine if it is a good reinvestment of your profits and time. It lets you know that your money is being put to the best use and allows you to grow your business faster.

Reinvestment Pyramid

There is a strategy you can use to help you determine when and how much you should be reinvesting. This pyramid is a general guide.

1. The most important thing is your increasing commitments. Once you have the cash flow to cover your current commitments, you should begin reinvesting in commitments you anticipate in the next six months. This can include outsourcing.
2. Reinvest in yourself with training; education and mentoring for yourself and your team members so everyone has the skills needed to keep the company growing.
3. Reinvest in your business by improving your infrastructure, streamlining manufacturing and production, building customer support and increasing your marketing.
4. External investments might include purchasing another business, adding another leg to your business or some other form of investment.

This reinvestment pyramid is just a general guideline. Take a look at every investment and calculate the return before making a decision.

Moving to the Next Level



You're making great progress with your business. You've been reinvesting slowly and have seen some growth. You are ready to take it to the next level when you hit a peak. Before you jump ahead make sure you're ready. Create a growth strategy plan to be successful.

Ask yourself these questions when you are ready to go to the next level:

- What more can I offer? Can I provide an additional service or a more specialized product? How will this be accomplished? Am I consistently improving my products and services?

- Does my company have a marketing system that operates smoothly and consistently? Have I fully tapped into my market and do I know who my customer base is? Am I keeping an eye on my competitors to see what works for them?
- Are my website and marketing materials up to date? Have I tried different marketing strategies in different media?
- What do I need to do now to move to the next level? What skills do I need? What people do I need to get help from?
- Assess where new growth needs to come from. Is it from new customers, new markets or new divisions? Focus on one area at a time, building growth before moving to another area.

Here are some ways to take your business to the next level:

- Find new ways to sell your current product or service. Set up new sales channels while maintaining your current image. Could you sell your product or service to a different segment?
- Create new products and services that add more value. Introduce new items or services that complement what you are already selling.
- Reorganize your company sales plan. Change the way your sales staff works. Focus your sales and marketing efforts on using less pressure, being more personable and approachable, and providing more free information.
- Visualize where you want your business to be. Set goals and find new ways to get there.
- Hire more help. If you've hit a peak and are not sure where to go next, then hire a mentor or coach to help you. Take on more salespeople or outsource more work so you can concentrate on the next level.
- Take the time to think about what makes your business unique. What value do you add for your customers? What are they looking for?
- What needs improvement? Weed out inefficiencies that might be holding you back.
- Is it time to get extra financing to help you scale up to the next level? Look at all your options before taking this step. Government loans, bank loans, crowdfunding, angel investors, invoice financing and community funds are just a few options.
- Invest in more education if you don't have the right expertise or experience to take your business to the next level. Or look for a partner who has the expertise or experience in the next level. Bring on affiliates and joint venture partners for new products to help grow sales.
- Transform your marketing system from ho-hum into a well-oiled machine. Find specialized markets for your services. Create multiple versions of your marketing materials specifically for the specialized markets you are targeting. Publish articles in an industry newsletter or other industry publication. Publish articles on your blog regularly, and post tips regularly to social media channels.

- Network more. Attend more industry events to network with potential clients and partners. Don't just attend, be a featured speaker if possible.
- Develop stronger relationships with your clients, colleagues and your competitors to help build a good reputation. Drop a quick note to ask how they are doing. Respond to comments and questions from customers and potential clients. Be open and available.

The next level of growth may mean you need to take the time to analyze your business and look for ways you can expand your business. You will have to take a close look at your own skills, your services and your marketing, in order to move you past your "comfort zone." Ask yourself some tough questions and take a hard look at where you want to grow and how you want to get there.

Your Next Step

Some type of reinvestment in your business is necessary for growth. You won't necessarily need to spend thousands of dollars on an investment, but a significant portion of your profits should be targeted towards reinvesting in your business.

Reinvesting in your business means investing not only with cash, but also with time, expertise and effort. Taking a class to learn a new skill can help you add a new level to your business. Investing in others to take care of certain tasks for your business frees up your time to grow your business.

Reinvesting in your business will be different at different stages of your business. In the beginning you might be investing more time and cash into education. In a business that is seeing good profit and growth, the reinvestment can be in more technology and outsourcing. An advanced investment strategy might include investing in other businesses, adding different products or services, investing in marketing (such as advertising), or even the sale of the business.

Reinvesting is a way to take your business to the next level. It will require hard work, great customer service and products, and perseverance.

Reinvest in building a great team to help you grow. Outsource simple day-to-day tasks for a set cost each month. Hire a project manager to manage all the projects and outsourcers you have. The project manager can keep track of where a project is in production, who is working on it and they can help you stay focused on what needs to happen next. Learn the art of delegating responsibility to others who you trust. If you are trying to be the head cook, chief bottle washer and security all on your own, then you won't grow.

Have a plan and strategy for reinvesting in your business. Reinvest as soon as you can by hiring help in areas you are weak in. For instance, you might be great at marketing, but your bookkeeping skills are lacking. Outsource the daily/weekly bookkeeping to someone else while you concentrate on marketing your business.

Know when you are ready to move to the next level of growth. Constantly reinvesting in and improving your systems, products or services and marketing strategy keeps your business fresh and primed for growth.



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