



77

BULLET PROOF **PROFIT** BOOSTERS



Skyrocket Your Net Profit To Record Heights
Following This Fool Proof & Battle-Tested
Margin Mastery Playbook

TRADE BUSINESS
ACCOUNTANTS



Copyright © 2023 by Trade Business Accountants, Pty Ltd

All rights reserved.

No part of this publication may be reproduced, stored in a retrieval system, stored in a database and/or published in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publisher.

www.tradebusinessaccountants.com.au

ABOUT THE AUTHORS



WARREN PEACHEY

PARTNER – TRADE BUSINESS ACCOUNTANTS

Warren over the last 30 years has advised trade businesses anywhere from start up to \$30M+ in revenue, to even some of Australia's largest builders, all in addition to successfully running his own 8-figure electrical company servicing the B2G, B2B and B2C markets.



TROY LARKHAM

PARTNER – TRADE BUSINESS ACCOUNTANTS

Troy has worked with trade and construction businesses throughout Australia from start up to \$20M advising as a specialist in marketing, sales, pricing, and systems, helping his clients transform their business models and generate millions in additional income.



BAYLEY PEACHEY

PARTNER – TRADE BUSINESS ACCOUNTANTS

Bayley grew up being a part of an 8-figure family run trade business and has advised trade businesses anywhere from start up to \$20M helping to simplify financial management and generate millions of dollars' worth of profit year on year.



IMPORTANT! READ THIS FIRST!

Dear Business Builder,

If your trade business turns \$1M to \$5M per year, on paper that sounds pretty good.

But let's say you're making a 25% gross profit margin. At \$2M per year, that's \$500k.

Not bad, right?

But then take out overheads, pay interest, deduct depreciation, pay taxes, and you're maybe only left with \$100k.

And consider what goes into making that...

The early morning starts, putting out fires all day, dealing with team, clients, and supplier issues, buying vehicles, hiring staff, hunched over the laptop at night, spending hours quoting, stuck on the phone, chasing clients who don't pay, and on weekends, you're in "catch up" mode (much too busy for holidays or hobbies).

Maybe you're even working 60, 70, 80 hours a week?

That's probably only \$25 to \$35 per hour!

Now think about your staff.

They get north of \$80k, a company car, only work 40 hours a week, spend the evenings and weekends with their kids, get 4 weeks annual holidays (PAID), super payments, and sick leave...

That's \$35 to \$45/hr, with FAR LESS stress and responsibility.

Now, if you're reading this, it's probably fair to assume you didn't start a business and take on the extra risk, stress, challenges, and 6 to 7-day work weeks just to earn the same as your staff!

Yet sadly, this is the reality for many business owners in our industry.

This is why Trade Business Accountants exists.

We've been in the trade and construction industry for over 30 years now. Advising trade businesses anywhere from start up to \$30M (even some of Australia's largest developers and builders) and helping business owners like you is our PASSION.

Why?

Simple.

Most accountants can't.

They don't have the time because their business model doesn't allow it.

Spread thinly across too many clients, only interested in filing tax returns, and maybe speaking two or three times a year (if you're lucky), they can't give you the time and attention needed to get better results.

Which might be ok if you're happy 'owning a job' and not 'owning a business'.

However, if you're serious about building a profit-generating machine that that gives you...

More time with your spouse, more time with your kids, longer holidays, less stress, more fun, more money, more choices, in one word...

More FREEDOM.

Then you need accountants who provide REAL value BEYOND just a tax return.

This is how we're different.

Rather than just meeting come tax time to outline 'how you went' (when it's already too late to do anything about it) we help you run a better business and make more money NOW.

We take the time to understand your needs, be on the front foot with what's best for your business, provide proactive advice and help steer you in the right direction all year round.

The result?

Life changing money.

In fact, on average in the first 12 months of working with our team our clients achieve:

- A **350% increase in net profit**.
- A **52% gross profit margin**.
- And a **563% return on their investment** (that's \$5.63 for every \$1 spent – the closest you'll get to a cash printing machine).

And we've compiled many of the strategies that help our clients achieve these results into this resource for you to enjoy free of charge.

Which might lead you to think...

"What's the catch? If these strategies help your clients get such great results... why are you giving them away for free?"

Which is a fair question.

But the answer is really quite simple.

We're on a mission to change the industry.

Our number one priority is to help trade business owners maximise their income and achieve financial freedom.

The benefit?

A rising tide lifts all boats.

So, if after reading this resource you'd like to increase your income and you think we can help our hope is that you'll get in touch.

That's it.

That's our 'sneaky ulterior motive'.

Helping you helps us help the industry at large.

So, on your journey to greater profits and freedom within your business, thank you for downloading this playbook.

We trust it will serve you well!



CONTENTS

- 8. THE PROFIT PROBLEM
- 9. SARAH'S STORY
- 11. THE FIVE PROFIT LEVERS
- 16. LEVER #1: LEAD FLOW
- 31. LEVER #2: CONVERSION
- 38. LEVER #3: JOB VALUE
- 72. LEVER #4: JOB COSTS
- 90. LEVER #5: OVERHEADS
- 100. REAL CASE STUDIES



"**PROFIT** FLOWS TO THE
BUSINESS OWNER WHO PAYS
THE MOST ATTENTION TO IT."

THE PROFIT PROBLEM



Sadly, in Australia, many trade and construction businesses aren't very profitable.



Business owners in this industry work far too hard and endure far too great a sacrifice to only be rewarded an average return of 4.8%. But this is the unfortunate reality for many contractors.

We call it, 'busy and broke'.

They make 'just enough' to become a slave to their own business.

Just enough to justify waiting anxiously for things to 'turn around'.

But to build a business that will allow you to achieve financial freedom, you need to make PROFIT!

Profit is what you do all the hard work for. It's your financial 'pat on the back' for taking on the risk of running a company and its fundamental to the success and longevity of any trade business.

And that's why we've built this resource. To give YOU, the business owner, absolute clarity on what you need to do moving forward.

To make sure you build a business that's profitable from the word "go".

And while these 77 strategies don't cover EVERYTHING, what we share will be more than enough to double, or even triple your bottom line. Because making more profit isn't magic... it isn't voodoo... making more profit simply comes from a commitment to building a better business.

Here, you will find all the answers you need to make that happen. So please, make sure you keep an open mind. Take on board what we're saying. And most importantly implement what you learn within these pages because success is all about IMPLEMENTING.

If you don't take action, no amount of information will help you.

SARAH'S STORY

The strategies shared within this playbook have the potential to boost your bottom-line by hundreds of thousands (if not millions) of dollars every single year.

At least that was the case for Sarah (we've changed her name for privacy reasons).

Before working with Trade Business Accountants, Sarah and her husband had been in the plumbing industry for close to 10 years and were turning just over \$1.2M in revenue. A respectable business.


She had a good team, plenty of leads, plenty of jobs, and plenty of work to keep her busy. From the outside looking in, business seemed great!

But like many trade businesses, as the curtains pulled back, the numbers tell a different story.

With \$1.2M in sales revenue, she was only making \$60K in net profit (a 5% net margin).

Sarah's Old Business Model	
Annual Sales Revenue	\$1,215,432
Annual Job Costs	\$805,147
Annual Gross Profit	\$410,285
Annual Overhead Cost	\$347,921
Annual Net Profit	\$62,364
Annual Net Profit Margin	5%

You can see her performance between February and April of 2022 below...

		CURRENT ROLLING QUARTER		
		February	March	April
Profit & Loss	Gross Revenue	\$ 100,272.81	\$ 117,525.80	\$ 91,054.78
	Pass Through Costs			
	Net Revenue (Engine Room)			
	Direct Labour Cost			
	Labour Productivity Ratio (LPR)			
	Gross Profit (GP)			
	Gross Profit Margin			
	Management Labour Cost			
	Management Productivity Ratio (MPR)			
	Non-Salary Based Operating Expenses			
	Net Profit	\$ 4,808.43	\$ 11,744.28	\$ 4,450.27
	Net Profit Margin	5%	10%	5%

But when Sarah signed up to work with us, in true Trade Business Accountants style, we rolled up our sleeves and got to work flipping her business model on its head.

Within 3 months EVERYTHING had changed, and her business was almost unrecognisable.

We helped her go from struggling to make 5% net profit, **all the way to a hefty 30% average net profit margin!** (Hitting as high as 33% some months!)

TRADE BUSINESS ACCOUNTANTS		CURRENT ROLLING QUARTER		
		July	August	September
	Gross Revenue	\$ 103,651.93	\$ 142,310.52	\$ 114,956.77
	Net Profit	\$ 33,718.40	\$ 46,711.70	\$ 30,656.85
	Net Profit Margin	33%	33%	27%

That's a monthly net profit increase of 528% in just 90 days!

And as we're writing this in November 2022, we've just jumped off a meeting with Sarah and she's still hitting that 30% net profit margin, but now with a substantial increase in revenue, taking her all the way up to \$52K in net profit for the month!

TRADE BUSINESS ACCOUNTANTS		Quarter
		November
	Gross Revenue	\$ 173,070.51
Profit & Loss		
	Net Profit	\$ 52,111.62
	Net Profit Margin	30%

She's gone from making \$60k net profit in a year, **to nearly clearing that in a month!**

And here's how her business has transformed across the board:

	Sarah's Old Business Model	Sarah's New Business Model
Annual Sales Revenue	\$1,215,432	\$1,709,294
Annual Job Costs	\$805,147	\$810,765
Annual Gross Profit	\$410,285	\$898,529
Annual Overhead Cost	\$347,921	\$358,965
Annual Net Profit	\$62,364	\$539,564
Annual Net Profit Margin	5%	30%

Revenue is up 40%... Gross Profit is up 119%... and Net Profit Margin is up 600% in just 7 short months! (Plus she's even had 3 holidays – including one with the team!).

Now I know what you're thinking... how did she do it?

We're glad you asked ;-)

(WARNING: numbers ahead. But I promise it's worth the 3-minute read!)

THE FIVE PROFIT LEVERS

Believe it or not, in your business there are ONLY **5 levers** you can pull to boost your net profit.

They are:

- Increase Lead Flow
- Increase Conversion
- Increase Job Value
- Reduce Job Costs
- Reduce Overheads

That's it.

That's all you have at your disposal to increase your bottom line.

Below you can see the simple maths behind it all with a few key examples:

EXAMPLE #1: INCREASE LEAD FLOW

This first example shows how an increase in Lead Flow can increase Net Profit.

	Current Business Model	New Model
Lead Flow	1,000	1,100
Conversion Rate	50%	50%
# of Jobs	500	550
Avg. Job Value	\$6,000	\$6,000
Avg. Job Cost	\$4,500	\$4,500
Annual Sales Revenue	\$3,000,000	\$3,300,000
Annual Job Costs	\$2,250,000	\$2,475,000
Avg. Gross Profit Margin	25%	25%
Annual Gross Profit	\$750,000	\$825,000
Annual Overhead Cost (20%)	\$600,000	\$660,000
Annual Net Profit	\$150,000	\$165,000
Annual Net Profit Margin	5%	5%

In this case, we have a 10% increase in Lead Flow, which is resulting in a direct 10% increase in the number of jobs from 500 to 550 and the Sales Revenue from \$3M to \$3.3M.

Here, we're assuming the Overhead Costs will grow proportionally with the Sales Revenue (@10%) in order to support the increase in jobs, which is resulting in a 10% increase in Annual Net Profit from \$150K to \$165K.

While there isn't an increase in Net Profit Margin (it remained at 5%), the sum of Net Profit itself is larger because of the increase in Sales Revenue from delivering more work.

EXAMPLE #2: INCREASE CONVERSION

This second example shows how an increase in the Conversion Rate can increase Net Profit.

	Current Business Model	New Model
Lead Flow	1,000	1,000
Conversion Rate	50%	55%
# of Jobs	500	550
Avg. Job Value	\$6,000	\$6,000
Avg. Job Cost	\$4,500	\$4,500
Annual Sales Revenue	\$3,000,000	\$3,300,000
Annual Job Costs	\$2,250,000	\$2,475,000
Avg. Gross Profit Margin	25%	25%
Annual Gross Profit	\$750,000	\$825,000
Annual Overhead Cost (20%)	\$600,000	\$660,000
Annual Net Profit	\$150,000	\$165,000
Annual Net Profit Margin	5%	5%

In this case, we've increased the Conversion Rate by 5%, increasing the number of jobs by 10% from 500 to 550. However, this time it's from an increase in conversion, NOT more leads.

Here again, we're assuming the Overheads will grow proportionally with the Sales Revenue (@10%) in order to support the increase in jobs. Same as the example before, this is resulting in a 10% increase in Annual Net Profit from \$150K to \$165K.

EXAMPLE #3: INCREASE JOB VALUE

The next example shows how an increase in Job Value can increase Net Profit.

	Current Business Model	New Model
Lead Flow	1,000	1,000
Conversion Rate	50%	50%
# of Jobs	500	500
Avg. Job Value	\$6,000	\$6,600
Avg. Job Cost	\$4,500	\$4,500
Annual Sales Revenue	\$3,000,000	\$3,300,000
Annual Job Costs	\$2,250,000	\$2,250,000
Avg. Gross Profit Margin	25%	32%
Annual Gross Profit	\$750,000	\$1,050,000
Annual Overhead Cost	\$600,000	\$600,000
Annual Net Profit	\$150,000	450,000
Annual Net Profit Margin	5%	14%

In this case, we have a 10% increase in Avg. Job Value, which is resulting in a direct 10% increase in Sales Revenue from \$3M to \$3.3M like before.

However, because there's been no increase in the number of jobs, both the Annual Job Costs and Overhead Costs remain the same, which is resulting in a 200% increase in Annual Net Profit from \$150K to \$450K, taking the Net Profit Margin from 5% to 14%.

This shows that increasing the Avg. Job Value has a much greater impact on profitability than increasing Lead Flow or the Conversion Rate. In fact, an increase of 10% in Avg. Job Value has a 10X greater impact on Net Profit than a 10% increase in Lead Flow or conversion does! And that's an important point to make... Not all levers are equal.

(The most powerful is the Job Value lever).

EXAMPLE #4: DECREASE JOB COSTS

The fourth example shows how a decrease in Job Costs can increase Net Profit.

	Current Business Model	New Model
Lead Flow	1,000	1,000
Conversion Rate	50%	50%
# of Jobs	500	500
Avg. Job Value	\$6,000	\$6,000
Avg. Job Cost	\$4,500	\$4,050
Annual Sales Revenue	\$3,000,000	\$3,000,000
Annual Job Costs	\$2,250,000	\$2,025,000
Avg. Gross Profit Margin	25%	37.5%
Annual Gross Profit	\$750,000	\$975,000
Annual Overhead Cost	\$600,000	\$600,000
Annual Net Profit	\$150,000	\$375,000
Annual Net Profit Margin	5%	12.5%

In this case, there's no increase in Sales Revenue. All we've done is decrease the Avg. Job Cost by 10%, reducing the Annual Job Costs by \$225K.

However, like before, because there's been no increase in the number of jobs, the Overhead Costs remain the same, which is resulting in a 150% increase in Annual Net Profit from \$150K to \$375K, taking the Annual Net Profit Margin from 5% to 12.5%.

EXAMPLE #5: DECREASE OVERHEAD COSTS

The final example shows how a decrease in Job Costs can increase Net Profit.

	Current Business Model	New Model
Lead Flow	1,000	1,000
Conversion Rate	50%	50%
# of Jobs	500	500
Avg. Job Value	\$6,000	\$6,000
Avg. Job Cost	\$4,500	\$4,500
Annual Sales Revenue	\$3,000,000	\$3,000,000
Annual Job Costs	\$2,250,000	\$2,250,000
Avg. Gross Profit Margin	25%	25%
Annual Gross Profit	\$750,000	\$750,000
Annual Overhead Cost	\$600,000	\$540,000
Annual Net Profit	\$150,000	\$210,000
Annual Net Profit Margin	5%	7%

Overheads exist to support onsite delivery and keep your field teams productive. If your Overheads are under-resourced, it will hinder your ability to deliver work. This is why reducing Overheads is a balancing act. You want to run as lean as possible without going too far that you kill productivity and your ability to keep up with the volume of work.

EXAMPLE #6: ALL LEVERS PULLED AT 10%

		Current Business Model	New Model
#1	Lead Flow	1,000	1,100
#2	Conversion Rate	50%	55%
	# of Jobs	500	605
#3	Avg. Job Value	\$6,000	\$6,600
#4	Avg. Job Cost	\$4,500	\$4,050
	Annual Sales Revenue	\$3,000,000	\$3,993,000
	Annual Job Costs	\$2,250,000	\$2,450,250
	Avg. Gross Profit Margin	25%	39%
	Annual Gross Profit	\$750,000	\$1,542,750
#5	Annual Overhead Cost	\$600,000	\$648,000
	Annual Net Profit	\$150,000	\$894,750
	Annual Net Profit Margin	5%	22.5%

The results to your bottom line (and lifestyle) will be STAGGERING.

DISCLAIMER

The content within this resource is NOT official financial advice, simply considerations from our own personal playbook for boosting profits within a trade business.

We do not know the specifics of your exact situation, nor your specific circumstances, and we encourage you to seek professional advice prior to implementing anything within this playbook if you find yourself unsure about the impact or repercussions of execution.

We will not be held liable for any loss caused, whether due to negligence or otherwise arising from the use of, or reliance on, the information provided. If you choose to implement the strategies and information shared within this play book you do so out of your own choice and freedoms.

Be Warned:

The information shared within this book could dramatically increase your earnings and tax burden.

We will not be held liable for the amount of taxes you're going to have to pay as a result of the increased money you're going to make from this book.

To your success!





LEVER #1:

LEAD FLOW

STRATEGY #1:

NARROW YOUR FOCUS

One of the fastest ways to grow your company is to narrow your focus and market to the people who matter most. So, instead of worrying about anyone and everyone, *who has the power to refer you the most work?*

This could be building or strata managers, interior designers, property managers, builders, engineers or design consultants, commercial property managers, franchises, insurance companies, aged care facilities etc. And if you're purely a service-based business wanting more residential customers without having to go through a property manager for example, it's the same idea.

Figure out where homeowners are gathering, i.e., the influencers in your area who've already worked hard to cultivate an audience of your dream clients. So, instead of worrying about trying to get 500 new customers, direct your focus onto the ONE person who already has 500 of your dream customers, and build THAT relationship. Because if you 10X those relationships, your potential customer list is now 5,000 new customers. But your marketing efforts have only been focused on 10 people!

If you targeted 20 influencers, this could be 10,000... And you don't need to know how to run Facebook ads or spend bucket loads of money. You just need to shift your focus onto marketing to the people in your area that matter most. The people with influence and an audience of your dream customers.

Put your energy into pursuing 10 people to get access to 5,000 potential clients, rather than the overwhelming task of trying to worry about getting 5,000 one at a time.

PROOF! Our client Damian targeted an expert in the property development space. And by narrowing his focus to the person who mattered most, he scored access to a whole range of events, speaking opportunities, and an email list of over 9,000 dream clients he could now market to, FOR FREE!

We help clients do this so often that we even filmed a video about it.

[Click here](#) to watch.



WE'VE HAD A CLIENT WIN A \$660,000 JOB IN JUST 5 DAYS... CLIENTS WIN MILLION-DOLLAR CONTRACTS... AND CLIENTS TARGET BUILDERS AND PROPERTY MANAGERS TO BRING IN AN ADDITIONAL \$10K, \$20K, EVEN \$60K DOLLARS' WORTH OF WORK EVERY MONTH.

STRATEGY #2:

HAVE A HUNTERS MENTALITY

Increasing your profit margin goes hand-in-hand with improving the quality of your jobs and clients.

To do this you want to increase your volume of leads as this will give you more options. However, many trade businesses only rely on word-of-mouth referrals as their primary form of marketing. In other words, *"If I do a good enough job, people will tell their friends and family about me"*, and while this is true... this is NOT a good plan.

Don't get me wrong, referrals are great. They're some of the best leads you'll ever get. But they're like a free lunch... it's nice when you get one, *but do you really want to rely on it to feed your family?*

To feed your family, you need have a **hunter's mentality**.

Everyday thousands of trade business owners are just waiting. They're waiting for customers to find them. They're waiting for the client to 'get back to them'. But if you want to win in business, you've got to become a hunter, you've got to show up each day with urgency and find the clients.

It's so easy to wait around and hope to be found on Google, or complain about how slow things are, but what are you going to do about it? You need to be on the hunt. It's on you to find the work. Which means having the mindset of returning that phone call NOW. People say win the day; I say win the moments. Win right NOW.

You're only going to be as good as the results you generate today, and results today are going to be the compound effect of the actions you take every day. If you want to sell a job today, you should have been knee deep in marketing and sales activities 3 to 6 months ago. What you do today, will get the cash register to ring months or even years from now.

One of the reasons trade businesses have this 'feast or famine' cycle is because *"Oh the phones ringing, now we're busy and we've got all this work"* ... And you get complacent! You stop doing the daily activities that matter. You get some work and then blow off marketing because now the money's coming in. But this lack of consistency is killing the momentum in your business!

"WHAT YOU SOLD YESTERDAY IS OLD NEWS, AND WHAT YOU THINK YOU'RE GOING TO SELL TOMORROW IS A PIPEDREAM"

Win or lose I want you to have a short memory, I want you to wake up no matter what and think *"I have to hunt TODAY"*, because every day you choose to take a passive approach to the hunt, is the day that someone else is feeding their family. So, what opportunities do you have in front of you right now? How have you shown up?

Open your mouth, open your eyes, and see everything as an opportunity to build relationships and to plant your flag and dominate your industry. Every, single, day you need to be pounding that rock and finding opportunities, creating conversation, handing people cards, sending emails and introducing yourself to people... **because that's what it means to be a hunter.**

STRATEGY #3:

EMAIL MARKETING

The old marketing adage, “it costs six times more to sell to a new lead rather than convert an old one”, tells us that we should focus some of our time on providing more value to our existing clients.

If you’re NOT applying an active and targeted strategy to regularly engage with your client database, the database itself is as good as not having one at all, as clients are receiving no ongoing value from you and will take their business elsewhere.

Email marketing is the strategy of regularly engaging with your client database through email to encourage them to keep coming back.

You might be surprised to know that email is still at the top of the list when it comes to effective marketing channels. ***It’s 40 times more effective in retaining customers than social media!***

This is about building your relationship with your existing clients and keeping you top-of-mind. If your clients experience was positive, then it is worth keeping in contact with them to have first dibs with any future jobs they need. You NEVER know when a client is going to need you again, so make sure you keep in contact. Divorce is costly!

GROW THE LIST!!!

This strategy highlights the importance of actively growing your email list. The bigger your list, the greater the results. Simple.

For example, let’s have a look at how much extra in net profit you can make through increases in list size and customer return rates alone (with an average job net profit of \$100):

Net Profit Growth From Increase In Email List Size AND Customer Return %					
	Percentage Of Past Clients Who Buy From You Again:				
Email List Size:	10% Return	25% Return	50% Return	75% Return	100% Return
100 contacts	\$1,000	\$2,500	\$5,000	\$7,500	\$10,000
1,000 contacts	\$10,000	\$25,000	\$50,000	\$75,000	\$100,000
10,000 contacts	\$100,000	\$250,000	\$500,000	\$750,000	\$1,000,000

For the same effort involved in writing the same email, look at the difference in net profit! That’s why, no matter what trade you’re in, you need to be a database business too. You want to do everything you can to build your email list because the results can be substantial!

We know of a painter who had over 15,000 people on his email database, and said that whenever he sent out an email, on average he’d lock in over \$20,000-\$40,000 worth of work!

Note: You don’t want to spam! You’ll lose your audience. Also, be human. Don’t write an email like a robot or like you’re writing a formal letter. Write like you’re addressing a single person and don’t be afraid to be a bit informal (if you’ve read our emails you’ll know what we’re talking about).

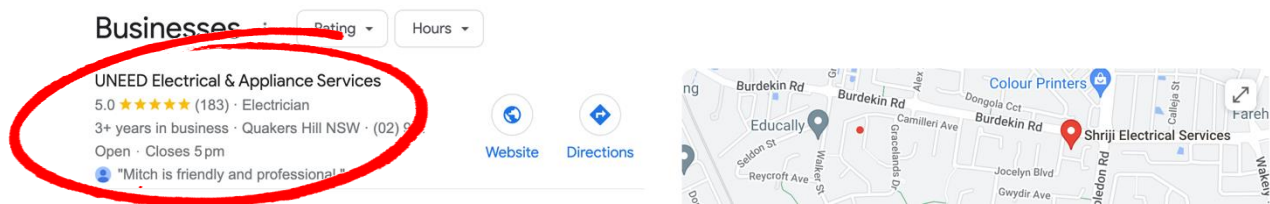
STRATEGY #4:

STOP HIDING FROM GOOGLE

Google is the world's most-visited website, currently holding more than 92% of search engine market share. **If people want to find something, Google is the first point of call.**

So, if your business isn't easy to find on Google, you won't be found.

We live in a society of instant information. If you can't find the information you're looking for, you'll move onto another business that has the information you want. So, the contractor that's easiest to find will more likely get the phone call. This is where the **Google Business Profile** comes in.



The backbone of Google's entire local search directory is Google Business Profile. It reflects the way people are often wanting to search – proximity. 91.5% of Google traffic stays on the first page and only 4.8% of users click through to the second page of a search. Most people know exactly what they're looking for already and want to see who provides the service they need in their local area.

For this reason, when people are searching, 'Electrician near me', 'Plumber near me', 'Carpenter near me' (insert your trade), you want to be sure that it's you they see and not your competitors. If you haven't got a great Google Business Profile, it's not that you're not playing well against your competitors, you're just not even in the same game...

Because stepping into the shoes of your customers, if Google has already gone to the trouble to pick out what it considers to be the best businesses, *why would you need to look any further?*

So, make sure you have Google My Business for the following 4 key reasons:

1. **You need to be where your customers are looking:** Google is where people are looking for your services, make sure you show up, or risk losing them...
2. **It's a free tool to attract and convert more customers:** It doesn't cost anything, it's easy to set up and maintain, and it's going to help you convert more traffic into paying customers...
3. **You need more ways to stand out online:** Your competition continues to grow every year, and getting your potential customer's attention is only becoming harder...
4. **It's still overlooked and underutilised by your competitors:** There's still time to get a competitive advantage against those around you and increase your company's credibility.

PROOF! Reeza, a client of ours, used our strategies to improve his Google My Business account and also go from 32 google reviews to 174 in about 10 months for his electrical business. The effect of this local SEO was huge, in fact, recently Reeza told me he was booked out 6 weeks in advance with almost all the leads coming straight from Google.

STRATEGY #5:

STACK GOOGLE REVIEWS

One of the simplest and most effective strategies that any trade business can utilise to boost profitability is to stack Google Reviews.

Studies show **that 74% of consumers identify referrals as a key influencer in their purchasing decision**. So, you can see why Google Reviews are so important in helping your business not only generate leads, but also convert them at higher margins.

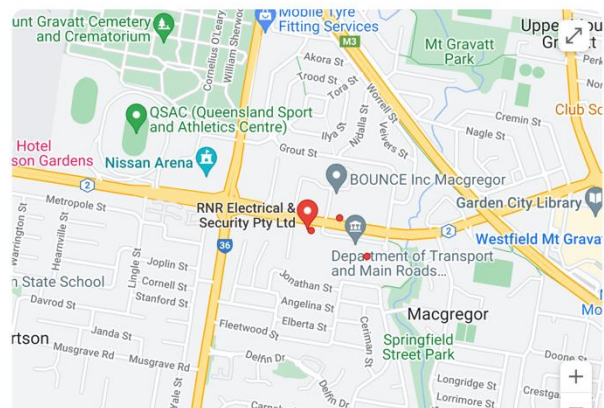
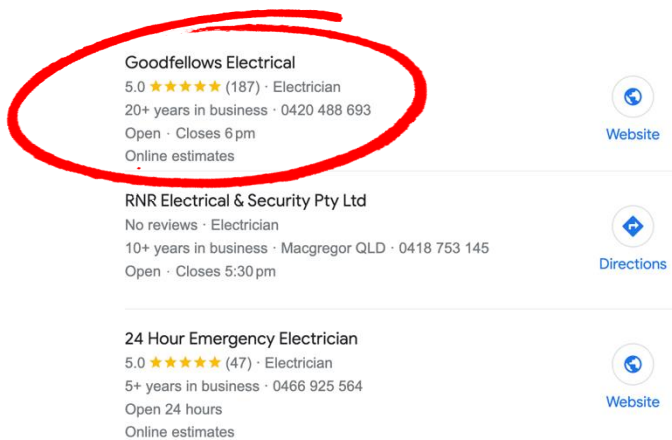
Don't believe me? Well, take this situation for example...

Say, you were travelling you and you wanted some Thai for dinner. You don't know the local area or where the go-to restaurants are. So, what do you do? You jump on Google and search "Thai Restaurants". Let's say two Thai restaurants pop up on your search. One has 100+ 5-star reviews and the other has two 5-star reviews and one 4-star review... *who would you choose?*

The one with the 100+ 5-star Google Reviews, *right?* They've got the most credibility and social proof that they're the go-to Thai restaurant in town.

Well, the same goes for trade and construction businesses.

Who would you go with?



The top one, right? The one with all the 5-star reviews. It's a no-brainer!

Every week it seems like there's a new horror story on A Current Affair talking about a dodgy backyard contractor ripping people off. The average person is sceptical about tradie businesses, so you need to do everything you possibly can to position yourself as the obvious low risk option.

Not only does this increase lead flow, but it also allows you to jack up your prices because your perceived value is stronger.

PROOF! One of our electrical clients reached 200+ Google Reviews in less than 18 months! And now they get flooded with high-quality leads, where people are already convinced our client is the best, just because they have the most 5-star reviews! Not to mention the fact that they're able to charge 20% to 30% more than everyone else because of their high perceived value.

STRATEGY #6:

LEVERAGE SOCIAL MEDIA

Love it or hate it, social media is a powerful tool to grow a profitable trade business. From Facebook and Instagram to LinkedIn and even TikTok. If used properly, social media can be a fantastic tool to generate more work for your business.

People trust and hire experts. So, use social media as a free tool to establish yourself as the expert. Film content, answer common questions, showcase problems you solve, run through jobs you're working on and how you do things and DOCUMENT your day-to-day!

You need to be collecting photos or videos on **every single job that you do**, because at the end of the day, if we want to show people that your specialist and people are using you regularly – then the simplest way to show that is by uploading content from every job. It shows that you're out there doing this stuff ALL THE TIME!

Also, you're going to need to start getting yourself online regularly (and anyone else on your team for that matter!) because the ultimate goal is to build personality into your brand. People will buy from those they know, like and trust, and there is A LOT of power in getting people to feel as though they already know you prior to hiring your services.

So, instead of just finished jobs, get photos of you working, show off the tools and equipment you use, interesting things you see or do while working, before and afters, and so on. The point being capture content from EVERY JOB!

Now a big part of this is video content. Film project walk throughs on selfie cam and flip it around and simply give an update. Wave at the camera, then show what you're doing, what's going on, maybe get team members to talk and explain any problems you've had to solve.

At the end of the day, you need a massive repository of proof that you are the specialists!

PROOF! We had a carpentry client do this, and within a week they had already been approached by Perth's premium timber supplier about taking on referrals for skylights (because they were doing such a good job showing off the skylights on social media!). On top of that, they also won their biggest project to date! All from a 50 second video posted online for free...

But often times this won't be an overnight success, but you need to have the discipline weekly because it WILL pay off. Even if it's 40 seconds, it's worth filming and uploading. The compounding effect is HUGE.

A homeowner wanting to renovate their house may spend months in the planning and research stage. To earn their business with this strategy, you have to earn their trust by showcasing consistently that you're THE EXPERT - this will make you front-of-mind when they finally do get around to asking for a quote.

I know of a landscaper who did this, and they said it took 7 months before they won their first big win from posting video content on Facebook. But once that first win happened, the wins just kept on snowballing from there!

TIP: Upload 2 to 3 times a week minimum on your social media platforms.

STRATEGY #7:

FORM REFERRAL PARTNERSHIPS

A referral partnership is a joint referral strategy between two businesses that share the same/similar markets to each other.

For example, if you're a domestic plumber, you will largely share the exact same customers as a domestic electrician; however, you're NOT in competition with each other.

The strategy works by both parties agreeing to actively funnel work to each other without having to pay/reward each other for it.

There are 2 primary ways these businesses funnel work to each other:

- (1) During a current job/project:** During a current job/project, one business can look out for opportunities to refer the other business and vice versa. For example, a plumber might keep an eye out at each job for any electrical work that might need doing. If he notices anything, he'll bring it up with the client. The plumber can then refer his client to the electrician. Meanwhile, the electrician is doing the exact same for plumber on his jobs.
- (2) Using existing client lists:** Through email (or social media) both parties can tap into each other's client lists to seek new work. The plumber might email out to his entire client database and let them know that his electrician mate has a special offer. The electrician would then do the same. This is all about leveraging the client base of this other business to funnel you more work. It's essentially just, 'I will promote your service to my network, if you promote my service to your network.'

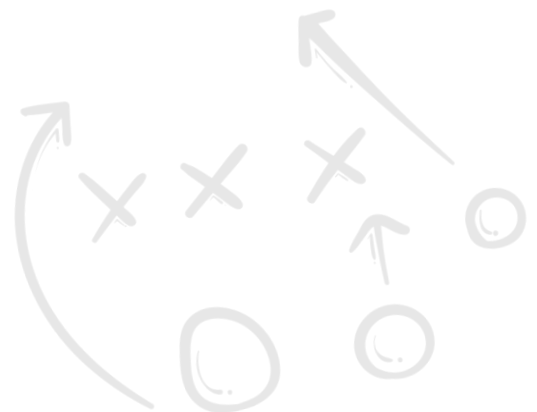
Partnerships are without a doubt one of the most effective ways to fill your sales funnels. Other people promoting you into their networks and you being able to go on the back of someone else's credibility.

Example partnerships include:

- Plumbers and electricians
- Painters and landscapers
- Carpenters and building inspectors
- Mason and builders
- Plasterer and larger contractor
- Kitchen re-modeller and realtor
- Tiler and property investor
- HVAC and local businesses (gyms, shops etc.)
- Flooring specialist and interior designer

It can be virtually any combination you can think of.

The key though is to build referral partnerships with businesses that have access to your dream clients.



STRATEGY #8:

IMPLEMENT A CLIENT REFERRAL SYSTEM

A powerful strategy any trade business can use to boost lead flow is through client referrals. A client referral is any new customer referred to you by an existing client.

Client referrals are the most common type of referral used by trade businesses. However, most of these businesses *hope* that if they deliver a good service, their clients will refer them. They hope for word of mouth.

But this is an *extremely slow and unreliable* way to get referred new customers. It's like a free lunch. Sure, it's nice when you receive one, but you don't want to rely on it to feed your family. That's why you need to use a proactive client referral strategy.

The 3 steps to creating this strategy are below:

- 1. Earn the referral:** First you need to do a great job and blow their mind, deliver on your promise, and ensure that you have 100% satisfied your client. If you want someone to refer you or your services to another person, that is something that must be earned and not just expected. To earn a referral, your service must be extraordinary! You're literally asking your client to risk something that is very important to them: the respect of their network (family, friends, etc.), in order to help you get more work. They're putting their faith in you, staking their reputation on your ability to deliver for their network. No one wants to send a friend or family member to some kind of hatchet man!
- 2. Ask for the referral:** The next step is to ask for the referral. This is where most contractors stop. But if you don't ask, you won't receive. Satisfied customers are everywhere, so if you want a referral from your client, you need to ask for it! The way you come across to your clients when asking for referrals is absolutely critical. One very important thing to remember is to never beg or appear to be desperate for referrals. Always give your clients a reason why you want them to refer you. For instance, you may let them know that you are very particular of the kinds of people you do business with and would like to have more like them, etc.
- 3. Reward the Referrer:** Finally, you should reward the referrer. The best way to generate referrals is a reward program because it gives your clients an incentive to refer your business. If you don't give people a good reason, a 'What's in it for me?', your strategy could fail. This could be a dinner for two, movie passes, vouchers, car wash, etc. The reward can be anything, just make sure it is enticing for your target market and is appropriate to the value of the job/project (i.e., a box of chocolates isn't appropriate as a reward for large projects of high value!).

Over time, if you're paying attention, you'll realise that some of your current existing clients are far more gifted at referring new customers to you versus others. These are the clients you want to setup a formalised strategy around.

IMPORTANT: Make sure your employees know the value of referrals and train them in your referral method/s of choice. It's important that they understand the vital role they play in this strategy. If your newly referred customers come in and find anything less than the level of service you've promised this strategy will fail.

STRATEGY #9:

INTRODUCE A CUSTOMER LOYALTY PROGRAM

Just as you would incentivise purchasing for new customers, you should offer benefits to returning customers and encourage them to purchase again.

This is exactly what loyalty programs do. A customer loyalty program is a membership program where your customers get rewarded the more frequently, they buy from you.

For example, your local coffee shop might issue loyalty cards, where each time a customer purchases a coffee, their card gets hole punched. After 10 or so punches, the customer gets a free coffee.

These programs give customers a reason to keep using your business, again and again, because there's an incentive to keep returning, and more often, rather than hire another contractor.

74% of customers are said to choose a store based on a strong loyalty program.

The benefits to the customer include priority service and ongoing rewards and upgrades. The aim is to incentivise customers to continually choose your business. This also ties them up (i.e. protects them from being stolen by competitors) because every time the customer considers 'straying', they have to ask themselves *"why go to them when I get all this great stuff from my regular guys?"*

Some important considerations to keep in mind when implementing a loyalty program:

1. **Loyalty Clients Are Priority Over Emergency Clients:** Make it clear that loyalty program customers get scheduled first, and after you've run all your loyalty program calls for the day, only then do you get to the emergency calls.
2. **Loyalty Clients NEVER Pay an Upfront Fee:** What? No service fee? That's right. Loyalty clients never pay for trips or diagnostics. It's a benefit of being a loyalty program customer, and in the long run it will serve your company well, too.
3. **The Loyalty Program is NOT a Discount Program – it's a Higher-Level Premium Service:** Don't make the mistake of positioning your loyalty program as a discount program. Instead, position it as a higher premium service you offer customers.
4. **Make It Simple and Easy:** Don't put obstacles in your customers' way when getting them onto your rewards program. We recommend every new customer should automatically become a "club" member. Just make sure your customers know the program exists!
5. **Make It Free:** Unless you're offering extremely valuable and desirable benefits, there is no reason to expect your customers to pay for the program. The loyalty program is not a product your customers are purchasing, it's an incentive to get them to stick around.
6. **Make It Worthwhile:** Your customer should want to take part in your program. While making it fun is important to keep them engaged, the only thing that will make them want to take part in the first place is a tempting reward. The better the reward, the greater the interest and result of the strategy. However, make sure the numbers make sense, so you're not giving away too much and massively eroding your margins.

STRATEGY #10:

OFFER SERVICE AGREEMENTS

The security of profit may not be in the installation work, it may be in the recurring service work.

Maximise your customer lifetime value by offering a service program. This is an agreement between you and a customer to cover the maintenance and servicing of your work over either a specified or indefinite period of time. These agreements are completely necessary to sustain growth, as customers finance your future.

For example, you install an air-conditioning unit, and you then have an agreement in place that for x amount a year, you are obligated to service this system etc. Or as an electrician, you might set up a service/maintenance agreement with a builder to do 5-year ongoing maintenance of solar PV's that you installed on a building.

You'll likely eventually find that 80% of all purchases will come from this group of loyal followers.

A service agreement boosts your average sale but can also lead to more frequent sales in many ways. When you are called in to perform a service, you will be first in line to know when they need to update, upgrade, or buy new anything. Which generally keeps a customer tied to you. Because you are at least checking in on their house/building/project once a year, you are able to re-visit and potentially re-sell to that same customer on an annual basis!

If they know you'll service what you sold them, they'll likely stick with you (especially if you do excellent work and honour all terms of the agreement). You can also suggest additional items that will enhance and support their house, building, project etc.

When a customer knows they can depend on getting service when they need it, it's worth paying for.

Some may never use it, but many will pay for it. So, it's an incredibly effective way to boost the average sale and in turn, increase the average customer lifetime value!

Here are some tips to create, price and sell your service contracts:

1. **Keep It Simple:** When creating an agreement don't turn into a lawyer. Just create a price to do them and then start to offer them. No document or contract is needed to begin.
2. **Bundle It:** Bundling the service in with your solutions just makes sense to most consumers. If you are giving a 10-year warranty on parts and labour, bundle in a 10-year service agreement to go with it.
3. **Equipment Replacement Superannuation Fund:** A great tangible benefit which also creates continuity is to give clients a portion of the agreement investment back to them in the form of credits to in a future purchase or replacement (i.e., split system replacement).
4. **Offer It Every Time:** Above all, make sure that your service agreement is offered as an option with every repair or installation. What the main reason that all growing service companies are successful in selling thousands of agreements? Their success comes simply because they offer it to every customer, every time and on every call.

STRATEGY #11:

SERVICE REMINDER CALL

The service reminder call is an approach to get further work from existing customer by letting them know whatever work you previously done needs to be serviced.

We recommend picking up the phone and having a call because conversion rates can be twice as high compared to emails or texts.

PHONE EXAMPLE

Good morning/ Afternoon...Can I speak with (name) please?

It's (your name) from ABC Plumbers, how are you today?

(name) the reason for calling is our records show you have a _____ (gas heater etc.) that's due for a service.

One of our technicians has time available next Monday or Tuesday (or whatever day you choose) and will be in your area, which day would work better for you?

On Monday we have 10am 4.30pm. (organise a time)

Awesome (name) one of our technicians will be at your house (say address to confirm) on Monday at 10am to service your _____ (gas heater etc). Do you have any other gas appliances that you would like us to inspect while we are there, or other plumbing needs?

You don't necessarily have to stick to the script exactly as naturally the conversation will evolve, but what's important, is to have pre-established parameters to guide you along to the sale.

You know the path to closing the deal, and you know what topics are drifting off path and outside of the parameters to get you there. This means that you have the power to guide the conversation through the natural progression to the sale.

Bear in mind the following is just an example, obviously it is for a domestic plumbing, but it should be used as a tool to understand how utilising scripts or even just outlining parameters prior to the call can help you close a deal.



STRATEGY #12:

SET SPECIFIC SALES TARGETS

One of the most important strategies you can implement in your business to boost lead flow and profitability is to set specific sales targets.

But it's super important that you don't set a random sales target pulled out of thin air. Many business owners start with a revenue target first.

They daydream about one day owning a business that has a turnover of \$1M, \$5M, \$10M, and all the 'flashy' benefits that come with a business of that size. So, they fixate themselves on it and work relentlessly, day and night, trying to build a business that generates that much revenue.

And they end up shooting for MORE. More sales... More jobs... More customers. But there's something FUNDAMENTALLY flawed about this approach.

Revenue should be a target, NOT a goal. The #1 goal you need is a net profit goal!

And once you've set your net profit goal, you can then set yearly, quarterly, monthly, weekly and daily sales targets that you need to hit in order to cover your net profit goal!

When 'more' is the target, you get used to being over-worked, stressed-out and out of control.

You chase bad business to stay busy, quote cheap jobs, say "yes" to anything and everything, and become blind to the reality of your situation. You hope an elusive 'big client' or 'perfect manager' or 'magical solution' will materialise like a pot of gold at the end of the rainbow.

MORE is not target. If you're serious about building a great business, stop shooting for more, and start shooting for specific sales targets based on the net profit that you want/need to make.

This way, you know EXACTLY what you need to do to hit your profit goals. The worst thing you could do is focus on just getting as much work in the door and *hoping* you hit that profit goal. That strategy is going to leave you VERY disappointed come the end of year (I promise you...).

So, what you need to do is define a Net Profit Margin target that is achievable, then divide your Net Profit Goal by this target.

For example, if you wanted to make \$500,000 and you felt you could achieve a Net Profit Margin of 10%, then your minimum sales target would be \$5,000,000.

$$\text{Minimum Sales Target} = \frac{\text{Net Profit Goal}}{\text{Net Profit Margin Target}} = \frac{\$500,000}{10\%} = \$5,000,000$$

Then break this annual sales target down over the months, weeks and days you're actually working to set the quarterly, monthly, weekly and daily sales targets.

This means no more guesswork and no more uncertainty. Just absolute clarity on what numbers you need to be using and aiming for to create the business and lifestyle that likely inspired you to start a business in the first place. Because in our experience, incredible results start first, with incredible **clarity**.

STRATEGY #13:

FOCUS ON CLIENTS, NOT JOBS

When a new lead comes in, many trade businesses see a new job. They are happy and excited because they're fixated on the potential dollar sign and workload.

However, the successful trade businesses see a new client. They're happy and excited because they're fixating on the dollar sign, the workload, AND the total lifetime value of a new client.

Why? Because these contractors know that ***the money is in the back end!***

Businesses often make more profit with repeat customers than with new customers because it typically costs less to retain an existing customer than to acquire a new one.

There is a real cost associated in trying to win over a new customer (i.e., the marketing and selling costs involved in getting an ideal client to know you, like you and trust you).

Below is an example of how net profit can be affected by this cost of acquisition. Here, we're estimating that the average Net Profit on an **existing customer's job is \$250**, and for **new customer's jobs it's \$200** (so a \$50 acquisition cost for new customers):

	80% New, 20% Existing	50% New, 50% Existing
Total Jobs Annually	1,000	1,000
Total Jobs From New Customers	800	500
Total Jobs From Existing Customers	200	500
Avg. Net Profit From New Customer Jobs	\$160,000	\$100,000
Avg. Net Profit From Existing Customer Jobs	\$50,000	\$125,000
Annual Net Profit	\$210,000	\$225,000

Obviously, this is just a small example, but it shows why focusing on building relationships with clients, over just trying to win new jobs from new customers, is a profit boosting strategy.

And this is an important distinction to make because it changes the way you approach the lead, the job, and the client. Rather than just focusing on getting the job done and getting the cash in the door, you'll see the value in looking for ways to go above and beyond to provide an amazing experience for the client to ensure that they become a client for life.

Also, having a strong network of clients can help contractors access new opportunities and projects because clients may be more willing to refer them to their colleagues or provide introductions to potential clients if they have a good relationship with them.

STRATEGY #14:

DOMINATE YOUR LOCAL AREA FIRST

When running your trade business, don't set out to conquer the world straight up. Instead, choose to focus on your immediate surroundings.

Start small and dominate your local area first!

There are several reasons why contractors may want to focus on dominating their local area before expanding to new areas:

- **Familiarity:** Contractors who are familiar with the local market, regulations, and competition are likely to have an advantage over those who are unfamiliar with these factors. By dominating their local market first, contractors can build a strong foundation for their business and gain valuable experience that they can use to maximise their profitability.
- **Reputation:** Building a strong reputation in a local market can be an important factor in attracting new clients. Contractors who have a proven track record of delivering high-quality work in their local area may be more likely to be hired by new clients in that area or in other areas, increasing their lead flow, making it easier for them to win work, reducing their customer acquisition cost, and boosting their profitability.
- **Cost savings:** Expanding to new areas can involve significant costs, such as travel expenses, marketing expenses, and the costs of establishing a presence in the new location. By focusing on dominating their local area first, contractors can keep their costs down and make more profit.
- **Ease of expansion:** Once contractors have established a strong presence in their local market, they may be in a better position to identify and pursue expansion opportunities in other areas. This can allow them to expand in a more strategic and controlled manner, rather than trying to enter new markets blindly.

Look around you... Your surrounding suburbs will have thousands of houses, shops, numerous sporting clubs, government facilities, factories, commercial, industrial buildings and more.

And all of these are full of homeowners, property managers, business owners, builders, facility managers, government agencies, other trades, etc. that all need YOUR services.

There's literally an entire ecosystem of opportunity that exists in your own backyard!

And someone's got to do the work.

So, why can't it be you?



LEVER #2:

CONVERSION

STRATEGY #15:

STRONGER PRE-QUALIFICATION

Stronger qualification will increase your conversion rate, but here's the catch... with the RIGHT clients. You want to cut out WAY more of your leads as early as possible. Sound backwards? Here's the thing. One of the biggest flaws in most trade businesses, is that they don't qualify their leads hard enough right from the outset.

Take our client Jason for example:

	Volume-Driven Business	Profit-Driven Business
Leads	3300	3300
Enquiry to Quote Conversion	85%	20%
On site quotes to provide	2805	660
Quote to Job Conversion rate	35%	85%
Jobs Compelted Annually	981.75	561
Average Job Quote Price	\$2,650.00	\$3,500.00
Average Job Costs (i.e. labour, materials, etc.)	\$2,010.00	\$2,010.00
Annual Total Job Costs	\$1,973,317.50	\$1,127,610.00
Annual Sales/Revenue	\$2,601,637.50	\$1,963,500.00
Annual Gross Profit	\$628,320.00	\$835,890.00
Annual Overhead Cost	\$600,000.00	\$500,000.00
Annual Operating Profit	\$28,320.00	\$335,890.00
Avg. Hours Spent Quoting (incl. travel, etc.)	2	2
Total time spent quoting	5610	1320
Difference		4290

HE WAS CONVERTING
3,300 LEADS INTO
2,805 QUOTES! THAT'S
2,805 QUOTES THAT
EACH TOOK 2 HOURS
TO SEND OUT!!



And here's what this looked like... Driving to their home. Running through the job with the prospect. Building up an estimate. Driving back to the office. Building up the final quote. Sending the quote off to the prospect. *Crickets* No word from the prospect ever again. This is the same story we hear time and time again. The problem?

More Leads = More Quotes = More Jobs = More Money

This is what's going on between the ears of most contractors. But it's flawed. You don't want to try and close any and every lead that comes through the door. That's how you end up wasting time and money with the 💩 leads. What you want to do is weed out the crap early. You know who I'm talking about... The price shoppers... The budget buyers...

The "I'll say yes if you bring the price down 10%"ers... GET RID OF THEM ASAP. If someone isn't the right client, *wouldn't you want to know 5 minutes into a phone call? Rather than spending hours taking them through your process, only to get ghosted?*

I know I would. I believe the earlier you get a "no", the better. It means this person has just saved you time and money by showing their hand upfront. This is the exact mindset we got our client into. And they went from converting 85% of their leads into quotes... To converting just 20% into quotes!

And this was the result: They went from 2,805 quotes down to 660 quotes. Weeding out 2,245 bad leads. And cutting out 4,290 hours of wasted quoting time. Forgetting the \$\$\$\$ side of things... The savings made in time alone for Jason was HUGE.

He even told me... *"I don't know what to do now with all this free time!!!"*

STRATEGY #16:

UNCOVER THE CLIENT'S MOTIVES

The most important step of any good sales process is uncovering the motive/s of the customer.

The first motive is the reasons WHY they're looking to buy in the first place and WHY now.

For example, if you're a residential landscaper, people aren't just calling you to do some landscaping in their backyard. They're calling you because (for example) they want you to help them transform their outdoor area with a beautiful new garden because their daughter got engaged and is having her engagement party in their back yard, so they want to bring their backyard to life.

That's the REAL reason why they're calling you.

The second motive/s are the influencing reasons that will determine which contractor the customer ends up moving forward with.

For example, if you're an electrical contractor on a commercial project, the decision maker (project manager, contracts administrator, etc.) doesn't just have the motive on wanting to finish the job. They have other underlying motives that they're thinking about. They may have upper layers of management watching them and boxes they need to tick to keep their job. So, the last thing they want to do is look bad on the job because it looks bad on them.

Uncovering the MOTIVES (the real reasons WHY) of your customers will have a HUGE impact on conversion. Because it will get you to the heart of the sale and their desire to take action. And once you understand their motive, you can tie it back into everything in the entire sales process, from phone calls, quotes, site meetings, clients' communications, etc.

Understand and consider the following:

- **Past experiences:** When you ask about their experience, a story will follow. Their story will contain major clues about likes and dislikes and how to establish a real relationship. Your job is to listen with the intent to understand, never interrupt, and at the end of the story ask more questions. The more questions you ask, the more information you will uncover.
- **Desire to solve or resolve:** Pain points and problems will also be a prime factor in purchasing urgency. The more they believe you're some form of salvation, the faster they will purchase.
- **Passion:** Sales are made emotionally then justified logically. The more you can uncover their passion, the more they will be willing to share their passion, and the more likely the sale will be made.
- **Desired outcome:** Focusing on their desired outcome is more powerful than features.
- **Unspoken risk:** This is their hesitancy in moving forward. To create buyer urgency, remove the risk that the buyer believes exists but is not telling you.

The best part about finding your customer's MOTIVE is that it will completely differentiate you from all your competitors just trying to SELL.

STRATEGY #17:

EDUCATION-BASED SELLING

Throughout your sales process, you need to focus on education-based selling. This is the process of making your prospects better, smarter, and more informed customers. Through education-based selling, you sell your experiences, your lessons learnt, and your expertise in being able to solve their problem. This is where the power lies.

Hold their hand and explain to them the process. Talk about their situation, what's needed, what isn't, what to look out for and be cautious of. The sale comes naturally from there. In short:

"DON'T BUILD BETTER CAMERAS, BUILD BETTER PHOTOGRAPHERS."

This is the complete opposite to a pushy, ego-driven salesman... and it is far more effective (and it's not hard to see why!).

It does require a heavier up-front investment in your prospects, but it's worth it. By investing energy in making your prospects smarter, you simultaneously build trust in your expertise and make them better customers in the long-term. It builds rapport quickly and people sense that you can be trusted, but most importantly it takes the pressure off you needing to sell. It's an honest, human, collaborative approach to sales. And it works.

Education-based selling also positions you as their trusted, expert advisor. You're educating them and leading them to a greater result, greater happiness, or a greater profit. The more you help them build, win, produce, profit and benefit, the more loyalty you will create.

In fact, this was a key reason behind a lot of success that I (Warren) had in the electrical infrastructure space. Most of the time I'd regularly come in and win a project from 3rd or 4th place in price (and some that were hundreds of thousands of dollars more than the cheapest!).

I'd focus heavily on acting as the trusted advisor for clients. Yes, this process was more time intensive upfront, but the reward reaped in the backend far exceeded any costs upfront.

In fact, over a 9-year period, I'd quoted 61 major 6-7-figure projects and won the large majority of them at 30-40% profit margins. Whereas, for example, one of my industry peers in a single year was quoting over 200 projects and winning less than 15% of them at a gross margin of just 10 to 20%!

They weren't focused on delivering the upfront value that I was doing. They were playing the volume game, acting like a bidding machine, and trying to get as many quotes out there as possible (with little to no pricing flexibility) just to make ends meet.

If you want to win, you need to help your client win. It shows them that you truly care about their success, as well as your success. You want them to succeed. If they succeed, you succeed. If they fail, you fail. You're seeking opportunities that gives the client confidence in you. At the end of the day, the one thing that encourages customer loyalty more than anything else, is for you to be loyal to them and their benefit.

IMPORTANT: You should never bend over due to pressure from your client though. Hold a standard and don't compromise. Again, people will know exactly where you stand and what you stand for.

STRATEGY #18:

TELL BETTER STORIES

One of the biggest conversion killers on trade business quotes is a lack of detail. And in particular, a lack of STORY TELLING.

As a trade business owner, you understand exactly what goes into delivering your work, but the people that you're dealing with likely have nowhere near the level of understanding that you do.

So, without proper justification or EXPLANATION of what they're paying for on their quote, of course they're going to bark at the price! Because often times, they simply just don't understand the work and effort that goes into delivering the job.

If you can tell a good story in regard to what's involved in that piece of work. You're much more likely to increase your conversion rates. The story helps to explain the work behind job, and the story helps to justify the price. It makes the quote appear to be more valuable as the client can see a detailed breakdown of what's going on.

And that's the work involved mind you i.e. detailed scope of works... NOT a detailed breakdown of materials (you're not a shopping list!).

Say if you go do something that takes 5 minutes, you should write 3 or so lines to justify that minimum charge. It might be 'Attended property to inspect xyz, tested and verified xyz, went to wholesaler to get xyz part, returned to site to repair xyz, then tested and verified xyz to ensure xyz was etc. etc. etc.

The story is a crucial part to your quoting and invoicing strategy. You've got to justify the work.

I know a guy called Jaime who owns an electrical company that shares an office with a builder. And one day he was walking past the builder's desk when he noticed an invoice for a payment of \$3,500 and it just said 'labour'. That's it. Literally no other justification or description!

Another shocker is from a friend of mine Marcel. He used to work in the insurance industry before becoming the CEO of a pricing software for trade business owners called FlatRateNOW, and they would receive upward of 10,000 claims every month.

One of the best claims he got, or the most stand out, was for a claim of \$75,000 from a plumber.

It read...

"Burst water pipe".

That's it.

3 words, \$75,000.

(He rang this plumber and had to ask him how the hell he was supposed to justify the claim)

Story telling in what we do is critical. NEVER underestimate the power of the written word.

STRATEGY #19:

UNCOVER THE BUDGET

If you're conversion rate is low, chances are you're no stranger to the following...

You get a lead, you schedule an onsite appointment, you clean yourself up, you get in your car, you sit in traffic, you burn through fuel, you chew through Tolls, then once you're onsite, you start to do a tap dance where you try to impress the prospect, telling them how good you are and how great your company is. After an hour or so, the prospect either says "I'll need to think about it", "I'll need to talk to my partner", "I want some other quotes", or anything else along those lines...

So, you leave and head back to the office, you type up and send off your quote, only to never get a response from them as if they went into witness protection. In the end, you wasted about 3 to 4 hours of your life for no benefit.

Or you get a phone call and the first thing they ask is "How much do you charge?", or, "What's it going to cost me? And you're stuck on the phone entertaining a price shopper...

If you can relate to this, you're not being respected, you're having your time wasted, and you know what? Your conversion rate is still LOW! This needs to stop. If you uncover the budget BEFORE you do any work putting together a quote, chances are you'll improve your sales.

Before doing ANY work have an honest and up-front conversation about what your prospects are actually willing to spend on a project. Talking numbers up front will help save you hours of time, thousands of dollars, protect your valuable expertise, and actually make sure your hard work is worth it.

Right from the outset, you're getting clear on whether or not the lead has even budgeted what your services cost. You can't sell to people who don't have the money! Most contractors hate to talk price during the enquiry process, so they end up delaying it and bringing it up last minute, only to be told "WOW, that's way outside of my budget!". So, stop delaying the money conversation!

Bring up a rough price range estimate as soon as possible and get on the same page with the lead about the budget to quickly qualify whether or not they're someone you want to pursue.

PROOF! One of our clients Matt runs a carpentry business that specialises in luxury renovations and carpentry work for high-end homes working direct to the homeowners.

But he, like many contractors, was putting hours into accommodating each prospect through detailed quotes, meetings on site, etc. etc.

And he was finding that he would put all this work into pleasing them... only to be told that his price was far more than what they were expecting and that they don't have the budget for what has been discussed. The problem?

Budget wasn't communicated UP FRONT! And so that's what he began focusing on. The results? This one tweak in his sales process allowed him to increase his conversion by over 40%!

Because he was able to work with their budget from the beginning and help them achieve their vision within an affordable scope.

STRATEGY #20:

IMPROVE THE QUALITY OF YOUR QUOTE

If the only difference between you and your competition is a logo at the top of your quote, of course your prospects are going to go with the cheapest option. As far as they know, they're not getting anything else!

So, think about how you're presenting your services and how you're showcasing that you're different – job brief, detailed scope of works, licencing, reviews, guarantees, awards, associations, photos etc.

Leverage whatever you can from a marketing standpoint to turn your quote into a winning sales tool. Because if you have nothing better to offer than price, than that is the only thing your customers will fixate on. Ditch the bland, generic '1 pager' and make your quote stand out!

PROOF! A carpentry client of ours didn't have much marketing before working with our team and because of this, nothing really stood out about them (they didn't even have uniforms!) ... and so, customers only knew how great they were AFTER they'd already taken a chance on them and hired them for their project. This was keeping his conversion rate and prices low.

But we helped them turn their quote into a professional proposal that would lower the decision risk for the customer. They went from pricing jobs at a 15% Gross Margin, to winning jobs at a 50% Gross Margin in ONE week flat. They more than tripled their Gross Profit within 7 days!

Turning \$1.5M at the time, a 15% Gross Margin only left \$225,000 to cover his overheads and make a profit. It wasn't enough. At the new 50% Gross Margin, it became \$750,000 (\$525,000 more). So, that 340% increase in Gross Profit made a massive, massive difference to his bottom line.



5 DAYS AFTER THE FIRST QUOTE AT A 50% GP WAS SENT OFF. I WAS ON A COACHING SESSION WITH THEM WHEN THEY GOT A TEXT CONFIRMING THEY'D WON THE \$60K PROJECT. I SAID, "HOW AWESOME IS THAT! LAST WEEK YOU DIDN'T THINK THIS WAS POSSIBLE!"



AND OUR CLIENT SAID, "UP UNTIL THIS TEXT I STILL DIDN'T BELIEVE IT WAS POSSIBLE"



LEVER #3:
JOB VALUE

STRATEGY #21:

INCREASE YOUR PRICES

The most obvious strategy to increase the value of each job is to increase your prices. Yet this is something that most trade and construction businesses struggle to do. They get stuck in the mindset of thinking that the market is purely price-driven, and that if they increased their prices, they'd lose heaps of work, and therefore, heaps of money...

But in our experience, this rarely happens. And even if you lose work, chances are, you'll be making more Net Profit. In this example, you can see that with a 10% increase in price (just \$600), you could lose up to 200 jobs and still make more Net Profit (that's 40% of your workflow!).

That's right... work 40% LESS and make 56% MORE net profit!

	Current Business Model	10% Price Increase
Opportunity/Lead Flow	1,000	1,000
Conversion Rate	50%	30%
# of Jobs	500	300
Avg. Job Value	\$6,000	\$6,600
Avg. Job Cost	\$4,500	\$4,500
Annual Sales Revenue	\$3,000,000	\$1,980,000
Annual Job Costs	\$2,250,000	\$1,350,000
Avg. Gross Profit Margin	25%	32%
Annual Gross Profit	\$750,000	\$630,000
Annual Overhead Cost (20%)	\$600,000	\$396,000
Annual Net Profit	\$150,000	\$234,000
Annual Net Profit Margin	5%	12%

Look at your own numbers and find the courage to charge more every year. Consider inflation, the cost of living or the cost materials etc. – these go up, and your pricing should take all of this into consideration. A slight increase each year is less noticeable than one large increase every few years. You'll be surprised how few complaints you get if you increase your prices by 5-10%.

Also, try not to compare yourself too much to your competition, because most of them aren't making much money anyway. Aim to be in the top 20% of the market in terms of pricing.

The table below indicates how much your sales would have to decline (once you raise your price by the amount shown) before your Gross Profit reduces below its current level. For example, if your Gross Margin is 40% and you increase your price by 10%, you would need your sales volume to **decrease by 20%** before your Gross Profit reduces below its current level!

		Your Current Gross Profit Margin						
Price Increase		20%	25%	30%	35%	40%	45%	50%
	2%	9%	7%	6%	5%	5%	4%	4%
	10%	33%	29%	25%	22%	20%	18%	17%
	20%	50%	44%	40%	36%	33%	31%	29%
	25%	56%	50%	45%	42%	38%	36%	33%
	30%	60%	55%	50%	46%	43%	40%	38%

STRATEGY #22:

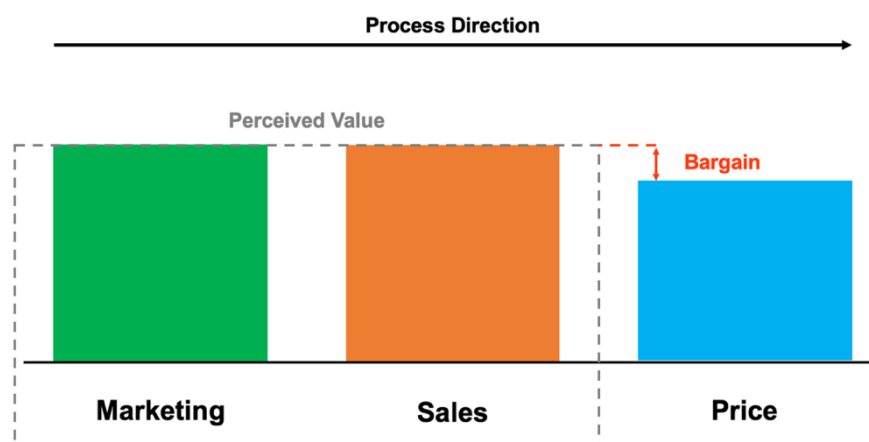
MASTER THE HOLY TRINITY

If you want pricing flexibility, then you need to increase the perceived value of your service.

99% of customers will NOT choose you if they feel like they're not getting better value for money from you compared to your competitor down the road. If they aren't getting better value for money, then the buying decision doesn't make sense.

And the only way to increase perceived value is through the HOLY TRINITY: Marketing, Sales and Pricing. They're universally linked, NOT independent, so they must be considered TOGETHER!

Marketing and sales is all about increasing the perceived value of your service, so once you name your price at the end of the sales process, it makes sense (and ideally, looks like a bargain!).



Value is the only ethical mechanism to give yourself greater pricing flexibility. If you raise your price, then you must raise the perceived value of your service sufficiently enough to make the customer feel like they're getting a better deal and the buying decision makes sense – *The bigger the gap, the better the deal!*

If all you have to offer is the same service, the same experience... the same everything, then of course you're going to be limited on price. You're giving your potential clients no extra value, so price will be the only thing they will fixate on.

PROOF! We had an electrical client of ours had put a glass ceiling on their rate. But after a few months of working with them, we incrementally increased his prices to a point where they were making an extra 20% on each job. Which across their 7 electricians, doing on average 4-5 jobs each a day, added up to quite a lot!

And the best part was... because of their dedication to marketing and sales, boosting the perceived value of their service, the workflow didn't slow down at all. In fact, it picked up!

At the time at which I'm writing this book, there's 3 people sitting in their office answering the phones, and they STILL can't keep up... So, we're actually looking to raise his prices again!

That's the power of the Holy Trinity!


STRATEGY #23:

AVOID DISCOUNTING

Every trade business owner can relate to a customer asking for a discount or a key client pushing them into 'sharpening their pencil'. But we believe discounts are foolish.

While they might seem like a sure-fire way to lock in more work and keep your teams busy. Busy doesn't always mean profitable. When you discount, even just slightly, your bottom-line net profit is the first to go.

In the below example, you can see how a minor 5% discount on revenue is actually a 75% discount on Net Profit... And to make up for that lost profit, you'd have to more than DOUBLE your sales! And who wants to do that? Do more than double the work to earn what you should've in the first place?

Price To Profit Simulator - PROJECT NUMBERS			
Instructions: Fill in the YELLOW cells to generate results.			
Note: The Excel sheet is protected with certain cells locked down to prevent changes being made to formulas.			
			
Price Adjustment		-5%	
	Initial Price	Adjusted Price	Change (%)
Project Price	\$ 50,000.00	\$ 47,500.00	-5%
Project Costs (Labour, Materials, etc.)	\$ 35,000.00	\$ 35,000.00	
Gross Profit	\$ 15,000.00	\$ 12,500.00	-17%
Overhead % Of Revenue	25%	25%	
Net Profit (Pre-Tax)	\$ 2,500.00	\$ 625.00	-75%
Net Profit Margin %	5%	1%	
You'd have to generate an extra \$142,500 in sales (at adjusted Net Profit Margin %) on the project to achieve the same Net Profit before the price reduction.			

We recently had the opportunity to join Michelle Cirson from [Tricks of Your Trade](#) virtually on stage for the AWCI - The Association of Wall & Ceiling Industries Australia & New Zealand conference.



[CLICK HERE](#) TO WATCH
THIS FREE TRAINING IF
YOU'D LIKE TO LEARN
MORE ABOUT THE IMPACT
OF DISCOUNTING



STRATEGY #24:

STOP FOCUSING ON THE COMPETITION

Stop focusing on what old mate down the road is charging... Stop focusing on what your old boss used to charge... Stop focusing on what Scott from your local Facebook group charges... And start focusing on your OWN numbers!

Your numbers are YOUR numbers, and they are the only numbers that matter!

Yes, of course competitive analysis has its place, and the market that you're in also matters too, but at the end of the day, you need to focus on your own math and work out your own numbers first.

Far too many trade businesses out there are struggling purely because they've never taken the time to truly understand what their own numbers are, and instead worry about what everyone else is charging first to try and find the going rate, which is the fastest way to send yourself to the financial poor house!

The 'going rate' is really just a formal title for the minimum amount per hour a contractor is prepared to work for in any given area. And it's been produced by millions of contractors over the years following the below process...

1. Look at the marketplace
2. Figure out what everyone else is charging
3. Go slightly below it to remain "competitive"
4. End up with a value proposition of "same for less"

And the big secret is... Those competitors that everyone is copying are dead broke themselves!

So, as more competitors enter the market offering "a little more for a little less", eventually no one can provide any more for any less. Meaning trade business owners end up making "just enough" to become a slave to their business.

If you want to get out of the rat race of low pricing, you need to stop focusing on what everyone else is charging and start focusing on what YOU need to charge. Think about your own income goals, your own debt situation, your own overhead costs, your own ability to deliver work... these are all YOUR numbers!

You might have an overhead cost that is double what someone else's is, or it might even take you twice as long to deliver a job compared to someone else...

That's why, the only rate that matters, is the rate that is going to ensure you achieve your own income goals, cover your own overhead costs, and cover your own job costs to deliver the work itself that will allow you to provide a great experience for the customer along the way.

Note: If you're low balled by the competition, focus on educating the client on the risk they face not awarding you the business (like we discussed in strategy #16). You would be amazed at what you can achieve if you stop worrying about your competitors.

STRATEGY #25:

FIX THE REAL ESTATE BETWEEN YOUR EARS

For many people growing up, the topic of money is taboo. It's not really taught in schools and when brought up in the family home, most of the conversation is around the lack of money, not being able to afford the finer things in life and that wealthy people have taken advantage of poor people.

So, when it comes to business, they also start to feel like maybe they're ripping people off, questioning their own worth and their own value, worrying about whether or not the customer is actually going to be happy to pay them the price that they're naming.

So, they sharpen the pencil, trim the price, keep that older work ute for another season, and talk themselves into thinking that they can do the job faster at the lower price because they don't want to overcharge... and besides... *customer Tom said his sister Jodie had a Tradie do the same job for \$X cheaper a few months back...*

Then at the end of the year, they wonder why they NEVER have any real money left over as a reward for the work that they put in. This all happens fundamentally because they have an *unhealthy* relationship with money.

But to be profitable in business, you need to have a *healthy* relationship with money. And that starts with the fundamental understanding that making money is NOT a bad thing!

AS A BUSINESS OWNER, BEING SUCCESSFUL AND WEALTHY IS YOUR DUTY!!!

Having the mindset of "I just want to take care of my family, I don't need to be rich or anything...", isn't going to make you successful. You're reinforcing within yourself that you're not going to do what it takes to be as financially secure as possible for you, your business, your workers, and your family!

That's why I believe you need to actually embrace the desire to be wealthy. It's the business owner *first* mentality.

Remember, what they teach you in an airplane pre-flight safety demonstration? When shit hits the fan and the oxygen mask drops down... secure your own mask FIRST, before helping others. And the same rule applies to business.

You can't build a successful business that HELPS people, if that business doesn't ultimately give you the life that you want and reward you for the work you do and the risk you take on!

Why the heck would you want to take on the risk of starting a business if you didn't want to be sufficiently rewarded? If you didn't want to be as financially secure as possible? If you didn't want to be wealthy?

You need to think, "I provide a great service, we deliver value for money, and we deserve to make a good profit". Profit is NOT a dirty word.

I'm not saying you need to be running around ripping people off. I'm just saying charity starts at home. Only once you've taken care of your own needs, can you then begin to help others.

STRATEGY #26:

COMPETE ON VALUE, NOT PRICE

With so many cowboys dangerously low balling everyone, it's just not worth competing on price. The truth is, these people aren't making any money, in fact, they're probably LOSING money because they don't understand their numbers or how to price for profit (and they don't stick around long).

So, don't participate in the race to the bottom of the barrel.

REMEMBER... THERE IS NO STRATEGIC BENEFIT TO BEING THE SECOND CHEAPEST IN YOUR MARKET.

What you need to do is focus on value. EMPHASISE and EDUCATE your clients on the value that you bring to the table and how you're different. If you believe you're better than you're actually obligated to sell people on value – getting them to pay you exactly what you're worth to avoid WASTING money on someone else. And if the customer is STILL adamant on price, they likely aren't the right client for you anyway and handing them off is probably going to save you in more ways than one!

Because here's the thing... Price will always have an impact in the overall buying decision and there will always be cheap customers. But it's only ONE factor. What most customers really want is value for money! Rarely do we buy something purely because it's the cheap option. Think about it...

Why don't you buy the cheapest car? Why don't you buy all your clothes from the local second-hand shop? Why don't you buy the cheapest power tools? I can tell you why... **You want value for money!**

And your ideal customers are the exact same. They don't want the cheap, 'lowest priced' option. They want value! And there's a BIG difference between the two. Cheapest is lowest in price. Whereas value for money is getting something cheaper than what it's perceived to be worth.

The moment you feel the value you're going to get dips below the price you're going to pay, you no longer feel like you're getting a bargain and chances are, you won't buy. That's why you need to work on increasing the value of what you're delivering, not just reducing your prices.

The bigger the gap, the better the deal, and the more likely someone is to buy from you. The problem is, however, that the gap between value and price for most contractors is identical. There's no real difference between you and the next contractor down the road, which is why you yourself might even have little pricing flexibility in your business right now. And if all products are 'equal', then the cheapest is the most valuable by default. Because when you have nothing better to offer than price, that's the only thing your customers will fixate on.

The customer always wants the best deal. So, work on increasing your VALUE!

EXAMPLE: One of our clients in the commercial plumbing space is turning \$5M in revenue and hitting 30% pre-tax net profit margins (That's over \$1.5M in pre-tax profit). Most contractors in the same space can't charge more than 30% Gross! So, *how do they get away with it?* Simple... value.

STRATEGY #27:

DELIVER A PREMIUM SERVICE AND EXPERIENCE

If you want to charge premium prices, you need to deliver a premium experience and service. The price **MUST** match the value.

Start with the low hanging fruit... Are you calling people back when you say you're going to? If you have a voicemail that says, "hey leave a message and I'll get back to you within 24 hours", do you honour that?

When you schedule a time with a prospect, whether it's on the phone or in person, are you showing up? Are you on time? Or are you late and disrespectful?

Do you promise to send through quotes or estimates but take forever?

Do you turn up and start projects on the day you promise the customer, or do you call that morning and say you can't make it?

What about when there is an issue on the site or call backs? How do you respond? Do you push them back until it's convenient for you? Or do you move things around to give them that red carpet experience?

Do you spend the time to listen and understand their situation, keep them informed, educate them and demonstrate that you value their business?

Do you leave them a to-do list when you leave the job, and they have to clean up your mess and move things around? Or do you make sure that there is no sign of you being there other than what you were paid to do?

Do you finish on time? And if you can't due to unforeseen circumstances, have you communicated why? Clients can't read your mind.

If you want to play the card of premium prices, then at the very least, you should be nailing the low hanging fruit. You need to honour your commitments, because if you don't, you're just like every other contractor who can't keep their word.

Building a better business, becoming more profitable and dominating your local area all starts by simply honouring the commitments that you make to your customers, and delivering an experience that matches your price.

There is a terrible stigma around contractors, and if you ask any non-trade business owner, they will likely confirm that unfortunately 80% of contractors are terrible to deal with... they're just not that good.

Don't let that be you. That way, you can charge higher prices.

STRATEGY #28:

PRICE FOR MARGIN, NOT MARKUP

Trade business owners often say things like, “I’ve added a 20% margin to my labour and materials”.

But what they actually mean is they’ve added a 20% markup, which is costing them a lot of money because markup and margin are NOT the same thing.

- **Markup** is the percentage that your job costs, like labour, materials etc. are increased (or marked up) to give you your total selling price that sits on the quotes that you send to clients. For example, if you knew it cost \$10,000 to deliver a job (through labour, materials etc.) and you marked it up by 50%, the final selling price would be \$15,000.
- **Margin** (Gross Margin) is the percentage of sales revenue that is Gross Profit (the profit leftover once you minus all of the costs to deliver a job from the total selling price). For example, if you sold a job for \$15,000, and it cost \$10,000 to deliver, you’re left with \$5,000 in Gross Profit, which is a 33% margin.

So, as you can see, a 50% markup does NOT equal a 50% gross margin. In fact, it’s only a 33% gross margin. So, if you confuse these, you’ll fool yourself into thinking you’re going to make more profit on your jobs than you really are. Below you can see an illustration of this:



Below is a table that shows the relationship between margin and markup, and how you can use markup as a tool to help price jobs at a pre-determined Gross Profit Margin Target:

Gross Profit Margin Target	Required Markup
20%	25%
30%	43%
40%	67%
50%	100%
60%	150%

STRATEGY #29:

USE TOP-DOWN PRICING

“Profit is not something to add on at the end, it is something to price for in the beginning.”

This is a mantra EVERY trade and construction business owner should say to themselves daily. Because for most contractors, they don't price for profit in the beginning.

And this is because they're using a 'bottom-up' approach to pricing, where they think about all the intricate details of what it's going to take to deliver the job day-to-day (labour, materials, etc.) and build up their price from there.

But then you're always left asking yourself the same question at the end every time...

“How much profit CAN I make???”

Which is the wrong question to be asking yourself. What you should be asking is...

“How much profit do I NEED to make?”.

And this is where I see most business owners shrug their shoulders. They don't know the answer.

There's a disconnect between their understanding of how their pricing numbers bundle together with their business numbers, so they can cover their overheads and make a Net Profit at the end of the day. So, they end up slapping on a random markup that they THINK *seems* to work (which is a huge reason why the average net profit for trades businesses is between 2.2 to 3.5%).

And it's all because they approached their price build up completely backwards – *bottom-up*.

What you need to do is use TOP-DOWN pricing.

Top-Down pricing is where you start with the high-level business numbers first, because only once you know what numbers you want to achieve in the BUSINESS first, can you then begin to look at what Gross Margin you'll need to charge each job at to make those business goals a reality.

This means setting a Gross Profit Margin Target (for your business AND each work type you offer).

Below are some benchmarks you can use as a guide (if you don't look at your own numbers):

- **Service/maintenance:** 55% and above
- **Residential projects:** 50% and above
- **Builders (new builds and renovation):** 35% and above
- **Commercial projects:** 30% and above

[Click here](#) to see a full breakdown of this strategy.



STRATEGY #30:

START WITH FIRST PRINCIPLES PRICING

If you don't have a deep understanding of your true job costs, forget fancy pricing software's, fixed unit by rate quantities, or anything else like that... **and start with first principles pricing!**

This is where you break the job down day-by-day into exactly what it's going to take to deliver.

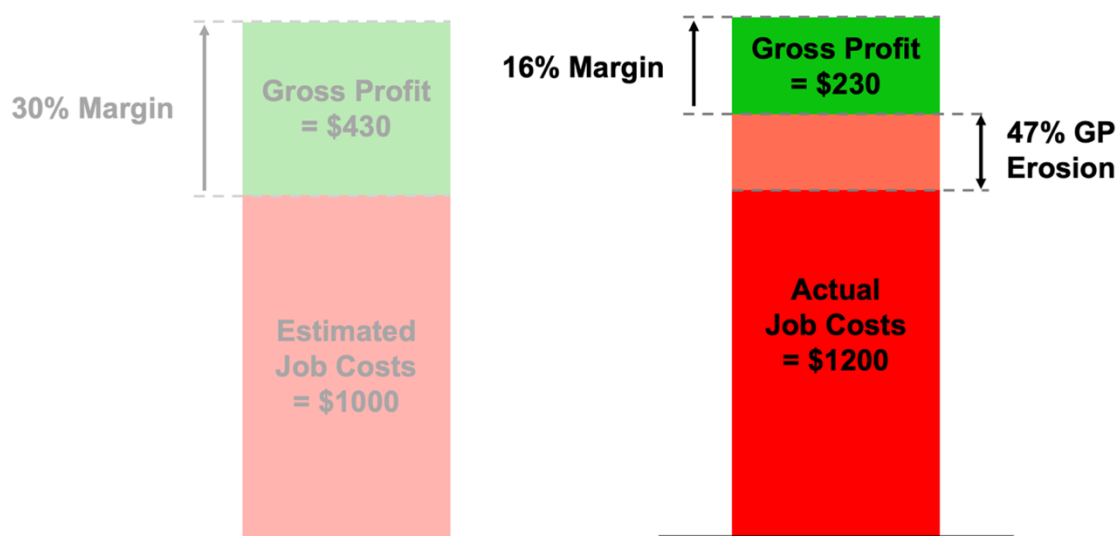
I can't tell you the number of times I've come across contractors who have pricing software's with all the bells and whistles, but they have ZERO clue on their true job numbers or how to price for profit.

So, start with pen and paper and breakdown your job into the three-phase lens of:

- **Pre-Delivery:** The phase before you deliver the work onsite (project admin, material procurement, travel time, etc. costs)
- **Delivery:** The phase when you're actually delivering the work onsite (labour, material, equipment hire, etc. costs)
- **Post-Delivery:** The phase after you deliver the work onsite (job closeout, travel time, clean up, walkthroughs, etc. costs)

Going to all the effort to find a Gross Profit Margin Target for each of the work types you offer (from the 'Top-Down' strategy before) is pointless if you aren't accurately considering the real costs involved in delivering the work.

For example, if you estimated a job to cost \$1,000 to deliver and you priced it at a 30% Gross Profit Margin (so a \$1,430 quote price), but you failed to consider just \$200 worth of cost sitting in the Pre-Delivery and Post-Delivery phases of the job, then you would've eroded your Gross Profit by nearly 50% (which would completely eliminate all the Net Profit on the job!).



I can confidently say that if you start to look at every job like this, your business will become far more profitable, making the money that it SHOULD be!

STRATEGY #31:

IMPLEMENT 3-TIERED PRICING

As a residential, or service-based, contractor, 3-tiered pricing is a great way to boost profitability.

A 3-Tier offering is 3 different offerings at 3 different price points (e.g., Silver, Gold, Platinum or Good, Better, Best), where the highest price point offering has the highest perceived value, and the lowest price point offers the least perceived value.

You'll see this strategy used across some of the most successful and profitable industries – whether that's airline clubs (economy, business and first class), sport team memberships, banking credit cards (silver, gold, platinum), etc. all based off the idea that the more you spend, the more value you get!

And it's no wonder why they all use it. You can see in the below table that by using 3-tiered pricing, this business nearly 4X'd their Net Profit!

	Single Pricing Structure	Tiered Pricing Structure
# Of Jobs	2,000	2,000
Offering & Gross Profit Margins	\$1,000 (@30%)	1. \$1,000 (30%) 2. \$1,167 (40%) 3. \$1,400 (50%)
Offering Take Up %	100%	1. 20% 2. 60% 3. 20%
Sales Revenue	\$2,000,000	\$2,360,400
Gross Profit	\$600,000	\$960,160
Overheads	\$500,000	\$500,000
Net Profit	\$100,000	\$460,160

At the end of the day, NOT all customers are equal and not all customers want the same things. Customers want choices, selection, and variety. So, give it to them. That includes not only different services, but also different payment options, delivery options, and quality options.

This is about being a window not a door... Do you want to be a door that stands in the way and creates a barrier for clients to see the best possible solutions? Or do you want to be a window that shows people a world of high-quality possibilities that they never even knew about?

Educate your clients by capturing their imagination of what REAL high-quality fixtures and service really looks like and allow them to decide what they want. Don't decide for them.

1. With options, your customer feels like they're making the decision, NOT you.
2. If the customer wants a cheaper price, you can offer the base option instead of discounting.
3. And depending on your features, you will see large gains in revenue with very few additional expenses, making you far more profitable.

STRATEGY #32:

BACK COST YOUR JOBS AND PROJECTS

Back costing is where, after a job/project has finished (or in stages for large projects), you compare the true costs of the job against your original quote. This is critical as when you're quoting, you're taking a calculated guess on what you think it will cost to deliver the job. Without a feedback loop, every job you quote could be out.

You've spent the time and money to secure, set up and complete a job. Now take the time to go through what happened. *"We estimated that it was going to cost this much, how did we do?"*. Then ask an even more important question, WHY? Pretty or ugly, just ask the question. Because dipping below the red on a job is one thing. But making the same mistake over and over again, and not learning the lessons, will cost you thousands, if not millions of dollars over your time in business.

Below is a simple example of what back costing looks like:

	Quoted Figures	Actual Figures	Difference
Labour	\$1,000	\$1,200	+\$200
Materials	\$490	\$475	-\$15
Other Job Costs	\$10	\$10	\$0
Total Job Costs	\$1,500	\$1,685	+\$185
Job Value	\$2,500	\$2,500	
Gross Profit	\$1,000	\$815	
Gross Profit Margin %	40%	33%	

As you can see, there were some blowouts in cost that costed the business \$185 in Gross Profit. The power of back costing is that it tells us where the blowouts occurred. In this case, it was labour.

Now, it's your job to understand WHY it happened. An estimation error? Poor communication between the office and field? Bad planning causing delays? Poor field worker performance?

Whatever the reason, you're shining a spotlight on what's working and what's not. Otherwise, how can you know if what you're doing is working? This will improve future pricing accuracy & build confidence in your pricing structure. If you know where you lost money, the next time you quote a similar job, you have greater insight into how you can retain a stronger profit margin.

PROOF! Our client James's back costing revealed he wasn't allowing for enough man hours (labour overruns that were killing his profits). And using this feedback and increasing labour hours on every job by 30%, within 3 months he put an extra \$80,000 cash into his bank account.

MORE PROOF! Our landscaping client Beau was booked out 3 months in advance with work quoted at rates that were costing him money. Within a few days of requoting with his true job costs, one job got accepted after going from \$110,000 to \$160,000 at a new 50% gross profit margin.

You can do this with pen and paper... a spreadsheet... or most job management softwares.

STRATEGY #33:

CALCULATE THE AVAILABLE LABOUR COST RATES

In most trade and construction businesses, labour is typically the largest cost. So, it's critical that when pricing jobs, you're accurately accounting for the true labour cost of your field staff.

Being just \$1 out with one tradesman can cost you \$2,000 per year in Net Profit!

Below you can see the negative impact of not properly considering the UNAVAILABLE time in your labour cost rates:

	Business #1	Business #2
Salary Package (inc. super, work comp, etc.)	\$90,000	\$90,000
Weeks In Year	52	52
Standard Workday	8 hours	8 hours
Standard Work Week	5 days	5 days
Total Standard Hours	2080	2080
Annual Leave Days	0	20
Public Holidays	0	10
Sick Days	0	5
Educational Days (First Aid, etc.)	0	2
Total Available Hours	2080	1784
Cost Per Available Hour	\$43.27	\$50.50
Annual Cost Of Error	\$12,898	

The difference here is over \$7/hour. This might not seem like much, but over an entire year, this error in the labour hourly cost rate would cost the business \$12,898 in Net Profit!

This is why you need to correctly calculate your AVAILABLE Labour Cost Rates.

The simplest way to calculate the AVAILABLE labour cost rates for each of your field workers/roles, is to follow the process in the right-hand column from the table above.

This is where you calculate the total cost of each of your field worker/roles to your business per year and divide it by the hours that they're actually AVAILABLE to work productively for you.

STRATEGY #34:

CHARGE A SERVICE FEE

For businesses that provide service and maintenance work, a service fee (or call out fee) is critical.

For do & charge contractors, this is a set amount charged by a trade business to attend a customer's home or business, etc. that typically covers the worker getting to site (travel), the first 30 minutes of time on the job, but doesn't include any materials.

This service fee may end up being the full invoice amount (assuming no material outlay). So, if you're a do & charge contractor, make sure the service fee you charge covers labour costs, overhead costs and travel costs, and leaves a sufficient enough profit on top.

Now, for fixed price contractors, this service fee (or diagnosis fee), will be used to cover the cost of the travel time to the customers home or business and the time involved in diagnosing the problem on site, so you can then be able to quote the customer a full price.

Here, you may want to waive the fee if the customer decides to move forward with the job (and then cover the travel and diagnosis costs in the actual quote). This way, you have an incentive for the customer to move forward with the job, increasing conversion.

Note: Make sure you let the customer know on the phone upfront that there's a diagnosis fee. It's important that you have an effective sales process to handle any objections that come your way. This fee (when executed well) is a great qualifier to weed out tyre kickers and price shoppers.

Without a call out fee or diagnosis fee, you're opening yourself up to A LOT of dead time that will kill your profitability. Below you can see how a business can lose 30% of its workflow (17% of its revenue) and still make the same profit if they were to charge a service fee:

	Business #1	Business #2
Jobs Per Year	3,000	2,100
Avg. Labour Revenue Per Job	\$300	\$300
Avg. Labour Cost Per Job	\$160	\$160
Avg. Labour Gross Profit Per Job	\$140	\$140
Avg. Material Revenue Per Job	\$200	\$200
Avg. Material Cost Per Job	\$150	\$150
Avg. Material Gross Profit Per Job	\$50	\$50
Service Fee	\$0	\$99
Avg. Gross Profit Per Job	\$210	\$309
Annual Sales Revenue	\$1,500,000	\$1,257,900
Annual Gross Profit	\$630,000	\$648,900

At the end of the day, the admin and travel time involved in the job is a REAL cost to your business. But it's also a cost that is necessary for the job to be completed, so you shouldn't have to wear it.

STRATEGY #35:

DO MORE QUOTED WORK

Are there certain work types and services that require you to charge per an hourly rate? Absolutely.

BUT these are typically the exception.

In most cases, quoted works is the better pricing model. That's why, when we work with clients, we typically encourage them to move away from 'do & charge' pricing.

We see plenty of contractors out there who are just using 'do and charge' all the time (out of convenience/laziness), when quoting is actually the far more appropriate option, which only hurts their business!

In fact, here's 8 fundamental flaws of the 'do & charge' model:

1. **You're being paid purely for your TIME on site**, NOT the VALUE of the solution you're providing to the customer – cutting down your pricing flexibility!
2. **It's very difficult to cover deadtime**, as you'll need to factor in your efficiency, which typically skyrockets the charge out rate (making it difficult to convert leads).
3. **You're completing the WORK before talking BUSINESS**, meaning there's a good chance there'll be a gap between the expectation of what the customer thinks they're going to pay versus what you actually invoice them (opening yourself up to disputes and non-payments).
4. **You've lost all your leverage in the negotiation** because you do the work then invoice when the customer no longer needs or values your services (because you've already solved their problem!). We like to call the "post it and pray" strategy.
5. **It opens you up to stinging your customers with unexpected invoices**. Even though you might have agreed on an hourly rate at the start, the customer really has no idea how long it's going to take you to complete the work, nor do they know about how much you markup your materials. So, you're really putting yourself in a position to sting the customer with a bill that they weren't expecting, or that is outside their budget – which is bad for reputation!
6. **Your sales process is completely focused on the smoke and mirrors pricing game** that is played out to try and make your service sound cheaper to the customer. But if you're focusing on trying to make your service sound cheaper, then you're making the whole conversation focused on price, and not on the value of your service, which is a sure-fire way to lead you down a path of bad clients, bad jobs, and bad profit margins.
7. **Makes it so much harder to increase your prices over time** because you're making the price of your service COMPLETELY focused around the 'hourly rate', which is an easy figure for customers to price shop you with – cutting down your pricing flexibility again!
8. **Incentivises you or your tradesman to work slower and less efficient** to try and maximise your billable time and the money that you make – which is bad for reputation again!

STRATEGY #36:

CHARGE FOR QUOTES

One of the most tried and tested ways to increase your conversion rates with high quality customers (customers who are willing to pay a premium price for a premium service), is to charge for quotes.

Contractors all across the country are being taken advantage of. They're called out to prospects homes and job sites to diagnose a situation, offer their professional expertise and opinion based off years of experience, and spend the time (sometimes hours) to put together a proposal to provide the solution. Only to be told 'we went with someone else' or 'we just wanted to see what it would cost'... This needs to stop. You're the expert, they called you, they have a problem to fix or a dream to build, so guess what? You need to put them on your process, NOT theirs. Do doctors or surgeons get mistreated this way? I don't think so!

Start charging for your time BEFORE a job is even won. This way a prospect has to put some skin in the game and pay you \$\$\$ upfront to get you to drive to site, have a conversation, break down a job, offer your expertise and do up a quote. This is the first sale. It's commitment to you and your process. Which is critical because if they're not happy to pay \$120 for an expert to come to site, talk through the job, and quote up a price for the best solution... *then what makes you think they're going to be happy to pay thousands for you to deliver it?*

Now, we call it a consultation fee because that's exactly what you're doing here, consulting. You're using your hard-earned expertise to outline to the customer the best way to deliver the job. So, you should be getting paid for the time spent doing this!

This fee is your filter. If they say "no" to your fee, fantastic... You haven't wasted your time talking with them any further and say "Thank you for calling [your company]. See you later." If they agree, great. They're a customer who is serious about moving forward. You don't want every customer in your local area... you want the best ones. And you want the bad ones to go elsewhere!

PROOF! Our client Matt was falling victim to this time suck almost daily in his refrigeration company and it left him feeling like he was running all over town helping everyone but himself! He was busy but his conversion was low... Here's what he had to say...

"As I write this, I have just returned from my second PAID on-site quote! I also won the first paid on-site quote worth over \$12k all thanks to TBA. I have a new system in place to weed out tyre kickers early and from that I am converting much more higher paying work all from the sales techniques taught by TBA. For the first time since starting my business I'm busy making money instead of being busy chasing work and earning nothing (too busy to even get to the other important things that TBA taught me). I have turned off my Google ads, got off the horrible third-party job apps (that attract cheapskates and take your money before you even earn it) but I've never been busier! Everything taught by TBA makes absolute sense, but you're just never taught it during your apprenticeship. I seriously can't rate these guys highly enough! If their marketing brought you here, then I guarantee they will make you money!"

YOU CAN EVEN INFORM YOUR PROSPECTS THAT YOU'LL WAIVE THE CONSULTATION FEE IF THEY AGREE TO MOVE AHEAD WITH THE JOB TO FURTHER INCENTIVISE THE SALE!!!

STRATEGY #37:

LEVERAGE FIXED PRICING

Fixed pricing, also referred to as flat rate pricing (where you PRE-BUILD a profitable, upfront fixed price for a specific task), is a powerful strategy to boost your net profit.

Unlike take-off pricing, where you're breaking up the components of the job individually, then building them up into a final quote price that is unique to that specific job. With fixed pricing, you're PRE-BUILDING a standardised price for specific task that you use over and over again.

Yeah, you might have different employees, who have different approaches, different paces, OR the site specifics might be unique, but at the end of the day, for frequent and simple jobs or components of work, there's going to be a pretty average cost involved.

Here are the top 5 benefits that come with fixed pricing:

- 1. Increased, consistent profitability for your business:** IBIS World, a trusted worldwide industry research and data analysis company, states that the average job value for plumbing works in Australia was around \$952. Now, when we compare that against the data from FlatRateNOW, an Australian fixed pricing software who as of 2021 had over 10,000 jobs a month running through their platform, shows that the average job value for their users is around \$1,415 (\$463 more than the national average). This correlates directly with the 34% average increase in revenue from their users over a 12-month period, which is HUGE!
- 2. Speed to quote:** Because you've got pre-built tasks ready to go, you can build up a quote at a profitable fixed margin INCREDIBLY fast. No more quoting up jobs from scratch and trying to assess every little cost OR rethinking every single 'do and charge' job and sending your customers unique invoices. With fixed pricing, you're just pricing the job ONCE beforehand at a fixed rate, and then running that same quote out time and time again with very little adjustment. This also means you can easily price work over the phone and book it in swiftly.
- 3. Not wasting time with tyre-kickers:** Because flat fees are transparent and easy for customers to understand, you can quickly and simply communicate the price to them, and they can decide whether they can afford the service or not. This way, you're not wasting your time building up a tailored quote for the customer that they'd never accept anyway.
- 4. No need to disclose your hourly rate:** When it comes to converting leads into jobs, one of the biggest contributing factors for most customers is the hourly rate. And this is why, for most contractors, they keep their hourly rate well down to make sure customers move forward with them. And this also why, we end up with the 'going rate'. So, there's a lot of power in being able to hide the hourly rate from the customer, which is something that's very easy to do with fixed pricing.
- 5. Fixed pricing is easy to scale:** Fixed pricing is replicable and accurate on many different jobs by many different employees. So, once your cost and prices are established, it's very easy to scale your business up with a healthy profit margin by increasing sales of this fixed rate work. The team also knows what to expect and what is expected of them from the job. This means, it becomes far easier to move the ownership and responsibility of pricing and delivery of work away from being completely central to the business owner and giving them the ability to disperse and delegate the workload more.

STRATEGY #38:

CHARGE FOR HALF DAYS AND FULL DAYS ONLY

When quoting work, only charge for half days and full days.

If you think a job will take 2 hours, quote it for 4. If you think a job will take 5 hours, quote it for the full 8-hour day.

This ensures you're covering your deadtime (the enemy of business profitability) without having to get into the complexities of efficiency and billable time in your labour sell rates.

Now, there will be a bunch of you reading this thinking, *"You can't charge for 8 hours if you're only there for 5 hours, it's unethical!"*

But this perspective is flawed because you're NOT just TIME AND MATERIALS... you're a SOLUTION!!!

The customer isn't paying you for your time on site. They're paying you for the solution that you're providing them.

For example, if you're a landscaper, your customer isn't paying you to dig up their property 20 hours, plus materials. They're paying you to transform their home with a beautiful new garden.

Likewise, if you're a painter, your customer isn't paying you for just 8 hours of painting. They're paying you to bring the cladding on the front of their home back to life.

So, in the case above, even if you can do the job in 5 hours, it doesn't matter if you charge them to cover your labour costs for the full 8 hours. As long as you deliver the solution on that day, for the agreed upon upfront price, then it's fair.

Also, if you can get the job done in 5 hours, whereas someone else might take the full 8, why should they get paid more than you??? You're being penalised for getting the job done quicker because you've got the best people, processes, systems and equipment... making you a more efficient team than your competitors... It doesn't make sense.

What you need to do is charge the price that makes sense for the business and ensures deadtime doesn't kill your Net Profit.

Now, obviously, this is a different story if you're a do & charge contractor... because you are just TIME and MATERIALS. But that's because you've based your entire pricing structure off time and materials.

Whereas, for quoted works, it's about the VALUE. You're selling a service that solves a problem for the customer... and that solution has VALUE. That's why it doesn't really matter whether you quote 5 hours or 8. What matters is that the customer believes the price you're charging is fair for the value that they're getting.

Now, of course there's a fine line between selling value and ripping people off.

But an ethical contractor will always know where that line sits.

STRATEGY #39:

CHARGE EQUIPMENT YOU OWN TO THE JOB

Most contractors make the mistake of sitting their equipment costs (this includes work vehicles, machinery, and site equipment, like scissor lifts or compressors, etc.) in their overheads, rather than onto a job.

But this is a BIG mistake because putting your equipment in your overheads means you can only cover the raw breakeven cost of owning and operating that piece of equipment. And this is bad for two reasons...

The first reason is that it means you can't put any markup on your equipment and make a return, which sucks. You're like a really shit rental company, charging out equipment you own with no desire to make a profit on it.

Even though your company owns it, your company needs to charge it to a job with a markup, just like a rental company would. This way, you recoup and offset the cost of owning that piece of equipment.

For example, a digger might cost \$80/hour to run. But you wouldn't just charge the \$80/hour to a job to cover the cost, you'd charge it out with a markup to make a return on it. This way, you recoup that \$80 back, offset the cost of owning that piece of equipment, cover the cost of replacement, and get a return.

The second reason is because you're not recouping the money you need for replacing the equipment at the end of its effective life.

There is a cost to replacement that you need be covering in your hourly rate, otherwise you'll be wearing 100% of that cost in your profits, which is crazy because it's usually a pretty substantial amount of money.

For example, if you buy a new skid steer for \$50K and you own it over 5 years, then the resale price, (or the salvage value) won't be \$50K anymore. So, you can't just sell it and buy another one without incurring a cost. The value might've dropped to \$25K for example. So, you have to wear that \$25K drop in value when purchasing the replacement skid steer.

And to make matters even worse, the power of the dollar weakens over time. So, when you go to buy that same skid steer 5 years from now, it won't cost you \$50K, it might cost you \$60K. So, there's now an extra 10K on top of that \$25K that needs to be considered too. So, all up, you've got a replacement cost of \$35K... which is bad news for your profitability!

This is why you shouldn't just sit your equipment in your overheads. You can't recoup that replacement cost through a markup over those 4 years of its life.

What you need to do is charge a pre-determined hourly rate for your equipment (similar to your labour). This means breaking down both the fixed and operational costs of that piece of equipment into an hourly cost rate, then marking it up based off what margin you want to achieve.

[Click here](#) if you want help calculating your equipment sell rates.

STRATEGY #40:

DON'T BREAKDOWN YOUR PRICE

No matter what market or trade you're in, you should always try to limit your price breakdown as much as reasonably possible to avoid price shopping.

Of course, for some markets (like commercial) this can be extremely difficult, as price breakdowns can just be the nature of those kinds of markets. However, you should still try to limit the breakdown as much as possible.

Now, if you're working in the residential space with homeowners (landscapers, sparkies, plumbers, painters and so on), you'll typically have a lot more flexibility with how little you can show from a breakdown. We would actually recommend (if possible) charging a single fixed fee if the job value is less than \$10K to \$20K.

For example, one of our bathroom remodelling clients has an average sale amount of roughly \$10K, and they only ever provide a single fixed price for their work (which is at a 50%+ Gross Margin).

For anything more than \$10K, breaking down the project into fixed prices for components of work is okay too. We have a landscaping client that has an average sales size upwards of \$50K, and they will show a fixed price for the different components of work involved in the project.

With components of work, just be careful that you don't bloat any of the components too much that it raises a red flag with your clients. For example, if you were aiming for a 50% Gross Profit margin on the job, you might not charge 50% universally across all the components. You might charge 30% on the smaller components and 60% on the larger. This way, you're hiding the margin.

SIDE NOTE: CHARGE A QUOTE BREAKDOWN FEE

Now, in the event a customer wants to see the breakdown of your quote, make sure you charge a fee for it.

The quote breakdown fee is a great way to filter out people who are either just price shopping or looking to nit-pick your service (i.e. NOT ideal customers). It's a filter, qualifier, AND a protector of your time and energy – if you have to do it, you might as well get paid!

I (Warren) once got asked to provide a breakdown of a \$40K quote on a job related to the Cross River Rail project in Brisbane, and rather than bend to their will, I said I'm happy to do it, but there'll be a quote breakdown fee and it'll take a few days to put together. In the end, they didn't bother and just moved forward with my quote anyway!

Note: It's important that you have an effective process to handle any objections that come your way regarding the quote breakdown.

STRATEGY #41:

PLAY THE MARGIN GAME

Now, like I said in the strategy above, in some markets or clients (typically in the commercial space), a price breakdown may just a part of the process. Of course, try to utilise pre-build and components of work to hide your margin, but sometimes you can't get around it.

So, getting higher prices or steeper margins over the line can be a challenge in these situations because it's easy for the client to nit-pick the breakdown of your quote and pressure you on reducing your prices for individual job cost items.

In these cases, one of the most powerful strategies you can use is to *play the margin game*. The goal of the margin game is to *hide your margin and make your price look fairer by fattening up your job costs with typical overhead costs*.

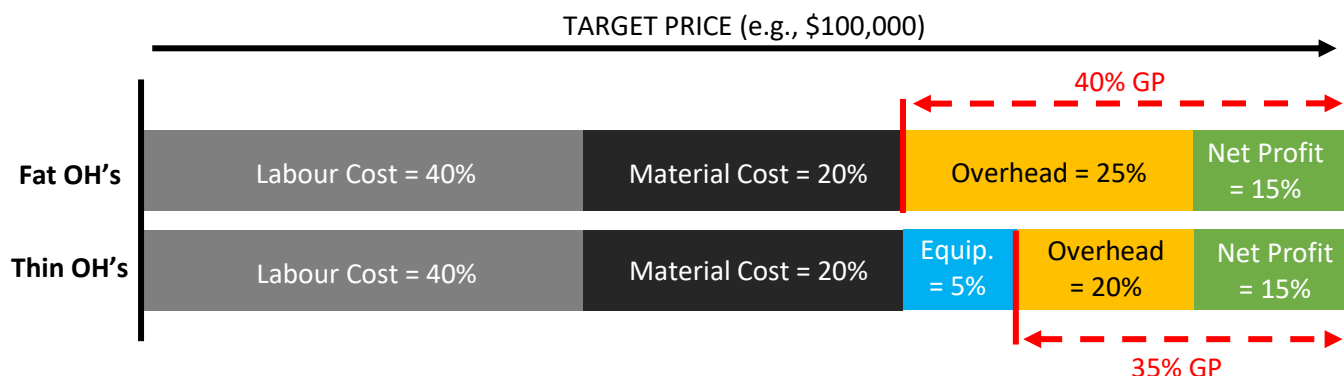
The fatter your job costs are, the smaller your margin is, and the fairer your price looks!

For example, when it comes to trying to get a project over the line, it's a lot harder to do so when your markups for each cost item are steeper to cover the larger overhead cost. Whereas, if you pull as much cost out of your overheads and put it into your job costs, the markups will be smaller.

	Fat Overheads	Thin Overheads
Target Price	\$100,000	\$100,000
Pre-Tax Net Profit	\$15,000	\$15,000
Overhead Recovery Rate	25%	20%
Overhead Recovery	\$25,000	\$20,000
Gross Profit Margin	40%	35%
Gross Profit	\$40,000	\$35,000
Job Costs	\$60,000	\$65,000
Avg. Markup Necessary	67%	54%

We've illustrated this in the example below. Here, we've only taken the equipment costs that most contractors would sit in their overheads and made it a job cost. This has pulled 5% of the overhead cost basis out and put it into the job costs.

So, rather than having to bloat the labour and material sell rates with a steep markup to cover a 40% Gross Margin (which could raise red flags about the price), we're only having to cover a 35% Gross Margin across more job cost items, thereby reducing your markup (hiding it from the client).



STRATEGY #42:

CHARGE A MARKUP ON MATERIALS

Charging a markup on materials should be non-negotiable.

If you don't charge a material markup, not only are you not covering the additional costs involved in ordering and handling materials, but you're also having to bloat your labour markups to achieve your Gross Profit Margin Target.

Now, how much you should markup your materials by is dependent on a number of factors, like your market, services you provide, the clients you work for, etc.

But as a rough guide, if you're a commercial project-based contractor, your average material markup for the project should be above 20% and aiming for 30%+ (*20% markup = 16.7% Gross Margin*).

Anything less than that, and you're putting serious pressure on your labour to pick up the slack.

Now, if you're a service-based contractor (doing time + materials work), it's best that you have a tiered material markup approach.

For example, charging a 20% markup on a hot water system might make sense, but 20% on a fitting would be stupid... You should probably aim upwards of 200%!

It may not seem like the mark up on a \$3 item would change much, but over the course of a year across multiple field workers, it starts to add up!

Use the below list as a material markup guideline:

- For items between **\$0-\$5**, mark them up by **200%**.
- For items between **\$5-\$10**, mark them up by **150%**.
- For items between **\$10-\$20**, mark them up by **100%**.
- For items between **\$20-\$50**, mark them up by **75%**.
- For items between **\$50-\$100**, mark them up by **50%**.
- For items between **\$100-\$500**, mark them up by **35%**.
- For items between **\$500-\$2,000**, mark them up by **25%**.
- For items greater than **\$2,000+**, mark them up by **20%**.

You don't have to use these recommendations. Just make sure you're implementing some kind of markup on your materials. I promise that you will save yourself massive chunks of profit that belong in your wallet if you do this!

Note: If you're providing fixed quotes in the residential space, you won't need a price breakdown, so you won't need markup targets. At most you'll have a fixed price for a specific component of work (which includes labour, materials, etc.) that should be priced at your Gross Profit Margin Target.

STRATEGY #43:

LEVERAGE SMALL JOBS

Many trade businesses have an obsession with trying to chase the next 'big job'.

"I'm so close to winning a big project..."

"If I can just get this one, I'll be okay....."

But this obsession with big jobs can be dangerous if the desire to win them is built off the belief that they'll make you more money in the long run.

Sure, you might have a nice big fat top line sales number. But unless these bigger jobs are making you good net profit at a good net profit margin, then what's the point?

You're chasing revenue, not profit. And at this point of this resource, you should know that's a really bad idea. We know of countless businesses that have sunk themselves in this foolish pursuit of bigger jobs to increase sales revenue, without a proportional increase in profit.

Don't get me wrong. Larger jobs can be great to use as an anchor in your business, to keep the team busy if the smaller jobs have a slump every now and then, but there's a good chance you shouldn't rely on them to make you a lot of profit.

That's why a great strategy to boost profits is to leverage small jobs. Smaller jobs typically have a much higher profit margin. So, at volume, you can make a lot more profit than you would with a larger business that focuses on larger jobs.

Below is a typical example showing the difference in revenue between a construction business delivering larger projects and a service-based business delivering smaller jobs both making \$150K in Net Profit:

	Construction Business #1	Service Business #2
Avg. Job Size	\$100,000	\$1,000
Avg. Job Net Profit Margin	5%	15%
Avg. Job Net Profit	\$5,000	\$150
N.O. Jobs Annually	30	1,000
Annual Sales Revenue	\$3,000,000	\$1,000,000
Annual Net Profit	\$150,000	\$150,000
Team Size Estimate	15+	4+

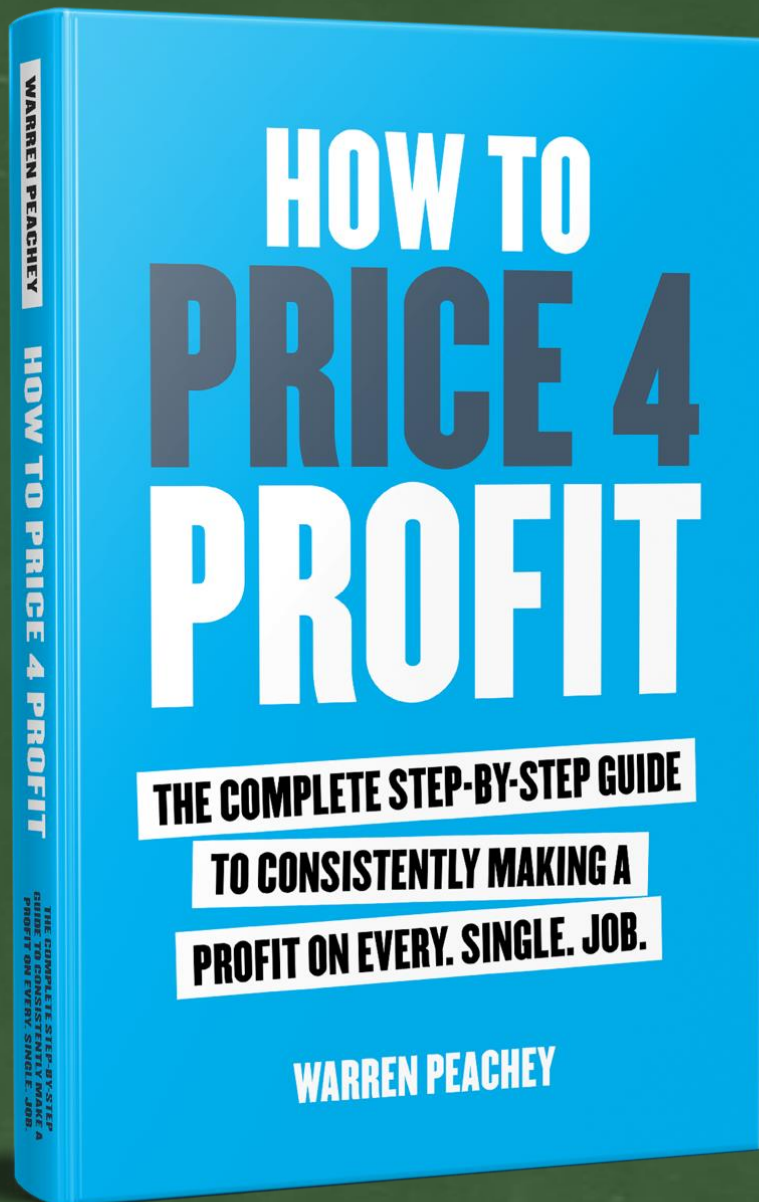
Here, you can see the construction business has to do 200% more in sales revenue (plus the headaches that comes with a much larger team) to make the same net profit.

If the service-based business was to bring in the same revenue, they'd triple their net profit!

Note: You need to make sure you go all in on building the workflow, team, processes, and systems around these smaller jobs to ensure you don't burn a lot of cash through inefficiencies in how you deliver the work.

GET OUR NEW BOOK

To get the complete step-by-step systems on how to price for profit, [click here](#) for a free copy of our How To Price 4 Profit book (RRP. \$34.00 + GST).



THIS SIMPLE FRAMEWORK
IS RESPONSIBLE FOR
MILLIONS OF DOLLARS IN
NET PROFIT FOR OUR
CLIENTS!



STRATEGY #44:

ALWAYS CHARGE FOR VARIATIONS



Variations are a natural part of our industry. And they typically fall into 3 categories:

1. Those requested by the owner
2. Those requested by the contractor
3. Those which become necessary through circumstances arising from the job and which may not necessarily be requested by either the contractor or the owner

In all cases, you need to be charging for them.

You shouldn't be wearing these variation costs, especially if your net margin is already squeezed as it is. A variation means a change in scope, which means a change in price.

Don't let these small variations in cost become a big drain on your profitability!

Also, when it comes to variations, make sure you:

- **Increase fees on variations:** A variation is a great opportunity to boost your margin. You should increase the labour rate, charge higher markups on materials, capture all costs involved (travel, scaffolding, insurance, bins, etc.). Also include extra time for gear hire (e.g., diggers, machinery, etc.)
- **Charge an administration fee:** When a variation is required, there's admin work that needs to be done, and it should be billed to the client. The time spent preparing the documentation for the variation shouldn't be free of charge. It's real cost that you shouldn't be wearing, so make sure you're getting compensated. Note: Make sure you specify the admin variation fee in your T&C's.
- **Communicate variation policy to your team:** Make sure your team are crystal clear on the company policy around variations (i.e. no variations are undertaken without a formalised quote and signature – and who is able to give the go ahead). It's no good having a policy that isn't known or enforced. If your team don't know about it, they won't follow it, and it'll cost you money.
- **Invoice variation straight away:** For any variations issued, make sure you invoice the customer straight away for them, as opposed to waiting till the end of the job – which isn't great for cash flow and may cause disputes. Variations can be charged separately to the job, so don't leave them till the end.



STRATEGY #45:

NEVER MOVE FORWARD WITHOUT A SIGNATURE

When a customer says, “Hey, can you do that for me while you’re here?”, you need to stop, drop, and roll.

When the customer stops you, you need to drop everything you’re doing and redefine your role.

Your role is to protect your company, protect the scope of work, protect the customers experience with you, etc.

Too many times contractors burn profit or screw up customer relationships because of poorly handled variations. You need to stop everything and have a conversation with the client about what it’s going to cost and what formal stuff the client needs to sign for you to do it.

Scope creep is a silent killer, where the job costs rise but your price doesn’t.

Stop just being the nice guy doing a favour (unless for a specific strategy). It’s costing you money.

Say something like:

“Hey (their name), I would love to add that, just give me a couple minutes to grab my paperwork and stuff, so I can take some notes and figure out what that might cost and we can see if it makes sense to do it – how does that sound?”

It’s far better than you going, “Yeah no problem, we can do that”, and then at the end of the job your customer gets a nasty surprise for your additional invoiced work that they never agreed to the cost. Screwing up the customer experience.

It’s better for them to be salty at you not doing the variation for free at the time of the project, than ending the project on a bad note by sending them a surprise invoice that they never agreed on.

This is about setting the expectations.

I can’t count the number of stories I’ve heard from contractors over the years who had a handshake agreement on a variation, only for the customer at the end of the job to dispute it and say they never agreed to it or didn’t know about it.

Leaving the documentation to the end of the job or some months later can cause problems either because the customer is dodgy, or simply because of misunderstandings, or as memories of what actually occurred fade, and/or paperwork relevant to costs etc gets lost or confused.

So, when a variation occurs, document them in terms of cost, time and detail, making sure that both parties sign off before ANY works are started.

STRATEGY #46:

CHARGE FOR AFTERHOURS, EMERGENCY AND PRIORITY WORK

Another simple strategy you can use to boost profitability is to charge higher fees for afterhours work, emergency work and priority work.

- **Afterhours Work:** Afterhours work is any work that is completed outside of normal business hours. This will typically be because a customer needs work done relatively urgently and is happy to be booked in later in the day. You don't need to overcomplicate what you charge too much here. For simplicity, we recommend just having a 50% loading fee for afterhours work (on the service fee and hourly rate/final quote). It's easy for everyone to understand.
- **Emergency Work:** Similar to afterhours work, there's also emergency work. This is work that needs to be done that very minute without delay after hours or on a public holiday. I get asked a lot what a fair fee would be for an emergency. My answer is always the same: *What would someone have to pay you to get you up in the middle of the night, leave your family, drive out in the rain and go fix someone's emergency situation?* That's the fair price to charge. And it'll vary between everyone.
- **Priority Work:** When a client calls up with an urgent problem/issue, and they want you to come fix it immediately in normal business hours, make sure you charge a higher fee. Whether it's a steeper service fee or just a more expensive quote, it's critical that you charge the customer more for getting priority in the booking. You let them know that you can book in a time tomorrow or a couple days from now or even next week to resolve the issue OR they can pay for your urgent service fee where they get priority on your calendar and their job gets fast-tracked to being completed sooner (sometimes even within the hour). We recommend using this fee to cover the cost of you having to both rearrange your calendar and drop everything to help them (i.e. the cost to the business, not you). This is all about valuing you and your team's time!

Have you ever been disappointed when you've had to pay 50% extra for Express Post? Did you ever feel ripped off? Of course not! You were more than happy to pay extra... *Why?* Because the VALUE of the package arriving within the next 24 hours was worth the money!

And it shouldn't be any different for your customers. If you give your customers the option of having you onsite within a few hours because they've got a burst pipe, no power or a missing roof sheet, then make sure they're paying for it – it's your Express Post equivalent!

You're not ripping off the customer. That steeper price tag is for THEIR convenience of getting their problem solved asap and YOUR inconvenience of having to stop what you're doing, adjust your schedule, race out to their location, and save them from their emergency.

There's a hassle factor that comes with urgency. So, if you don't have some sort of basic tiered pricing system based on urgency, then you're only robbing yourself of fair profit based off the value your service is providing!

Note: Make sure you let the customer know on the phone that there's an additional fee. It's important that you have an effective sales process to handle any objections that come your way.

STRATEGY #47:

OFFER PAYMENT PLANS

One really powerful way to increase the average job value is to offer payment plans.

A payment plan is a system that your customers can use to pay for your service over a longer period of time. Many people may not have the funds available to pay for a large project upfront, but they may be willing to pay in instalments. So, offering payment plans can make it easier for clients to afford the higher-priced services.

Instead of paying the steep price upfront, they can pay off smaller amounts over a fixed period. If your service is relatively expensive for your customer base (e.g., ducted air conditioning), then offering monthly instalments as a payment option may very well be the difference between a sale or no sale.

By providing flexible payment options, you can make your higher priced, higher margin services more accessible to a wider range of customers – boosting your profitability!

For example, let's say you were able to make an extra 30% on average across the board because of your ability to offer payment plans:

	Business #1	Business #2
N.O. Jobs Annually	200	200
Avg. Job Sale Size	\$10,000	\$13,000
Avg. Job Cost	\$6,500	\$7,000
Avg. Job Gross Profit	\$3,500	\$6,000
Annual Sales Revenue	\$2,000,000	\$2,600,000
Annual Gross Profit	\$700,000	\$1,200,000
Annual Overhead	\$600,000	\$600,000
Annual Net Profit (Pre-Tax)	\$100,000	\$600,000
Net Profit Margin %	5%	23%

Now, it's important to mention that some clients that opt into a finance option may be a red flag as they may struggle to actually afford your service. This is why it's very important to choose a finance company that is actually going to own the debt.

Some finance companies don't pay you unless they get paid (as the client pays them, they pay you), meaning that for you to get paid STILL depends on the client's ability to pay. So, again, be careful and do your due diligence to make sure you choose the right financier who takes on the risk, so you can focus your energy on building your business, rather than worrying about cashflow.

IMPORTANT: Only offer payment plans if you have a tight handle on your cash flow. Payment plans can look great on a Profit & Loss statement as they boost your sales and paper-profits, but if not properly handled, they can also explode your accounts receivable and be a drain on cash flow.

STRATEGY #48:

DIVERSIFY YOUR CLIENT BASE

Many trade businesses fall into the trap of having one or two clients that account for a large portion of their total revenue.

But this lack of client diversity is incredibly dangerous.

Think of your client base as an investment portfolio. The less diverse, the greater the risk of a single investment jeopardising the whole portfolio.

It can be easy to not worry about diversifying though, I mean, how good is not having to worry about marketing? Having little need to build new relationships? And having cash always trickling in?

But you need to ask yourself: *What would happen to your business if your biggest client disappeared overnight??*

Could you recover? Or would it be too devastating and sink your business?

For example:

Plumber #1	Plumber #2
Client #1 = 60% of total revenue	Client #1 = 20% of total revenue
Remaining clients = 40% of total revenue	Remaining clients = 80% of total revenue

When 'Client #1' disappears, Plumber #1 will likely go bust because they business won't be able to replace 60% of their revenue quickly.

Whereas, for Plumber #2, the 20% hit will hurt, but the business should have the resilience to recover and be able to fill that workload up pretty quickly.

This is why you can't be overly reliant on one builder, contract, project or even relationship!

A GOOD RULE OF THUMB IS TO ENSURE THAT NO SINGLE CUSTOMER ACCOUNTS FOR MORE THAN 20% OF YOUR REVENUE.

Some other reasons why a lack of client diversity is bad:

- You can no longer say "no" to their projects or T&C's, as your business is too dependent on their work (they hold the pricing and negotiating leverage which can decrease your profit and power).
- If current management gets ousted, the new management may want new subcontractors – leaving you high and dry.
- Lack of diversification looks risky, so the business's value decreases.

STRATEGY #49:

POSITION YOURSELF AS A SPECIALIST

One of the most powerful strategies to boost job value and profitability is to position yourself as a specialist. This is because you'll **position yourself as the 'expert'**.

When you pursue everyone in the market and offer every product or service under the sun, you naturally position yourself as a *generalist* (aka the Jack of All Trades). As a generalist, you end up working a lot harder for a lot less.

Whereas the specialist is always perceived to deliver a better service in comparison to the generalist, even if it's not the case! Consumers naturally seek the council of an expert or the 'go to' person and they'll happily pay a premium for it. It's why you'd rather seek the advice of a cardiologist over your local GP if you had heart health issues!

The perceived value of the expert – through their ability to deliver the best solution at the lowest risk – is what makes the difference. It's the assumption that they know what the hell they're talking about.

Being an expert is an incredibly powerful position to put yourself in. Like the cardiologist, you can command both a higher price and a perceived superiority within your market. That's the closest you'll get to a sure thing in business!

One of our plumbing clients used this strategy to their advantage, and within just a couple of months they went from being a general plumber charging a 15% Gross Profit Margin on commercial builds, to a specialist medical gas and plumbing company charging 40%+ on medical, dental and veterinary projects with specialist builders who only wanted to use them.

That's the power of positioning yourself as a specialist!

Not to mention that clients who are happy with the specialised services they receive are more likely to refer others to the contractor, which can help to build your business and increase profitability.

A secondary benefit is that you will **become the superior service provider**.

By positioning yourself as a specialist, you become more effective than your competitors at both winning and delivering a specific type of work for a specific type of customer.

You may be able to work more efficiently because you have a deep understanding of your field and can solve problems more quickly. This can allow you to complete projects faster and increase your productivity, which can lead to higher profits.

In the end, superior performance will become second nature and you will naturally be positioned as the superior service provider in the mind of the customer. This is all about *focus*!

A 300-WATT LIGHT BULB CAN LIGHT UP A ROOM.

A 300-WATT LASER CAN CUT THROUGH STEEL!

STRATEGY #50:

DELIVER SPECIALISED WORK

On top of just positioning yourself as a specialist to raise your prices, it's actually important that you also charge premium prices for any specialised work that you do (even if you haven't positioned yourself as a specialist).

If the work you're doing is more specialised, then you should also be charging a premium on it because the work is more valuable.

For example, you'd be mad to charge the time you spent installing a new tap at the same rate of when you're unblocking a drain. They're completely different jobs that require completely different levels of expertise and specialist equipment, so the customer should pay more for that service.

Call it the 'premium' factor.

It's no different to a surgeon charging more than a GP. The work is far more specialised and valuable, and therefore, naturally has a higher price tag.

So, make sure you're factoring this 'specialisation' into your final price.

And if you don't currently deliver any specialise work, look to enter specialised markets. You can do less work, have a smaller more manageable team, and still make more money!

	General Business #1	Specialised Business #2
Jobs Completed Annually	3,000	1,000
Avg. Job Size	\$1,000	\$1,500
Avg. Job Gross Profit Margin	30%	60%
Avg. Job Gross Profit	\$400	\$900
Annual Sales Revenue	\$3,000,000	\$1,500,000
Annual Gross Profit	\$1,000,000	\$900,000
Overhead Recovery (25%)	\$750,000	\$375,000
Pre-Tax Net Profit	\$250,000	\$525,000
Pre-Tax Net Profit Margin	8%	35%
Estimated Team Size	15+	5+



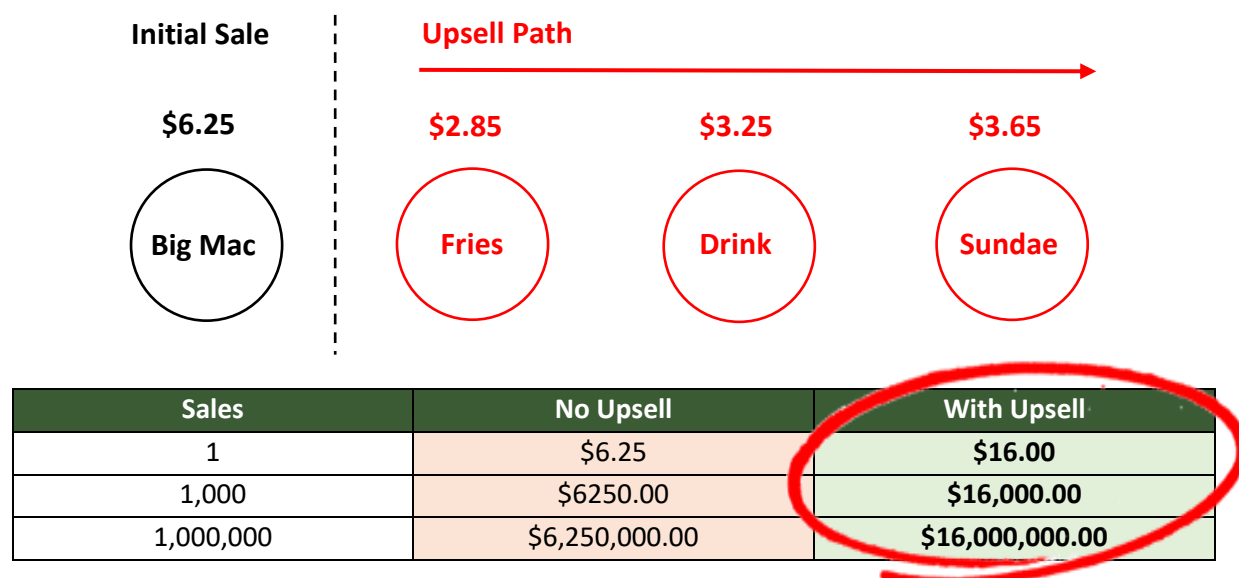
STRATEGY #51:

ALWAYS LOOK FOR AN ETHICAL UPSELL

Upselling is often a dirty word in our industry. But if done ethically (i.e., having the best interests of your client at heart), it's actually a really powerful way to boost the value they receive.

Upselling is value management. That means looking for more opportunities to provide more VALUE to your clients. If successful, you maximise the dollar value of a job. Think about your client's goals, problems, desires, and motives... how can you further help them?

Never be afraid to educate clients on what they don't know, remember, you're the expert, so help them (and make more money while you do it!). If you don't, you're leaving thousands on the table. In fact, studies show that roughly 60% of people are willing to spend 60% more at the point of sale. Take McDonald's for example...



That's a ten-million-dollar difference! McDonalds serves 68 million customers a day. How different would their bottom line look without an upsell?

Now, maybe you don't want to be 'salesy' or pushy, or you think clients will get offended or annoyed. Get away from 'we're just trying to sell them stuff' to hey we're providing an excellent service here that's about being proactive and improving the quality of their lives or projects. If they want help from you great, if not, that's okay, you've done your bit to inform them so just leave it with them. It's not sales, it's customer service. No matter what you're doing, you can always ask the question "Is there anything else I can help you with?", or "Have you considered this?".

You might say, "Hey I noticed that your switchboard is very old and has faults, it's very dangerous and right now you're at risk of x – I'd strongly consider replacing it" or "I've noticed you have single power points in the bedrooms, have you considered double with USB for the kids phone chargers?" or "I noticed a lot of mould and condensation in the bathrooms, do you know much about extraction systems?" etc. Whether it be residential or commercial work, just think about what is logical and what makes sense (some of Warren's commercial upsells have been \$500,000+).

STRATEGY #52:

SACK YOUR D-GRADE CLIENTS

When I ask trade business owners who their ideal customer is, many they tend to say everyone.

They think... *"To earn more money, I need to cast the widest net possible"*, especially if they're newer to business. When you're just starting out, you're more likely to take on whatever is thrown your way to get yourself going, because everyone has to start somewhere, right?

The problem is, however, not all clients are graded equally!

And as a business grows overtime and becomes more established, it can be extremely easy for trade business owners to remain stuck working for (or putting up with) D-grade clients who aren't good for business. Simply because they never take the time to stop and really review who they're working for and the numbers behind them.

So, consider the ABC method:

Categorise your current clients in A, B, C and plan to shorten your payment terms.

If you currently work on 60-day payment terms for example you may need to consider changing this to 30 days or less. C clients are the shitty, unrealistic, nightmare clients and put them onto a new payment plan immediately (maybe even bump up the pricing), B clients should be expected to convert onto the new payment plan but work with them a little more, A clients – explain the new policy, give them a heads up (over the next 30 days etc.) – work with them and make exceptions case by case. All new clients should immediately go onto bucket B.

Increase your prices to weed them out, because it's not worth the time, energy, and hassle unless they're paying top dollar. Instead, you'd rather work only with ideal clients. They're loyal, profitable, easy going, have high lifetime value, respectful, etc.

For example, with the builders... like any market, there are bad builders to work for and good builders to work for. You just need to build relationships with the good builders who actually value the services of a premium contractor.

Like Ryan...

One of our clients Ryan runs an electrical company that at the time was turning around \$1.3M in revenue. And 3 of his clients were the first 3 builders to ever give him work (Ryan felt indebted to them for giving him a shot back when he first started).

But as we began back costing his jobs and projects, it became clear that Ryan was actually losing money working for all 3 of these clients. His company had grown, his costs had risen, and his pricing strategy had to evolve because the prices he was originally charging didn't make sense anymore...

But the builders weren't willing to budge. So, despite having a good relationship with them. Ryan decided to walk away. He was staring down the pipeline of around \$500k worth of work where breaking even wasn't even a possibility... and by just moving on instead, freed himself up to start winning 6-figure contracts with other builders at a 50% Gross Profit Margin. And so, sometimes just letting customers go is actually a good thing.

LEVER #4:

JOB COSTS

STRATEGY #53:

FOCUS ON YOUR SWEET SPOT

A powerful strategy you can use to decrease job costs is to focus on a sweet spot. Among the different types of work that you do, there should be a type of work that you're really strong in. This should be your **sweet spot**.

The reason why we want to focus on a sweet spot is because if you're completely zeroed in on a specific target market, your business will become leading experts at delivering that kind of work, which means a much lower the risk of having jobs that blow out in cost.

Because the three main drivers of project cost blow outs are:

- Changes in geography
- Changes in project size
- Changes in project type

Those three things are the opposite of going after a sweet spot. That's why you need to get clear on a sweet spot and focus on it. This means you need to:

- **Pick ONE market in ONE area:** What market can you become a specialist in? Where are your strengths? The market you go with should be one that you have a strong combination of resources, pooled knowledge, technical capacities, strategic advantages, skills and expertise of your business that (1) add unique value for your client, (2) are not easily replicated by your competitors, and (3) gives you a direct competitive advantage in the market.
- **Define your ideal client:** Not all customer relationships are good relationships. Some clients are just a pain in the arse that end up costing you more money because they make things difficult. So, you don't want to work with every client in your target market. You need to get clear on what type of customer you actually want to service! This is your ideal client. They're the type of customer that you'd love to win work from every day!
- **Develop a job criterion:** A *Job Criterion* is a guideline that you use to select which jobs you should pursue and more importantly, which jobs you don't. This keeps you focused on winning the *right* jobs that give you the greatest return and fast-track you towards your personal and business goals. Say you're mining for gold, think of a job criterion as a sieve. The dirt, gravel, and sand fall straight through, but the gold is left sitting in the sieve. This is the same objective of a job criterion, to leave you with the gold! It's this approach that differentiates the successful trade *business owners* from the burnt-out tradesmen (aka the estimating machine who quotes, quotes, quotes and hopes they win anything).

Casting the widest net possible and chasing any kind of work that'll come your way will naturally land you working for/with painful customers and dodgy builders on risky, inconsistent jobs that offer little to no profit (if the client even pays you), where job costs regularly blow out!

Something to keep in mind as well, is taking on the wrong job not only impacts the profitability of that job, but also any other jobs that you may be working on. When a job is in trouble, you, your resources, and your team spend more time focused solving problems on that job than they normally would – costing you money!

STRATEGY #54:

PERFECT PLANNING PREVENTS POOR PERFORMANCE

Often times poor execution or management of a job (which obviously leads to less profit or in some cases, zero profit) is a direct result of poor planning.

A way to improve your profit margin and execute a lot of the strategies already discussed comes down to better planning (i.e., actually taking the time to organise a job, handle the logistics, do the tasks you SHOULD be doing!).

Here are a few examples of how better planning for jobs and projects can help to improve profit:

1. **Improved efficiency:** By planning carefully and thoroughly, contractors can identify potential bottlenecks and inefficiencies in their work processes and address them before they become a problem. This can help to reduce waste and increase efficiency, which can ultimately lead to higher net profit.
2. **Reduced rework:** Careful planning can help contractors to avoid mistakes and errors that may require rework, which can be costly and time-consuming. By minimising rework, contractors can save time and resources and improve their net profit.
3. **Improved project scheduling:** Careful planning can help contractors to develop more accurate project schedules, which can help to reduce delays and ensure that projects are completed on time. By delivering projects on time, contractors can improve their reputation and reduce the risk of lost profits due to delays.
4. **Enhanced risk management:** By planning thoroughly and considering potential risks and challenges, contractors can develop strategies to mitigate those risks and avoid unexpected costs. This can help to improve net profit by reducing the impact of unexpected expenses.

Here are some low-hanging fruit you can focus on first to improve your planning:

- **Clearly define the scope of work:** By clearly defining the scope of work for each job, contractors can avoid misunderstandings and miscommunications that can lead to delays and additional costs.
- **Develop accurate estimates:** By developing accurate estimates for each job, contractors can avoid over- or under-bidding and ensure that they are fairly compensated for their work.
- **Identify and manage risks:** By identifying and managing potential risks and challenges, contractors can avoid unexpected costs and delays that can impact net profit.
- **Develop a project schedule:** By developing a detailed project schedule, contractors can better manage their resources and ensure that each job is completed on time.
- **Communicate with clients and stakeholders:** Effective communication with clients and stakeholders can help contractors to identify and address potential issues before they become a problem, which can improve net profit.

STRATEGY #55:

WEED YOUR GARDEN

One of the most effective ways to reduce job costs and increase your net profits is by weeding out your poor performers. You need to cut loose the bad apples. You can't afford to have them sticking around.

Removing underperforming or disruptive employees can help businesses to increase their net profit in several ways:

- 1. Increased efficiency:** By removing underperforming or disruptive employees, businesses can improve the efficiency of their operations by eliminating bottlenecks and inefficiencies caused by poor performance or negative behaviour.
- 2. Improved productivity:** By removing underperforming or disruptive employees, businesses can improve the productivity of their team by eliminating distractions and disruptions that can impact productivity.
- 3. Reduced costs:** Bad employees can be a financial drain on a business, as they may require additional training or supervision, or may be more prone to making mistakes that require correction. Removing them from the workforce can help to reduce these costs and increase profits. Also, removing underperforming or disruptive employees can reduce the labour costs by eliminating the need to pay salaries and benefits to employees who are not contributing to the business.

	Standard Worker	Productive Worker	Unproductive Worker
Field Worker Cost Rate	\$45	\$45	\$45
Standard Workday	8 hours	8 hours	8 hours
Productive Hours	4 hours	5 hours	3 hours
Workday Productivity	50%	63%	38%
Productive Cost Rate	\$90	\$71	\$118

- 4. Enhanced team cohesion:** By removing underperforming or disruptive employees, businesses can improve the cohesion of their team by eliminating negative influences and promoting a positive work culture.
- 5. Improved morale:** Removing bad employees can improve the overall work environment and increase the motivation and engagement of remaining employees. Steve Jobs (founder of Apple), summed it up perfectly: *"A-Grade players like to work together, and they don't like it if you tolerate B-Grade work."* In fact, over 80% of all employee resignations are a direct result of another employee!
- 6. Improved customer satisfaction:** By removing underperforming or disruptive employees, businesses can improve customer satisfaction by ensuring that their customers receive high-quality service and support from their employees.
- 7. Better reputation:** Bad employees can also damage the reputation of a business, particularly if they are interacting with customers or clients. Removing them can help to maintain a positive reputation and attract more business.

STRATEGY #56:

IMPROVE LABOUR PERFORMANCE

Labour is where a project is won or lost. So, if you and your team aren't performing, then there WILL be a net impact on profitability.

Here's some reasons why improved labour performance boosts profitability:

- **Lower COGS:** By producing more with the same cost of labour, a company can reduce the cost of production and increase profits.
- **Increased competitiveness:** Higher labour productivity can allow a company to maintain prices and increase profitability (or even reduce prices and still maintain the same margin), making the business more competitive, leading to an increase in sales and profits.
- **Improved employee morale:** When the *right* employees are more productive, they're more satisfied with their work and more likely to stay with the company. This can boost profitability by reducing the cost of hiring and training new employees.
- **Increased capacity:** Higher labour performance can allow a company to take on more work or expand its operations, leading to an increase in profits.
- **Better resource utilisation:** By improving labour performance, a company can make better use of its resources, which can further boost profitability.

"PROFIT HAPPENS WHEN YOU FOCUS ON BEING PRODUCTIVE, NOT BUSY."

Some ways to boost field performance include:

- **Better Team:** Focus on building a team of A-players. Build a culture of "get shit done". Weed out the poor performers. Invest time and money into training and further developing your team. Hand off more low value tasks to team, so you can focus on the high value tasks within your business that make you more profit!
- **Better Planning:** Plan the week in advance so everyone knows what's going (not just in the morning before!). Structure your work hours better. Create pre-job checklists to ensure jobs are well organised and reduce call-backs. Ensure you have the right tools and equipment from the start (maybe introduce a 'minimum' tool kit for each employee). Manage your team combinations so the best mix of skills are on the right jobs. Have employees travel directly to site. Pre-order gear for jobs, so there is less running around (massive waste of time if blokes are standing around waiting). Track inventory and manage vehicle stock to ensure trips to suppliers are minimised. Have an office fit for purpose (décor, space, light, parking, facilities etc. all contribute to performance and productivity).
- **Better Accountability:** Define 3 key KPI's per employee and utilise a performance report card system to them accountable. Ensure the team only takes their appropriate breaks for smoko and lunch. No cell phones or smoking during work hours. Install GPS in all trucks, vans, and vehicles to track and keep team members accountable.

STRATEGY #57:

TRACK LABOUR PRODUCTIVITY

You can improve your Gross Profit per job by increasing your markup on materials, negotiating better rates with suppliers and subcontractors, or being more efficient with materials etc. sure...

But at the end of the day, none of that matters if your labour isn't productive. Nothing happens in business without human effort. Poor productivity erodes profit margins like nothing else will! It is not about how many people you have, if they are highly paid, or if they're lower-wage, entry-level employees... It is about how much Gross Profit you get for every dollar you spend on labour.

And in our experience, the businesses that win are the businesses that get the most productivity out of their labour because they're able to make the most Gross Profit.

This easiest way to measure this is through a Labour Productivity Ratio.

$$\text{Labour Productivity Ratio (LPR)} = \frac{\text{Gross Profit}}{\text{Field Labour Cost}}$$

Our Labour Productivity Ratio tells us how many dollars in Gross Profit are we making for every dollar spent on labour. If we know how much Gross Profit that we're making for every dollar spent on labour, then we know how effective our team is at creating Gross Profit for the business in the first place. It's a ratio on your field labours money-making performance.

So, say for example, over a year you spend \$1,000,000 on field labour AND you made \$1,300,000 in Gross Profit. If we divide the \$1,300,000 by the \$1,000,000, that tells us that you made \$1.30 in Gross Profit from every \$1 spent on field labour.

Now, let's say you improve labour productivity, and you're now making \$2,000,000 in Gross Profit, but you're still spending the same \$1,000,000 in labour...

Now, your labour productivity ratio goes from \$1.30 to \$2.00. You're getting better bang for your buck! This is the ratio you should be tracking against a pre-determined target.

Most businesses should be aiming to make between \$2 to \$3 for every dollar spent on labour.

A LPR within this range will ensure you're getting the most value out of your staff and maximising your margin per employee. If you're not making this amount, this is your fastest indicator that something might be off.

**REMEMBER... YOU HAVE YOUR GUARANTEED MARK UP
ON YOUR MATERIALS... BUT 'LABOUR IS WHERE THE
BATTLE IS EITHER WON OR LOST'**

STRATEGY #58:

MAXIMISE OVERTIME

Most people see overtime as bad because it means 'additional cost', and therefore, it's eroding your profit margin on the job. However, this is a flawed way of looking at overtime. Why? Because overtime is actually an **investment into boosting the job productivity!**

By strategically maximising overtime over a job/project, you're (1) fast-tracking the speed at which you complete a job, and (2) reducing the unseen costs of lost productivity through rescheduling, travelling, site setup & pack up, etc. and (3) maximise the amount of work achieved by the team each day!

Say, Bill the carpenter quotes a job to take his team 4 days to complete with 8-hour workdays (32 hours for each field worker).

- **Bill's Average Labour Cost Rate = \$45**
- **Bill's Overhead Cost Rate Per Labour Man Hour = \$30**

That means to deliver the job, the total Labour and Overhead cost would be:

- **Total Cost = (32 hours x (\$45 + \$30)) x 4 field staff = \$9,600**

But Bill knows that if he gets his team to work an additional 2 hours overtime each day (10-hour workdays), he could save 2 hours over the entire job (through better productivity) and complete the job over 3 days instead of 4 (also cutting out the unproductive time that comes with the 4th day, e.g., travelling, setting up, etc.).

Now, 2 hours over a 3-day period is going to be 6 hours at the 1.5x overtime rate for each team member. BUT those 6 hours of overtime won't include the \$30/hour Overhead cost rate. This is because that \$30/hour figure is calculated based off an 8-hour standard workday, so once the team reach overtime, the overhead cost for the day has already been covered.

- **Normal Rate = (24 hours x (\$45 + \$30)) x 4 field staff = \$7,200**
- **Overtime Rate = (6 hours x (\$45 x 1.5)) x 4 field staff = \$1,620**
- **Total Cost = \$7,200 + \$1,620 = \$8,820**

So, on this job, not only has Bill reduced his costs by \$780 through better productivity, but he's also freed up the 4th day to start another job and make more money. That's the power of overtime!

Strategy Considerations:

- **A-Team:** You need A-players who are focused on **getting the job done**, not clock watchers waiting for knock off after an 8-hour day for this strategy to work.
- **Don't push too far:** If the team looks fatigued, call it a day. When your team is fatigued, they're less productive and are prone to making mistakes.

TIP: Aim for longer 9-to-11-hour days Monday to Thursday and shorter 5-to-7-hour days with an early knock-off Friday afternoon. This boosts profitability, creates a greater culture, and gives more autonomy and responsibility to the work crew.

STRATEGY #59:

STRICTLY HIRE A-PLAYERS

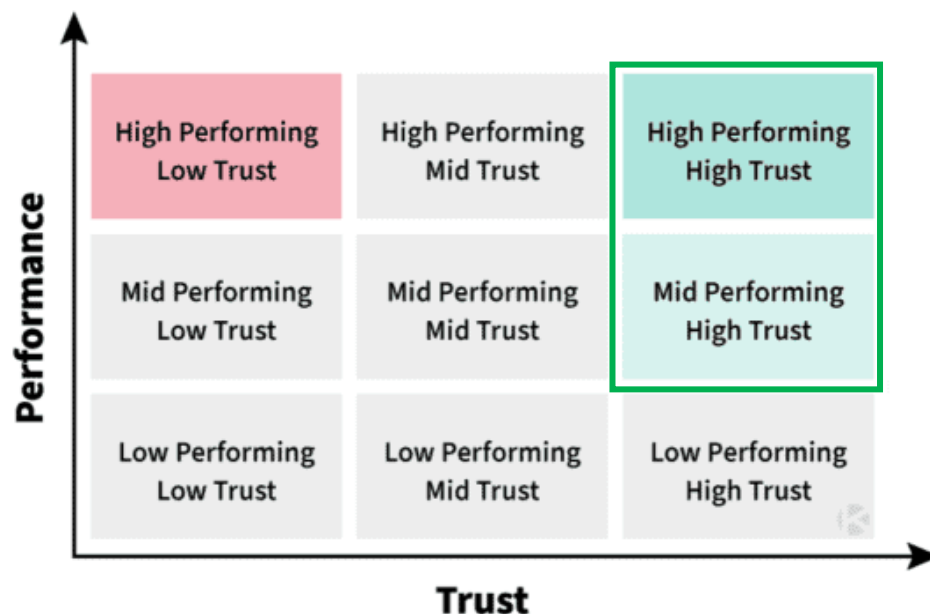
It's critical that you strictly hire A-Players in your business. While it's true that finding the right person for your business can be challenging, you should never settle for anything less. *Why?*

- **Increased productivity:** A-Players are able to complete tasks more quickly and effectively, which can help a contractor's business operate more efficiently and increase profits.
- **Positive impact on team culture:** A-Players often have a positive attitude and work ethic that can rub off on their colleagues, leading to a better overall team culture and morale.
- **The wrong person costs A LOT:** Research states the wrong employee on average can cost your business 30% to 150% of their annual salary. They might regularly cause re-work, need micromanaging, use materials inefficiently and be terrible with customers... not to mention the cost of replacing them too!

You can't afford to hire the wrong people. You need A-Players!

WHAT IS AN A-PLAYER?

Navy Seals are one of the highest performing teams on the planet. And when asked how they choose the guys that make it onto Seal Team 6 (the best of the best), they drew the following graph:



Both Trust and Performance are important qualities to assess when determining whether or not someone is an A-player. But, as you can see, Trust is the more important factor.

In fact, when the Navy Seal Team 6 were asked, they all said *they would prefer someone on the right side of the chart than the best performer who had low trust.*

STRATEGY #60:

INSTILL A CULTURE OF PROFIT

One of the best ways to boost profitability is to instill a culture of profit. No strategy or tactic to make profit matters if you do NOT have a culture of profit.

You want everyone in your team thinking:

- **We are a company that plans every job**
- **We communicate on every job (with our client and our team)**
- **We execute on everything we plan on every job**
- **We know the numbers of every job**
- **We are consistent on every job**

This is a culture of profit! A profit-focused culture can help drive decision-making, prioritize long-term goals, and motivate employees to contribute to the company's bottom line.

Here are four key reasons why having a culture of profit is important in business:

- (1) It helps set clear goals and priorities:** A profit-focused culture can help clarify the objectives and priorities of a construction business. By focusing on profitability, company leaders can make more informed decisions about how to allocate resources and make strategic investments. This can help ensure that the business is positioned for long-term success.
- (2) It can improve efficiency and productivity:** A profit-driven culture can motivate employees to work more efficiently and effectively, as they understand that their contributions directly impact the company's bottom line. This can help reduce waste and increase productivity, ultimately leading to higher profits.
- (3) It can attract and retain top talent:** Employees often want to work for companies that are financially successful and have a clear vision for the future. By prioritising profitability, a construction business can demonstrate to potential hires that it is a stable and well-managed company that is poised for growth.
- (4) It can foster a sense of ownership and accountability:** When employees understand that their actions have a direct impact on the company's profitability, they may be more likely to take ownership of their work and be held accountable for their results. This can create a more positive and collaborative work environment.

In short, this is about making margins everyone's business. It's a big mistake to make margins the business of you – the owner – alone.

If your employees from top to bottom don't understand your goal, or the purpose of how you're trying to enact change and boost your margins, they can't help out and they can't take their own steps to increase their individual margins through less material waste, improving front-line customer experience, etc. So, make sure you educate your employees on the importance of margins. Have transparency with your employees with where your business is at and where you want to take it!

STRATEGY #61:

INTRODUCE A MEETING RHYTHM

Introducing a meeting rhythm into your business is a powerful way to boost profitability.

These meetings are daily, weekly, monthly, or at any other predetermined interval, and they often serve specific purposes such as discussing progress on projects, aligning on priorities, or sharing updates.

Effective meeting rhythms can help teams stay organised, focused, and productive by providing a regular form of communication and collaboration. Regular meeting rhythms actually reduce the time it takes to manage your team effectively (up to 80% reduction) compared to reactive team management. They can also help ensure that important issues are addressed in a timely manner and that everyone is on the same page and clear on the strategy and direction of the business.

There are many different approaches to establishing meeting rhythms, and the right approach will depend on the specific needs and goals of your team.

Some common types of meeting rhythms we recommend include:

- **Daily huddle (5 to 15 Minutes):** Daily huddles are about setting the guys on fire. Purely tactical. It's conducted at the same time every morning, and no longer than 5 to 15 minutes, otherwise you've failed the meeting. This is where everyone is clear on the task for the day and what everyone's doing, and the day matters. It is to instil a sense of urgency to get stuff done and drive productivity and profitability. Short, sweet, and to the point.
- **Weekly review (30 Minutes):** Weekly review meetings are longer and allow for more in-depth discussion of progress, priorities, and any challenges the team is facing, as well as setting goals for the week ahead. The goal and outcome of the weekly meeting is to (1) the boss to share some good news about projects and direction of business, (2) the boss to provide client feedback (good and bad), and (3) the boss to ask 3 vital questions every week: *"what should we keep doing that's working well?", "what should we start doing that we're not doing?", "what should we stop doing that's just a waste of time and not adding value?".* Ensuring that every team member has an opportunity to provide input to these 3 questions. The boss should be taking notes and taking this to the monthly planning sessions, where these recurring themes and issues are resolved.
- **Monthly development meeting (1 hour+):** These are meetings that occur on a monthly basis with the entire team. The goal of the monthly meeting is training and upskilling your team (DNA transfer) and to solve the bigger problems that have been identified out of the weekly question sets. Discussing how we're tracking towards our major quarterly goals, the results you've achieved and setting new goals for the next quarter.

STRATEGY #62:

HAVE CLEAR SYSTEMS, CHECKLISTS AND PROCESSES

One of the most important steps in building a successful business that can produce 6 to 7 figures in net profit is delegation. You're handing off lower value tasks as the business owner down to staff members, so you can remain focused on higher value tasks that keep the juggernaut of your operation moving in the right direction.

But delegating responsibility to employees without clear systems and processes is setting them up for failure.

You need to make sure they have the necessary systems and processes to follow in order to achieve the result you want. Systemise and document core processes. This is the only way to ensure work gets done correctly the first time without your direct involvement.

Nothing kills profits like having to go back and do something twice. Like the old saying goes, "measure twice, cut once".

The same goes with ensuring a whole job is done correctly too. A great way to ensure the job is done correctly, is to implement a quality assurance checklist for each service type, where you require your employees to fill out a simple checklist at the end of a job AND take photos of before, during and after the final product has been completed.

This is a great way to mitigate the risk of re-work and to be sure that everything you would cover off on has been ticked off the list without missing anything. This keeps your clients happy, your company standards intact and most importantly, more money in your pocket!

Systems, processes, and checklists are important in a construction business for several reasons:

- **Improved efficiency:** By establishing clear systems and processes, a construction business can operate more efficiently and reduce the risk of errors or delays. For example, a process for how to handle change orders or a system for tracking project progress can help ensure that tasks are completed smoothly and on time.
- **Reduced risk:** Well-defined systems and processes can help reduce the risk of accidents or other hazards on construction sites. For example, a checklist for safety protocols can help ensure that all necessary precautions are taken to protect workers and the general public.
- **Enhanced quality:** Checklists and other quality control processes can help ensure that work is completed to the highest standards and meets all relevant specifications. This can help a construction business maintain a reputation for delivering top-quality work.
- **Increased accountability:** Systems and processes can help establish clear roles and responsibilities, which can help hold team members accountable for their work. This can be especially important in a construction business, where there are often many different stakeholders and contractors involved in a project.

STRATEGY #63:

MONITOR YOUR BILLING

How often do you check your bills and statements for billing errors?

They are relatively rare, so most of us never bother to check, but they certainly do happen!

You should schedule time in to occasionally check your billings for errors and overcharges. If you're not sure that there's an overcharge, don't assume you're wrong. Give a quick call to your supplier, etc. to check.

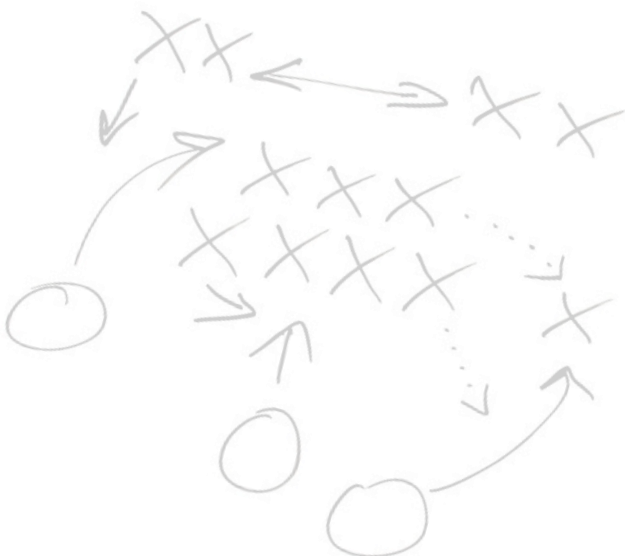
Time Poor? There are plenty of software platforms entering the market that can help streamline this process for you. Platforms like Burdi can link to your suppliers and notify you of any anomalies, as well as automatically adjust your rates for you in your job management and quoting systems.

IMPLEMENT A BASIC PURCHASE ORDER SYSTEM

Also, if you don't know what your employees are buying – when and why – you're not in control of what they're spending.

You need a basic system in place, where you're actively monitoring employee spending. This way you can outline to your employees what is and isn't an appropriate purchase.

IMPORTANT: Don't go overboard with purchase order control, as it can actually hinder productivity and cost you more in the long run if you're too controlling. We once had a client with a strenuous purchase order system, and while their material budgeting on projects was exceptional, they were having massive cost blowouts from reduced labour productivity because staff were having to wait around on site for purchase order approvals, etc. This defeats the purpose of the system.



STRATEGY #64:

SHOP AROUND AND NEGOTIATE SUPPLIER PRICES

Something that can be holding back your margins is supplier loyalty.

Of course, you want to build a great relationship with your suppliers, but at the same time it's important that you aren't overly loyal. Every 90 days you should be reviewing your suppliers and the rates that you're paying to make sure that you're getting the most competitive prices.

The better the relationship with your key suppliers, the more leverage you will have to negotiate better terms. If you don't ask you will not receive.

Any savings you make on costs of materials goes straight to your bottom-line profit. After you've identified the supplier with the best price, bargain with them and try to get an even better one.

Don't pay their first price without seeing if it's negotiable. Ask for longer terms, reduced prices, onsite deliveries or anything that will boost profit margins and preserve cash.

EXAMPLE: One of our roofing clients before working with us was struggling to make good margin on his projects (which was CRAZY because he worked with high-end builders doing premium roofing work on award winning homes, so the quality of his work and service was amazing!).

But it was clear one of the reasons that this was the case was because of supplier loyalty.

Our client grew up in a small country town and had a lot of integrity about him. And because of this, he felt like he had to be completely loyal to his one and only supplier. So, he never shopped around. He'd never compared or questioned what he was paying for materials against other suppliers.

And guess what? He was overpaying... BIG TIME!

By reaching out for a second opinion on one of his new projects, he was able to reduce his material costs by up to \$30,000. That's \$30,000 worth of straight profit that he wouldn't have had if he'd remained loyal to his one and only supplier!

**YOU NEED TO HUNT AROUND AT LEAST EVERY 90 DAYS TO
ENSURE YOU'RE GETTING THE BEST PRICES.**

Even show your existing supplier the new suppliers quote and see if they're willing to compete on that price. In most cases, the only winner out of supplier loyalty is the supplier (unless you have some favourable arrangement in place).

STRATEGY #65:

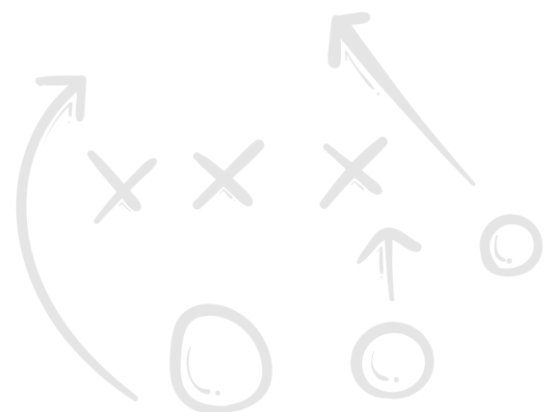
EFFICIENT MATERIAL USAGE

One of the simplest ways to reduce your job costs and boost profitability is to be more efficient with your materials.

Being inefficient with your material usage is one of the fastest ways to erode your profitability. Here and there, it might not seem like it's making much of an impact. But right now, there are plenty of contractors wasting thousands of dollars because they're being inefficient with their materials.

Some ways boost material efficiency include:

- **Reduce material wastage:** Reducing material wastage can lower the overall cost of the project because the contractor will not have to purchase more materials than they need and will not have to dispose of unused materials. Encourage changing the 'rubbish culture' mentality on site. Introduce incentives for saving materials (e.g., the money made from scrap cable goes towards the annual fishing trip).
- **Reuse excess materials:** Use leftovers from the last job. Use the remaining materials on other jobs. If you can't reuse, then return the unused materials to get a refund.
- **Reduce construction mistakes:** Everyone makes mistakes. But if you find your crews are consistently measuring or cutting incorrectly or using the wrong pipe, you need to get to the root of the problem. Otherwise, you'll find lots of valuable materials ending up in the bin.
- **Order right amount of materials:** Be mindful in the first place to make sure your orders are correct! Seek input from your most experienced, knowledgeable people when planning your work. This helps ensure you get the right quantities — not too much, not too little. If you find that you wasted material, figure out why, and learn from your mistakes.
- **Work with your suppliers:** Ask them to deliver your materials on returnable pallets that they can pick up when they make additional deliveries or when the project is over. See if they'll buy back any products you don't use.
- **Protect your materials:** Lock up materials on site or put a cover over materials. Use site security. Check your insurance to ensure you're protected for theft from vehicles ('replacement' value rather than 'market' value). Make sure you plan where you're going to store material beforehand to ensure you minimise rehandling (moving material costs you every time!).



STRATEGY #66:

UTILISE A SCOUT

A scout's role has one primary goal: *Increase job profitability by improving onsite labour efficiency.*

They do this through 3 primary tasks:

- (1) **Assessing the overall landscape and state of the job:** A scout first assesses the landscape to make sure the work fronts are free and clear with no obstacles for the work teams to come in. A scout can also conduct a thorough site assessment to gather important information about the location of the project, including the terrain, weather patterns, and access to utilities. This information can be critical in determining the feasibility of the project and developing an accurate project plan.

For example, if you're working on a high-rise building, know what's happening at every level of the project more than what the builder does. That way, you can talk with confidence to the builder that you're going to be there when you need to be there, at exactly the right time, not beforehand (where you're sitting around waiting) and not afterwards (when you're having to do rework/work-around because you've missed your window of opportunity).

A scout communicates not only to the client, but all stakeholders: *"This is when we're coming", "This is what we're bringing", "This is what we're doing when we're here", "This is the space we need", "This is what we need you to do" ...* ensuring all the other parties are going to do their bit prior to you showing up. It's no good sending an entire work team to site and nothing being done because of poor planning, poor scoping and poor scouting.

A scout can also serve as a liaison between the construction team and the local community, helping to build relationships and address any concerns that may arise during the project.

- (2) **Ensuring you have the right materials and equipment ready for the work fronts that are close to starting:** This means ensuring all hire equipment, materials needed for the job, etc. are all there ready to go, so the field teams can execute with brilliance. I'm not talking about knowing that you have a box of material in the shed out back... I'm talking about a specific checklist of items that's been counted and put on a pallet, labelled, and ready to go. Everything that's needed to undertake the task is listed, checked in date, and fit for use.
- (3) **Priming the workforce for execution:** Driving productivity of the work crew starts with high level of communication, setting expectations and ensuring the work is getting done (so it doesn't affect the planning for the coming days). Are you clearly communicating the above two items? Are they clear with exactly what needs to get done that day? The day matters, the task matters, the planning matters. We're not in the business of fixing f**k ups and rework. The scout must get the workforce primed for execution.

**DON'T SEND THE TROOPS IN BEFORE GATHERING INTELLIGENCE.
NO ONE GOES IN WITHOUT GATHERING INTELLIGENCE.**

STRATEGY #67:

INTRODUCE INCENTIVES FOR EVERYONE

Whether it's your employees or subbies, find ways to incentivise performance.

By motivating employees and subbies to work harder and be more productive, the better they'll perform and the more profit you'll make.

Now, it's important that you don't just introduce incentives without having absolute confidence in your pricing numbers. The incentive must fit the benefit. The last thing you want to do is spend \$500 on someone who saved you \$250 on a job...

An example of a great incentive would be to reward your foreman with 20% of labour costs saved on the project:

- 5 tradesmen charged out at \$10K per week on a project (\$50/hr x 40hrs)
- You estimate job to take 10 weeks, BUT the team does it in 9 weeks.
- 1 week saved = \$10K
- Foreman gets 20% = \$2,000
- **You get an extra \$8K in Gross profit!**
- **PLUS, the team now has an extra week's capacity to slot in another job!**
- With a 40% GP Margin for a new job in that week (\$30K x 40% = \$12K GP)
- \$8,000 (1 week saved) + \$12K = \$20,000 in extra Gross Profit!

From you changing virtually nothing in your business, you have a happy foreman, a more productive team, and you're making an extra \$20K – *that's the power of incentives!*

On top of this, incentives can actually also help to improve employee morale and retention, which can reduce the costs associated with hiring and training new employees.

Other incentive ideas include:

- Salesman being incentivised with a cut in profits above GP target.
- Apprentices being incentivised with tool allowances, etc. to not make mistakes.
- Subcontractors being incentivised with a share of the project's profits (if increased from the original target) to create a sense of ownership and motivation to work harder and more efficiently.
- Bonuses for employees who exceed performance targets.

STRATEGY #68:

ADOPT TECHNOLOGY WHEREVER POSSIBLE

In the early 2010's, much of the technology available was clunky, slow, and unreliable.

But in 2023, the tech landscape is very different for trade businesses. And if you're not adopting technology, then you're only hurting yourself and your profitability. There's project management software, accounting software, pricing/quoting software, etc.

It surprises us how many trade business owners remain reluctant to implement job management software. Admittedly, it can feel hard if you're gripping your paper diary; however, job management software allows you to co-ordinate and automate many functions in your trade business.

Some of the main reasons tech boosts profitability include:

- **Streamlines low value/manual processes:** From the field to in the office, back in the day everything was done with pen and paper (and it was time consuming and cost money). In fact, the average tradie loses \$120,000 every year due to inefficient administration processes. Tradify have stated that their platform can cut over 400 hours per year in administration time! That's a lot of time and money saved. But now, many of the low value or manual processes in the business can be streamlined with technology, allowing everyone in the business to be more efficient and focus more of their time and energy on high value, profit boosting tasks.
- **Better customer experience:** Today you can sit on your couch, order McDonalds on an app, track the delivery driver and get it delivered to your door without a hiccup. Customers are expecting better service and experience today than they were 5 years ago. And customers are going to expect even more in 5 years to come. So, if you don't evolve and adopt tech, you're going to fall behind in customer service and experience, because you'll be competing against businesses who are.
- **Gives you greater leverage:** As a business owner, leverage is king. The more leverage you have, the more you can focus on the high value tasks that bring in the money. Technology is one of the best points of leverage in business.

IMPORTANT: Always conduct the necessary due diligence before diving into any new technology. Technology is an amplifier, not necessarily a solution.

ARTIFICIAL INTELLIGENCE IS COMING IN FAST!!!

We've gone through the industrial revolution, the information revolution and the technology revolution... The next revolution is the artificial intelligence revolution!

This artificial intelligence landscape is evolving fast, and if you don't keep up, you're going to be left behind. As of 2022/23, platforms like ChatGPT are powerful free tools at your disposal right now.

You can use it to write emails, social media posts, build capability statements, etc. for you. The sky's the limit with this technology, and those who adopt it the earliest and the fastest will reap the greatest rewards from it.

STRATEGY #69:

CONCENTRATE YOUR RESOURCES AND EXECUTE WITH BRILLIANCE

If you've got a heap of projects, it doesn't mean you start them all at once and spread your people and resources thin.

This is the time when you negotiate hard with your clients managing the expectations of when you're going to start, how long you're going to be there, and being very clear on project delivery and time frames.

This is about taking back control of your own scheduling and not bending over the backwards at the beck and call of demanding clients – simple to understand, not always easy to do! (Especially when staring down the barrel of tier 1 & 2 builders, government contracts, or larger contractors, where they're putting the pressure on).

You don't have to have a presence on site, and you don't have to always be a yes-man at the detriment of your company and own personal sanity. What you need is a high level of communication, that when you are there, you're going to execute with brilliance.

There's a hidden cost involved in running a lot of projects at once – it's called Works In Progress. And WIP is one of the biggest killers of million-dollar trade businesses.

The objective of concentrating your resources is to complete work fast, bill fast and collect money fast – **SPEED TO CASH**.

For example, if you've got 5 large jobs and 5 crews, conventional thinking would be to send 1 crew to each job. However, this would be incorrect. Pool your resources, work on 2 jobs at a time, have all crews working on those 2 jobs, and smash them out of the park!

While it might sound counterintuitive, concentrating your resources will actually get you increased efficiency across the board. Focus on less jobs but make them more profitable by resourcing them properly and delivering them perfectly.

EXAMPLE: We had a demolition client who fell victim to this exact scenario. They had more than doubled the revenue of their company, with increased volume of jobs and job sizes, undertaking high profile, large signature projects as well as government contracts, where every single one of their clients wanted their project done immediately. This caused our client to spread themselves thin across multiple different projects with their own people, as well as bringing in external resources to keep up the workload on other projects. As a result, jobs that should have taken 4 weeks (had they have been resourced correctly), were blowing out to 5 months! This was putting a strain on cash flow, profitability, and causing huge amounts of stress within the management team.

As soon as we started working with them, the first thing we got them to do was understand the numbers and the impact of their decisions on the business as a whole. From there, it was clear they needed to concentrate their resources, get the projects completed one at a time to maximise their billing and collect the cash. Within 10 months, they'd gone from a loss of \$500K in the 6 months prior, to making \$250K net profit in the 6 months following (a difference of \$750K!).

LEVER #5:

OVERHEADS

STRATEGY #70:

CARRY A LIGHT PACK

Let me paint a picture... You've been invited to go on a hiking trip 30kms long, reaching an elevation of 580m. You've never done a hike like this before, but you'll be with experienced hikers.

The morning of the hike you watch these experienced hikers finish packing their bags and notice how little they're carrying. Weighing things to the gram, (Not kilogram) carefully loading their packs only with items they absolutely need.

You on the other hand, have a huge pack, full of survival gear, a compass, torch, blankets, first aid kit, spare clothes, sunscreen, camera gear, and enough food and water to last 3 days when the hike will only take 10 hours...

But it's better to climb a mountain with a pack holding only the essentials weighing 9kgs, rather than a pack weighing 40kg crammed with a whole bunch of unnecessary stuff you don't need. This is what many contractors DON'T do. They don't carry a light pack. Their overheads are too big. And every additional gram means they have to work harder to get points on the board and reach the summit.

Spending money has to happen in any business, but if you're not careful, overhead costs can quickly stack up and destroy your profit (costs go up, margins go down). So, a big overhead can be your undoing.

So, you need to be running as lean as possible without hindering growth, profits, and productivity, only investing in overheads that are actually needed. Because you can live without more things than you think. You can operate with less than you think. And your business WILL thrive with less than you think.

Check your subscriptions, negotiate payments, review what's needed, sell underutilised assets, adjust phone plans etc. basically just REVIEW your spending! (We're not saying you should be afraid to spend money and invest in things you need! We're saying you need to not make stupid financial decisions).

EXAMPLE! I once worked with the owner of a small painting business, and he was reckless with spending. Which ironically left him wondering things like:

"Where is all my money going?", "I should have more money by now", "Why is more work not solving the problem?"... And he was getting really frustrated at how little cash he had left over in his business. He was doing around \$60k a month, his gross profit was 50%, but his overheads were too high. They were sitting at over 55% of his business. So, despite being busy, he was losing money.

We did a complete review of his spending to cut down on wastage and we were able to find \$94,000 that should have been in his bank account.

MOST PEOPLE HAVE AT LEAST 3-5% OF OVERHEAD EXPENSES BEING SPENT ON STUFF THEY DON'T USE OR NEED... WHICH IS PROFIT THAT SHOULDN'T BE FUNDING WASTAGE (A HEALTHY TRADE BUSINESS SHOULD AIM FOR AN 18 - 25% OVERHEAD PERCENTAGE).

STRATEGY #71:

SELL UNDERUTILISED EQUIPMENT AND RENT

Trade and construction businesses are notorious for hoarding equipment and machinery. They love to OWN their 'yellow iron'.

But this *ownership mentality* can be costly if you're not getting the utilisation out of your equipment and machinery. This is because if your equipment and machinery isn't regularly being charged out to a job, then the hourly cost basis of that piece of equipment and machinery (to cover the fixed, maintenance, replacement, idle costs) will skyrocket, making it extremely difficult to cover those costs in a competitive hourly rate.

If you have a digger, for example, that is only being used 30% of the time... and sitting in the yard the rest... *should you really own or lease it?*

For example, let's compare the hourly cost of a piece of machinery at 50% and 25% billable:

	50% Billable	25% Billable
Annual Billable Hours	1,000	500
Fixed Cost Per Year	\$38,500	\$38,500
Fixed Cost Per Billable Hour	\$38.50	\$77.00
Operating Cost Per Year	\$17,500	\$11,250
Operating Cost Per Billable Hour	\$17.50	\$22.50
Total Cost Per Billable Hour	\$56.00	\$99.50

THE COST HAS NEARLY DOUBLED!!!

Have a look around your warehouse or yard and think about selling off any unneeded/ underutilised equipment & machinery. If the hourly cost basis of the equipment is higher than what you could rent the equipment for, then you're probably better off selling it and renting moving forward.

Not only does this put immediate cash in your pocket, but if you look at your numbers, it can be far cheaper for your business to rent, lease or hire equipment for specific jobs rather than buying it outright. This way, you're not running your equipment at a loss and eroding your wallet.

Of course, you could try and lease out your equipment to keep it billable, but this can be difficult when there's a general slowdown in the market. Not to mention the hidden costs of trying to keep your equipment billed, rather than focusing on your primary business. Again, if you're not getting the utilisation out of your equipment, it's probably time to sell it.

TIP: If nothing can be done to mitigate the loss from idle equipment, it should be left on the last job it worked on and the real costs of owning it charged monthly to the job. This serves as a reminder that the equipment is idle, and management, who should have anticipated when the equipment would be free, will be encouraged to get everyone talking about where it should go next. If idle equipment is not charged to projects, it is possible for all jobs to be showing a profit on paper. It also tends to discourage project people from always asking for more equipment than they really need.

STRATEGY #72:

RUN LEAN AND WATCH YOUR EXPENSES

Something that we see a lot of trade business owners do is once their business starts to make a little bit of profit, they begin to take their foot off the gas, and they start making silly financial decisions.

They want to go big all of a sudden, they want to have all these vans on the road, a big office and all this 'stuff'!! So, they just keep piling on the overheads with very little financial due diligence. In the end, these costs all add up and will eat away at your profit margin.

We're not saying you should be afraid to spend money and invest in things you need! We're saying you need to not make stupid financial decisions.

Make sure you are absolutely secure in your business and your bottom line is growing every month and that you are in a really good position before you start going out and getting the luxuries and investing in big things like plant and machinery, offices and employees and so on, because these things will eat away at your profit and if you aren't prepared and growing in a controlled manner, it could be game over.

Another area you need to watch is your fixed monthly costs. When you enter into long-term contracts, you most often end up with monthly payments to retire debt. The more items you get on your monthly payment schedule, the more drag you place on your business and the less margin you make. Set a goal to keep monthly payments at a minimum. In slumps, you'll learn the value of not having to worry about monthly payments that always loom ever so closely!

Look for better deals. If you use a particular supplier or service on an ongoing basis to deliver your work, you should seek a better deal – whether that's materials, power, rent, phone, etc. As a steady customer, you may be able to negotiate better terms. Many providers may gladly agree to put on a monthly retainer to get more steady income in exchange for lower overall fees. If you don't ask, you will not receive.

Not keeping tabs on your day-to-day expenses can hurt your business's profitability. Every expense you make for your business should be planned, have a definitive purpose, and be accounted for. It's not okay to even once in a while spend something unexpectedly – even on a seemingly small item. Over time, a lot of these 'small purchases' build up into a large amount of money that only erodes your profit margin (if there is little to no monetary benefit from the purchase). Remember, it's little leaks that sink big ships. So, don't be pound wise and penny foolish. This is an area you have to be completely hard-nosed about, and not let slip in the least.

Maybe it's time for a top to bottom review of all your costs. Find out what you're spending and then set a goal to cut everything by 10%. Look at everything – phone bill, electricity, raw supplies, wholesale purchases, travel, etc. You may be astounded where you can easily make cuts to improve profitability without sacrificing quality of service. Note: Almost every business can cut at least 10% of their expenses (unnecessary items).

STRATEGY #73:

DOMINO YOUR BAD DEBT

The interest on bad debt is a profit killer! So, make sure you focus on paying off all your bad debts.

'Bad' is the key word here. Debt in general isn't bad. In fact, debt can be a really powerful tool that you can use to protect your cash flow and existing cash cushion.

For example, fix-term debts for vehicles, equipment or buildings can be really, really important... because most of the time, you don't want to fund those kinds of investments upfront in cash.

The debt I'm talking about here is mostly debt associated with credit cards and lines of credit. Those kinds of debts CAN be bad if you aren't keeping tabs on them because you can start to rack up interest on them really, really quickly.

The key here is to **domino your bad debt**.

- **Step #1:** Line up all your debts on paper (there's something very powerful about getting stuff out of your head and down on paper).
- **Step #2:** It's time to negotiate and lower your rates. Chances are, you will be able to reduce your repayments, consolidate debts, negotiate longer repayment periods, and refinance with lower interest rates because lenders are competitive and hungry for business, making it easier to pay off debts.
- **Step #3:** Now, it's time to start knocking them over. Here, you have a choice to make because there are two different strategies you can use:
 - **Debt 'Avalanche':** The debt avalanche method involves paying off debts with the highest interest rates first and making minimum payments on all others. Using the debt avalanche method will save you the most in interest payments.
 - **Debt 'Snowball':** The debt snowball method involves paying off the smallest debts first to get them out of the way before moving onto bigger ones (a "tackle the easy jobs first" approach). You list all the outstanding amounts you owe in ascending order of size. You target the smallest debt and pay it off first and pay the minimum on all others. Then you target the next-smallest one and so on.

Whether a debt avalanche or a debt snowball is better depends on whether we're speaking in *financial* or *psychological* terms.

In terms of saving money, a debt avalanche is preferable. Since it has you pay off debts based on their interest rates—targeting the most expensive ones first—it means you end up paying less in interest.

In terms of keeping the ball rolling, some people find it much easier to stay motivated when they pay off smaller debts first, regardless of their interest rates. This is about focusing on building up your confidence by detonating some debts very quickly.

It depends personally on what motivates you more.

STRATEGY #74:

GET CLEAR ON YOUR SALARY CAP

Cost creep is a killer in trade businesses. It sneaks up on the business and starts eating away at the profits without the owners even knowing about it.

One of the most significant components of cost creep is labour creep. Labour is typically the biggest expense in most trade businesses. So, it's critical that you have a tight handle on your labour costs as you grow. **And the best way to do that is through a Salary Cap.**

When we look at the NRL, each team operates under a salary cap. A salary cap is the maximum amount a team is allowed to spend on players.

Now, your business has a salary cap too! There's a maximum amount of money that you can actually spend on your labour over a 12-month period. There comes a point when your business can't spend any more on labour given all of your overhead costs and profit targets. So, knowing what this maximum point is, is actually really, really important. It will tell you exactly what you've got to work with from a labour perspective as you grow. It's your labour budget.

The reason you want to know your labour budget is for two primary reasons:

- **It stops you from *overinvesting* in labour** which will erode your profit.
- **It stops you from *underinvesting* in labour**, which can stunt your growth or put more pressure on you as the company grows, because it's understaffed and under resourced.

Calculating your salary cap is actually really, really simple. All you need to do is make some projections based off where you think the business will be in 12 months' time, factor in a gross profit target, and then reverse engineer the numbers to uncover the salary cap.

For example:

Projected Revenue	\$3,000,000
Gross Profit Target (40%)	\$1,200,000
Projected COGS (excl. labour)	\$800,000
Field Worker Salary Cap	???

To figure out the salary cap, all you need to do now is subtract the Gross Profit Now, all we have to do here is subtract the Gross Profit Target and the Projected COGS from the Projected Revenue:

Projected Revenue	\$3,000,000
Gross Profit Target (40%)	\$1,200,000
Projected COGS (excl. labour)	\$800,000
Field Worker Salary Cap	\$1,000,000

This tells us that we've only got \$1,000,000 to spend on field labour over the next 12 months. It doesn't matter if they're casual, part-time, full-time, or if you give them incentive pay or overtime, the sum of all spending on field wages across a 12-month period cannot exceed \$1,000,000 if your projections are accurate. It's as simple as that.

STRATEGY #75:

KILL OFF YOUR LITTLE CHORES

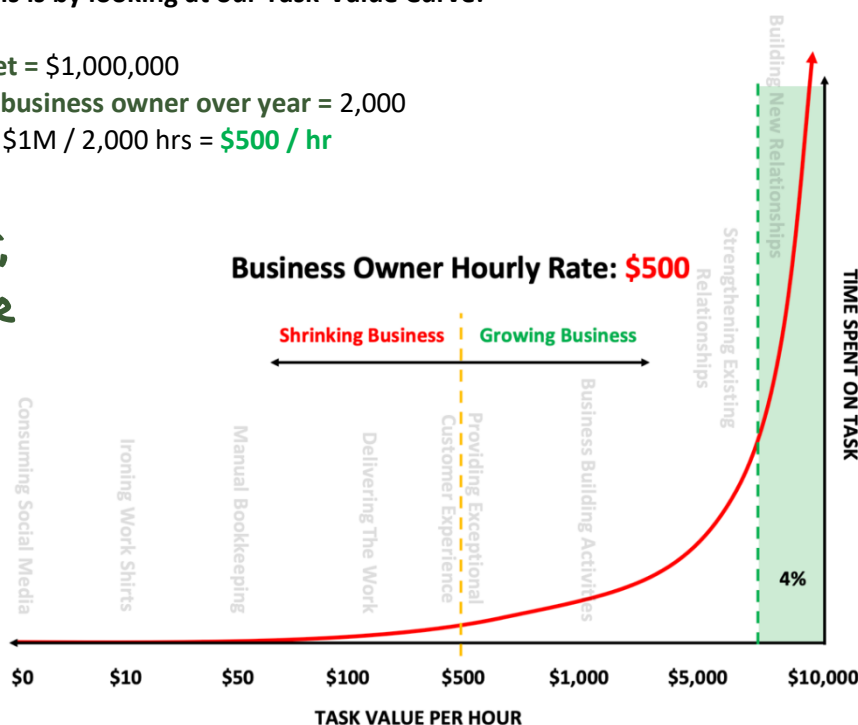
'Little chores' are those menial, low-yielding day-to-day tasks that contractors waste way too much time on that are costing them hundreds of thousands of dollars (if not millions) in profit.

For example, if you're wanting to build a \$1M business, then you need to be doing \$500+/hour business building activities that move the profit needle the most in the shortest time possible. This is stuff like hiring A-players, building new client relationships, strengthening existing relationships, etc.

The best way to visualise this is by looking at our Task-Value Curve:

- Yearly revenue target = \$1,000,000
- Productive hours of business owner over year = 2,000
- Target hourly rate = $\$1\text{M} / 2,000 \text{ hrs} = \$500 / \text{hr}$

AS THE BUSINESS GROWS,
YOU NEED TO MOVE YOUR
WAY UP THE CURVE!



This means, if you're doing an activity that has a value of less than \$500/hour, then you're *shrinking* the business below \$1M. Whereas, if you're doing an activity that has a value of greater than \$500/hour, then you're *growing* the business above \$1M. It's that simple.

Sure, you'll may need to do low value tasks every now and then (especially if you're still on the tools with a small team), but your goal should always be to delegate and back fill these lower value tasks.

Some effective ways to kill of your little chores include:

- **Learn to say "no":** Doing the wrong things even for the best of reasons won't get you the results that you want, no matter how committed you are. The sooner you start saying no to little chores, the sooner you will start to build the business that you've always wanted.
- **Hire great people:** You're the business builder, so you need to focus on business building tasks. That includes hiring great people who can take care of those little chores for you.
- **Implement better systems and tech:** There are some great software's and toolsets out there that can streamline a lot of stuff you're probably wasting time on doing manually right now.

STRATEGY #76:

INTRODUCE A HIGH-VALUE TASK PLAN

Knowing that you need to focus on your high-value tasks is one thing, but actually doing it is another. As the business owner, everything is screaming for your attention. That's why you need to implement a high-value task accountability plan.

The high-value task accountability plan is a plan where you allocate time in your week to ensure you execute on your high-value tasks. It's how you plan to spend your time every single week. This isn't like a specific 'day to day' schedule where you're planning out EXACTLY what tasks you're doing, you're just planning out when the important stuff needs to get done.

Because there are always going to be 'things to do' (the 'little chores') and what not, so if you don't allocate time, it won't happen.

Below is a simple example of a High-Value Task Accountability Plan:

	Monday	Tuesday	Wednesday	Thursday	Friday
7:00am	General Admin Tasks	General Admin Tasks	General Admin Tasks	General Admin Tasks	Strategic Planning
8:00am					
9:00am	Staff Meetings	Staff Meetings	Staff Meetings	Staff Meetings	
10:00am					
11:00am	Client Meetings				Management Meeting
12:00pm		Business Development		Business Development	
1:00pm			Client Meetings		
2:00pm					Staff Meetings
3:00pm				Performance Reviews	
4:00pm					
5:00pm					

TIP: Plan 50% of the week and leave 50% unstructured.

Some key points are when building & implementing your HV Task Plan:

- Keep it simple at the start:** At the start, you want to keep the plan as simple as possible. A common mistake is that people try and make it too complex and rigid, and they never use it.
- Group similar activities:** Try and keep the office activities together and the site activities together, otherwise you're going to waste a lot of time transitioning between activities physically, but ALSO mentally because it is taxing transitioning between different activities.
- Make it visible:** Don't build it up then hide it in your desk draw! Stick it on your wall, make it your desktop background, etc. And when you have a team, make them know about it too! This way everyone is operating on your schedule, not you on everyone else's!
- Get back on track fast:** Sometimes shit happen and duty calls. It happens. But it's important you get back on the plan as soon as possible. Don't let these random circumstances be an excuse to fall off the path forever.

STRATEGY #77: HAVE A PROACTIVE BANK ACCOUNT

Most people want to earn more money, but the question in everyone's mind is often, how?

So, here's a secret a good accountant should tell you... **STOP BEING REACTIVE!**

Reactive contractors have reactive bank accounts (up & down with no profit left over to enjoy) as they rarely look at their numbers or speak with their accountant. Instead, routinely look at your numbers and speak regularly with your accountant to make course corrections in strategy throughout the year to earn more money.

If you try to manage your income after the fact, you're well past the point in which you can actually do anything that will change the outcome. To earn more money and avoid a reactive bank account, be on the front foot with your finances.

GOLDEN RULE: Work with accountants that actually help you understand your numbers, set clear KPIs, and give proactive advice throughout the year!

JUST LIKE WE DO
WITH OUR CLIENTS!



BONUS STRATEGY #78:

LEVERAGE THE HELP OF SPECIALISTS

Looking at the 77 strategies listed above, it can be frustrating (or even overwhelming) not knowing where to start or what to even focus on first, let alone how to pull off each strategy effectively.

This is why you need a team of experienced professionals in your corner, entirely focused on taking you from where you are now, to where you want to be. Working behind the scenes to support and help drive results in your business. This is the most effective way to boost your profit margins.

Regardless of your size, trade, or market... success comes from a clear roadmap, smart strategic business decisions, informed collaboration, accountability and powerful guidance — the kind that comes from the right accounting and advisory team.

In order to run a truly 'tight ship' business operation, you need to have complete financial insight, transparency, and control! And the truth is, behind every highly successful trade business owner, there is a team of financial experts and administrators helping them to keep their finger on the financial pulse of their business – while they get on with the job of running the business.

Having a strong financial team in your corner will give you the confidence to know when you can spend money, when you can't, when you can afford to put on more staff and vehicles (financial forecasting) and know if you're in a position to take money out of the business for investments (or well-earned toys!).

Here at Trade Business Accountants, this is exactly what we do.

We are a specialist accounting firm who work exclusively with trade and construction businesses Australia-wide to increase their profits, get back their time and build a business that works for them!

We have over 30+ years of hands-on experience across the trade, construction, and finance industries, and over the years we've advised trade businesses anywhere from start up to \$30M+ (and even some of Australia's largest developers and tier one builders), so we know what you need to see in your numbers to make informed, strategic decisions for your business.

We setup and structure your business financials the smart way, to drive strong financial performance and not only help you earn more, but finally keep more of what you make!

That is our **commitment to you**. [Click here to get started.](#)



WHAT NOW?

Okay... so by now we're 101 pages into this book.

So, congratulations... you've made it this far!

You might be feeling like you've just tried to put your mouth on a fire hydrant. And you might be feeling a little bit overwhelmed with everything we've just blasted through...

**AFTER READING
THIS BOOK... IS
THIS YOU!?!?**



If that's the case, don't freak out, this is pretty normal.

The content we've now covered has likely been full of new concepts and ideas you've not yet learnt on your journey in business!

And that's why we've collated this knowledge into this book and given this information away for free so that you have access to this for life and you can go back through things at your own pace whenever you please.

But if there was only one thing that I'd want you to remember, it really would be this:

**THERE ARE ONLY 5 LEVERS YOU NEED TO
FLOOD YOUR BUSINESS WITH MORE PROFIT!**

And I hope you would agree with me that that...

- Understanding how to improve your net profit is as simple as understanding the 5 profit levers in your business?

- The 5-levers are an incredibly powerful technique to start flooding your business with more profit?
- And that you can walk away from this book and start implementing these 78* strategies straight away...?

So, when are you going to start?

Because if you didn't answer 'As soon as humanly possible'... I want you to think again!

In our brief time together, I've given you the exact step-by-step framework that we use with our clients to help them generate 6 to even 7-figures in extra net profit every single year.

You now immediately possess it, and with it, all of the power that it holds.

You now have a simple process to know exactly what levers to pull to generate more net profit at any point in time.

You discovered 78* strategies that you can implement immediately to build a wildly profitable trade business.

You now have a simple method to practically print money almost out of thin air and make more cash in a year than most trade business owners do in 5.

I've given you the confidence to take control of your income and get that nicer car, send your kids to a better school, go on that expensive holiday, or buy that dream house.

I've sprinkled in tactics, strategies, and near effortless things you can immediately use that, simple as they are to implement, can have a profound impact on your results and your bank account.

All this and much, much more in the limited time that we've had to interact together throughout this resource...

So, knowing what you now know...

Do you feel more comfortable harnessing the power of net profit in your business?

Do you realise the advantage you have in the market by using this cutting-edge 5-lever system?

Can you see yourself using what I showed you today to help put more cash in your bank account?

Even if you use just a tiny fraction of what I showed you today, would you say our time was well spent?

Because this was the goal of our book... to provide massive value and show you exactly what you need to do in order to make more profit and cash in your business.

AND I'D LIKE YOU TO THINK ABOUT THIS FOR A MOMENT...

Does your current accountant help you with anything that we've discussed throughout this resource? And are they proactively helping you to make more profit and cash?

Or do you just meet once or twice a year when it's time to file your taxes?

If it's the latter, and you don't think your current accountant can provide you with this vital information and guidance needed to run your business financially... then it may be time to consider making a change...

Because while what I've given you is incredibly valuable, nothing compares to working 1-on-1 and getting hands on help implementing these systems into your own business ...

So, if you'd like to spend even more time together, going even deeper and further on what we've shown you, to get better results in your business specifically... then I want to offer you a scenario where we can do everything in our power to make your success a certainty.

It is with great pleasure that I introduce to you...

Our Trade Business Accountants Full-Service Accounting, Tax, Business Advisory and Bookkeeping solution.

Despite there being many great accountants... most firms are really only interested in filing tax returns...

But if you're turning over a million dollars per year... what you really need is a supportive team helping you to actually earn more money now, like we've just covered in this resource...

Rather than just meeting come tax time, to simply outline how you went when it's already too late to do anything about it.

This is proactive advice and guidance when it counts... which in today's business environment, is no longer a nice to have, it's a necessity...

And that's where Trade Business Accountants comes in.

We are a specialist accounting firm who work exclusively with trade and construction businesses Australia-wide to increase their profits, get back their time and build a business that works for them!

We have over 30+ years of hands-on experience across the trade, construction, and finance industries, and over the years we've advised trade businesses anywhere from start up to

\$30M+ (and even some of Australia's largest developers and tier one builders), so we know what you need to see in your numbers to make smarter, more informed decisions for your business.

Most businesses that come to us, despite turning multiple millions and being successful on paper... aren't as profitable as they should be... and the owners are not getting the money that they should be for the hard work that they put in and the size of the business they run...

But the most important thing as a business owner is that you are getting an ROI on your investment... that your business is generating large amounts of profit and cash for you to keep and use in whatever way you please...

This is how we help our clients – we focus on profit and cash – and exactly how to make more of it.

Which is why we're able to help clients turning \$1-\$2M million dollars earn more than many turning 10M+.

We setup and structure your business financials the smart way, to drive strong financial performance and not only help you earn more, but finally keep more of what you make!

That is our **commitment to you**. [Click here to get started.](#)

THE TBA MISSION



HELPING YOU ACHIEVE FINANCIAL FREEDOM.

Sadly, most traditional accounting firms are only interested in filing tax returns and speaking once or twice a year with their clients.

But we're on a mission to improve the lives of Australian trade and construction business owners by helping them to maximise their income and achieve financial freedom. **So, we're flipping the traditional accounting firm model on its head.**

We work with you proactively to help you run a better business and earn more money now, rather than meeting come tax time to simply outline 'how you went' when it's already too late to do anything about it.

A value driven service that goes beyond just a tax return at the end of the year, because financial freedom won't come from sitting on the sidelines and offering advice after the fact.

Working with TBA, you'll win from a focus on three foundational pillars: Numbers, Strategy, and Systems.

#1 NUMBERS

UNDERSTAND THE LANGUAGE OF BUSINESS.

Everything we do stems first from an intimate understanding of your financial position. Letting numbers dictate what strategies we focus on allows us to drive better and much more **predictable results** for you. In fact, on average, our clients increase their net profit by 318% in the first 12 months of working with our team, with many even reaching net profit margins as high as 33%.

That's why, we not only handle all your tax, bookkeeping, and accounting, but we also provide you with weekly cash snapshots, monthly performance reports, and quarterly game plans to keep your finger close to the financial pulse of your business.

**MORE
PROFIT!**



Monthly Performance Report - [REDACTED]				
TRADE BUSINESS ACCOUNTANTS		CURRENT ROLLING QUARTER		
		July	August	September
Profit & Loss	Gross Revenue	\$ 103,651.93	\$ 142,310.52	\$ 114,956.77
	Pass Through Costs	\$ 13,157.45	\$ 19,816.97	\$ 21,313.39
	Net Revenue (Engine Room)	\$ 90,494.48	\$ 122,493.55	\$ 93,643.38
	Direct Labour Cost	\$ 21,812.39	\$ 26,562.00	\$ 27,500.00
	Labour Productivity Ratio (LPR)	\$ 4.15	\$ 4.61	\$ 3.41
	Gross Profit (GP)	\$ 68,682.09	\$ 95,931.55	\$ 66,143.38
	Gross Profit Margin	66%	67%	58%
	Management Labour Cost	\$ 15,795.18	\$ 19,708.04	\$ 12,223.52
	Management Productivity Ratio (MPR)	\$ 4.35	\$ 4.87	\$ 5.41
	Non-Salary Based Operating Expenses	\$ 19,168.51	\$ 29,511.81	\$ 23,263.01
	Net Profit	\$ 33,718.40	\$ 46,711.70	\$ 30,656.85
	Net Profit Margin	33%	33%	27%

LIFE CHANGING CLIENT RESULTS



Peter Bond

"They have really helped me turn my business around"

RESULTS

- 209% increase in Net Profit
- 220% increase in Workforce
- 186% Revenue Growth

TIMEFRAME

10 months



Jack Chiu & Brenda Chen

"In 5 weeks, they turned my business around"

RESULTS

- 564% increase in Net Profit
- 213% Revenue Growth
- 50%+ avg. Gross Profit Margin

TIMEFRAME

6 months

#2 STRATEGY

CHANGE THE WAY YOU PLAY THE GAME.

There's a reason why our average client makes a 563% ROI on our team within the first 12 months (the closest you'll get to a cash printing machine). Because we help you fundamentally change the way you do business.

We'll set strong financial targets based off a profit-driven business model, then get you crystal clear on the **exact strategy** needed to achieve them in the fastest way possible. This is all about nailing the high value activities that hold the most leverage when it comes to making you more money. Going from an organic and reactional way of operating to a much more strategic and effective approach to business.

WORKING
1-ON-1



LIFE CHANGING CLIENT RESULTS



Amanda McDonald


"Of all the coaching I've had in the past 10 years, this has been the best. The return on investment has far outweighed the costs"

RESULTS

- 484% increase in Net Profit
- 30% Net Profit Margin
- 156% Revenue Growth

TIMEFRAME

10 months



Cameron Burgess

"Been with them for just over 2 months now and the results they've helped me achieve would have taken me another 5 years... if I was lucky!"

RESULTS

- 196% increase in profit
- 25% Revenue Growth
- 55%+ avg. Gross Profit Margin

TIMEFRAME

4 months

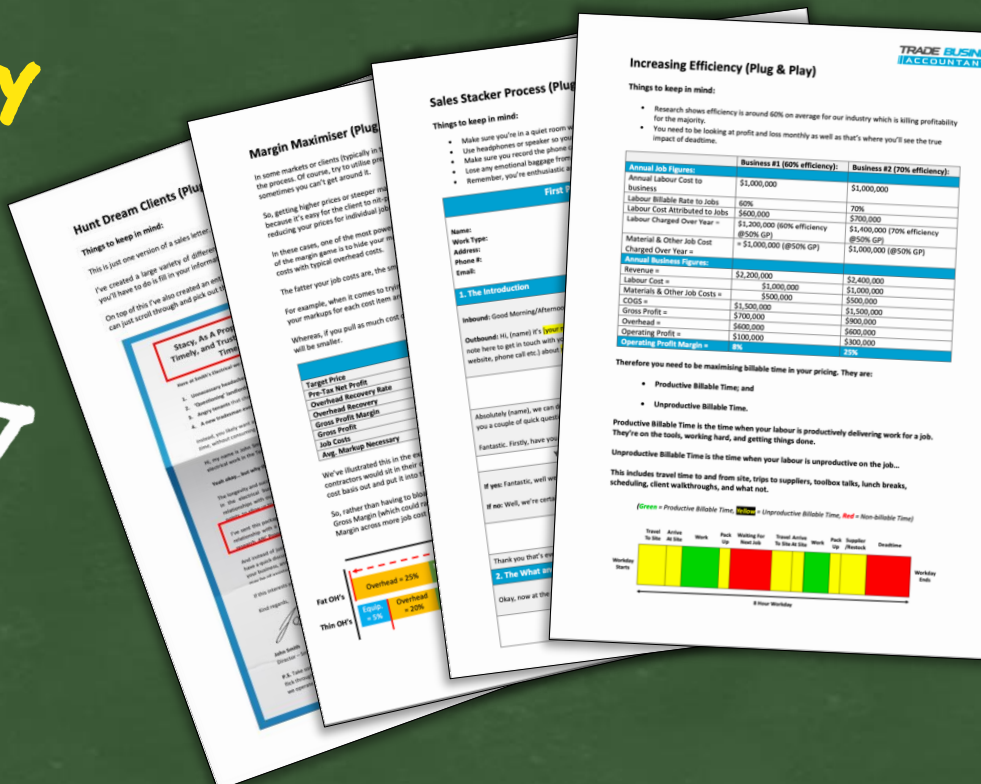
#3 SYSTEMS

FAST TRACK YOUR FINANCIAL FREEDOM.

"Just increase your prices", "You need more leads", "Try improving your conversion rates"... sound familiar? Knowing your numbers and having a strategy in place is one thing but knowing how to pull it off effectively is another.

This is why we've built fool proof, plug and play resources that take away any guess work as you move towards your goals. Between our proven systems for pricing, marketing, sales, hiring, and financials, coupled with regular coaching, it's no secret as to why our clients are making life changing money and fast tracking their way to financial freedom.

PLUS & PLAY
SYSTEMS



LIFE CHANGING CLIENT RESULTS



Maggie & Kevin Mckiernan

"The investment we are making doesn't even amount to what we are gaining".



RESULTS

- 746% increase in Net Profit
- 236% increase in Cash Flow
- 41% Revenue Growth

TIMEFRAME
10 months



Kyle Crick

"These guys are the real deal..."

RESULTS

- 327% increase in Net Profit
- 239% increase in Gross Profit
- 265% Revenue Growth

TIMEFRAME
12 months

HOW IT WORKS.



**MAKE NO MISTAKE – WE ARE NOT
LIKE YOUR ‘TYPICAL’ ACCOUNTANTS.**

Our work goes far beyond the standard accounting firm to ensure you have access to a more proactive team and service with everything needed under one roof. We do this by helping you in two ways: (1) Accounting (2) Business Coaching & Advisory

Accounting:

You'll have a team of three dedicated accountants looking after your books with one primary point of contact to help and assist you with all things relating to bookkeeping, tax, accounting, compliance, payroll set up and support, wealth/asset protection, and receipt management. Someone you can contact via phone or email at any time (with no additional fees) to answer queries and help you stay on top of your finances.

Business Coaching & Advisory:

You'll have direct access to a range of different trade specific experts, all specialising in different aspects of business, that you can meet with 1-on-1 to discuss any challenges, questions, or workshop opportunities across topics such as marketing, sales, pricing, hiring and teams, financials, and systems.

LIFE CHANGING CLIENT RESULTS



Corey Hammond

"The impact they've had in my business and personal life has been phenomenal!"

RESULTS

- 303% increase in monthly sales
- 416% increase in Net Profit
- 40% increase in conversion rate

TIMEFRAME
6 months



Michael Smith

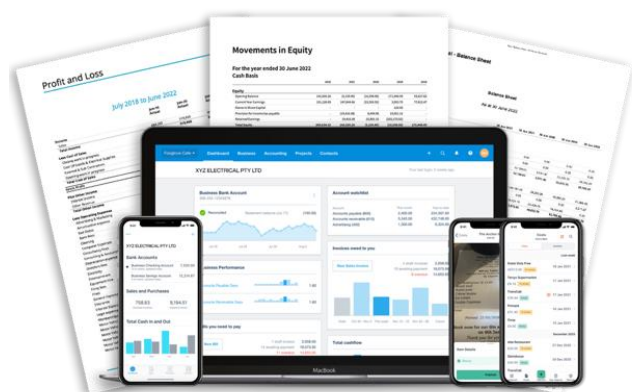
"TBA have helped our business enormously!"

RESULTS

- 468% increase in Net Profit
- 216% increase in Cash Flow
- 197% increase in Sales

TIMEFRAME
6 months

GET A HANDLE ON YOUR FINANCES TO HAVE CONFIDENCE IN YOUR BUSINESS AND PERSONAL POSITION.



NEVER WORRY ABOUT YOUR BOOKS AGAIN

Our team of experienced accountants will handle your bookkeeping weekly, making sure your accounts are immaculate, you have accurate up-to-date numbers, and you've got the right systems and software in place, so you **never have to worry about your books again.**

This means you can say goodbye to coordination fatigue from playing the middleman between your admin, bookkeeper, and accountant, and no more getting frustrated that things aren't being done right.

SEE YOUR NUMBERS LIKE NEVER BEFORE

We monitor your cash position every single week with our weekly business snapshot report and track your monthly performance with our proprietary traffic light system to provide you with simple and easy to understand insights into your numbers that outline exactly how you're going against your targets. You'll get to **see your numbers like never before.**

With this level of focus on the key figures behind your business, you'll hit your goals and achieve financial freedom in record time.



MAKE TAX TIME FEEL LIKE A BREEZE

Feel confident running your business knowing that you won't have to worry about unexpected tax bombs, audits, or fines from the ATO, and especially about whether or not you're paying more than you have to.

We'll work proactively with you to build a custom game plan that will help you legally reduce the amount of tax you're required to pay (so you keep more of your hard-earned cash), as well as handle all your company and personal tax lodgements to keep you compliant and out of hot water, **making tax time feel like a breeze.**

A collection of Australian tax forms and documents. The documents include a 'Print activity statement', a 'Company tax return 2022', and an 'INDIVIDUAL TAX RETURN QUESTIONNAIRE'. The forms are from the Australian Taxation Office (ATO) and include various sections for company information, tax calculations, and declarations.

UNLOCK GREATER PROFITS TO MAKE SURE YOUR HARD WORK IS REFLECTED IN YOUR BANK ACCOUNT.



FAST-TRACK YOUR SUCCESS

Take advantage of as many 1-on-1 meetings with our advisory team as you need to workshop and discuss any questions, issues, and opportunities to **fast-track your success**, getting you from where you are to where you want to be in the shortest possible time frame.

Leverage a team with over 30 years of trade-specific and financial experience, right at your fingertips, and move forward with confidence knowing we're here behind the scenes, helping you to improve and do better without all the trial and error.

CONQUER ANY BUSINESS CHALLENGE

We'll arm you with every resource, example, strategy, script, and system you'll need to be able to **conquer any challenge within your business** whether it be pricing, sales, leadership, hiring, marketing or financial related to unlock greater growth and profits in a fraction of the time.

We have spent the last 30 years building, testing, refining, and mastering the processes and systems necessary to building and scaling highly profitable 8-figure cash printing trade businesses, and now you can leverage all of it in your own business without all the guesswork!



PROTECT EVERYTHING YOU'VE BUILT

With all the growth in cash and profits you'll experience, it's critical that you have the right company structure to **protect everything you've built**. This is why we'll set up your company structure to keep your wealth safe from lawsuits and keep personal assets like homes, boats, and vehicles out of the picture.

This way you can rest easy knowing everything you've built and continue to grow is protected, and that you'll be able to create a financial legacy for your family, and even future generations to come.

IN THE FIRST 12 MONTHS
OUR CLIENTS ACHIEVE ON AVERAGE:

+ 318%

NET PROFIT INCREASE

+ 234%

CASH FLOW INCREASE

+ 563%

RETURN ON INVESTMENT

WHAT PEOPLE ARE SAYING



A man with short brown hair, wearing a light blue button-down shirt with a small logo on the chest, stands with his arms crossed against a green background. The background also features a faint image of a group of people and a sign that says 'MOORE STREET'.

Damian Vescovi

"They're a true asset to any business. I have no hesitation in recommending them to help you make more money and enjoy the balanced lifestyle. 10 out of 10 from me."

TESTIMONIAL



A man with short dark hair and a beard, wearing a dark blue t-shirt with a logo that says 'ALL WIRING SOLUTIONS', is smiling and holding a yellow power tool. He has sunglasses on his head. The background is a solid green color.

Damian Larobina

"This team will send you to the moon in terms of profit, systems and optimisation. Could not recommend them enough..."

TESTIMONIAL

WHAT PEOPLE ARE SAYING



Scott Howard

"The team have become a powerful asset to our business and instrumental in guiding our high level business decisions, we highly recommend their services to anyone interested in taking their business to a new level."

TESTIMONIAL



Matthew Dalton

"For the first time since starting my business I'm actually busy making money instead of being busy chasing work and earning nothing. I seriously can't rate these guys highly enough! They will make you money!"

TESTIMONIAL

WHAT PEOPLE ARE SAYING



Matt Waites

"One piece of advice on price negotiation in our very first meeting, helped me close a deal that afternoon that paid for my investment in TBA for the next 18 months. Highly recommend working with TBA!"

TESTIMONIAL



Sean Pembroke

"Proactive and innovative. They actively seek out your business interests and align your goals with a pragmatic approach. These guys are professional and supportive at all levels. Highly recommended."

TESTIMONIAL

WHAT PEOPLE ARE SAYING

A portrait of Matt Everett, a man with a beard and short dark hair, wearing a black t-shirt with a white horizontal stripe. He is looking directly at the camera with a slight smile.

Matt Everett

"Absolute life/game changer. Whatever you invest in them you will get that back ten-fold! So thorough, helpful, and passionate about what they do and leave no stone unturned. Truly the best in business!"

TESTIMONIAL

A portrait of Anthony Lakiss, a man with short dark hair, wearing a grey hoodie and a dark quilted vest. He is smiling at the camera.

Anthony Lakiss

"Before teaming up with the team at TBA I didn't have any clarity in my business, now I'm definitely more knowledgeable and confident about building a strong business! I can without a doubt recommend the TBA team to help out any trade business."

TESTIMONIAL

WHAT PEOPLE ARE SAYING



Niall McCarthy

"What the team at TBS have done for us is incredible. We cannot thank them enough for all their help. It has given us crystal clear direction of where we want to go. 100% satisfied with their service."

TESTIMONIAL



Matt McFarlane

"The team are extremely professional, super efficient and the knowledge and resources they've shared with me over the past 8 months has been without a doubt a game changer in my business!"

TESTIMONIAL

WHAT PEOPLE ARE SAYING

A man with a beard and short hair, wearing a dark blue long-sleeved shirt with a logo that says "REBELEURA ELECTRICAL".

Chris Dew

"TBA has been the best thing I have ever done for my business. The team were awesome and I couldn't speak more highly."

TESTIMONIAL

Two men standing side-by-side, wearing high-visibility yellow and grey work shirts. The man on the left is older with glasses, and the man on the right is younger with a beard.

Reeza Goodfellow

"They've already made a profound impact on our bottom-line profit, and most importantly, peace of mind and confidence in moving forward. They help ease the burden and anxiety of business ownership!"

TESTIMONIAL



**CLAIM YOUR FREE DISCOVERY
CALL BLUEPRINT TO 2X, 3X, OR
EVEN 4X YOUR NET PROFIT
(WORTH \$1,000)**

If you have any questions or would like our help implementing any of the above strategies, get in touch today. Even better, for a limited time we're offering you a FREE 30-minute strategy session where we'll discuss your business goals and draw up a profit building blueprint for you.

On average, in the first 12 months our clients achieve:

318%

Net Profit Increase

52%

Gross Profit Margin

563%

Return On Investment

**PLEASE NOTE THIS IS NOT A SALES CALL. YOU WILL BE SPEAKING
WITH OUR COMPANY DIRECTOR, NOT A SALESMAN.**

WARNING: This offer is only for people serious about setting up their business for long term success. To truly get your profit figures to 6 & 7 figures we need your commitment and dedication. So, if you're ready to kick your business into overdrive and skyrocket your profits book your FREE strategy session call now.

**CLAIM YOUR FREE 30-MINUTE
STRATEGY SESSION**

TRADE BUSINESS **ACCOUNTANTS**

Disclaimer: The information herein is general information. It is not intended as investment, financial, legal, taxation, building, development or any other advice and must not be relied upon as such. You should obtain independent professional advice and make further independent enquiries before making financial, legal, taxation, or investment decisions. Past performance is not an indicator of future performance. Trade Business Accountants does not predict or guarantee returns or profits and expressly disclaims any responsibility or liability for any direct or indirect damage, loss, claims, costs, or expenses, as a result of relying on the information given or omitted by Trade Business Accountants or any of its associates, directors or employees. You have permission from the author to transmit or print this download in its entirety for personal non-commercial use only. All other use of this report must have the express written permission from the author.