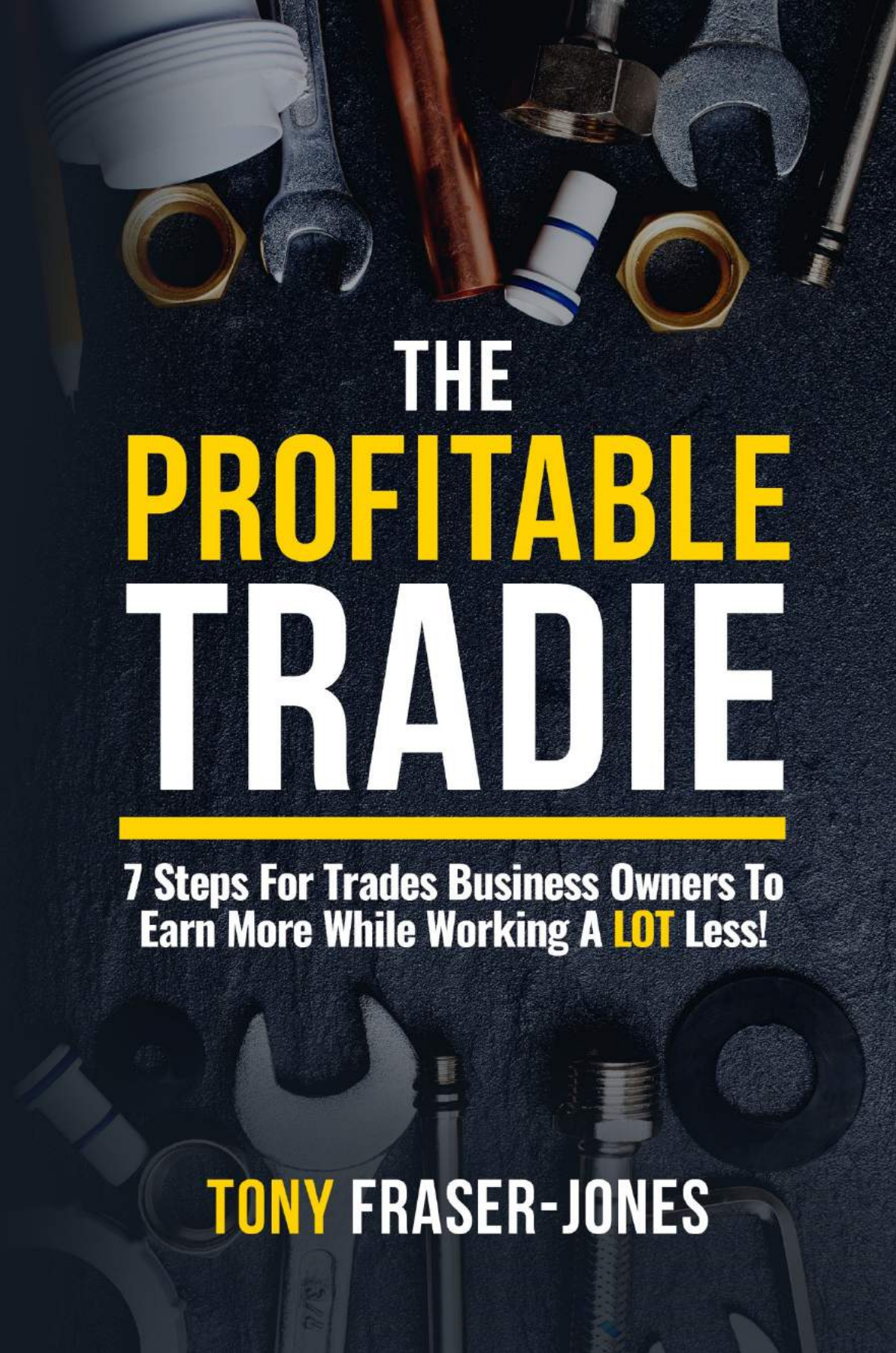

THE
PROFITABLE
TRADIE
7 Steps For Trades Business Owners To
Earn More While Working A LOT Less!
TONY FRASER-JONES

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The Profitable Tradie

7 Steps For Trades Business Owners To Earn More While Working A LOT Less!

Tony Fraser-Jones

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CHAPTER 1

Are You a Tradie or a Business Owner?

You've grafted long and hard to get your own business started. You even have a few other guys under your wing to help you handle larger, more profitable projects.

But does this make you a business owner?

Not if you don't have the mindset of one.

A business owner isn't the guy who's working his arse off on jobs. It's the guy who's looking at the bigger picture of the business and building it into something amazing. It's the guy who can build a solid team of people to get the job done well.

And there's even more to it.

A business owner understands that working hard on the tools won't get him very far. He knows that trying to do it all will burn him out and lead to him hating the business. Maybe that sounds like you right now. You've had another hard day on the tools or managing the team and now you've got to come home to deal with a bunch of business stuff.

How do you feel?

You're bloody knackered and you just can't do it. But you've got to find a way to push through because the work isn't going to do itself.

This isn't the lifestyle of a business owner. And mark my words, even if your business works without you killing yourself, it's never going to grow.

It's time to make some major changes.

Are you ready to stop thinking like a technician and become an actual business owner?

Jason and Kirstie's Story

Jason and Kirstie run a business that offers services related to central heating, gas, and water systems.

It's a tight-knit little company that services residential clients. They do new builds as well as bathroom renovations.

But like many others in their shoes, Jason and Kirstie were soon to realize how overwhelming the industry can be.

When Clients Take Control

Before implementing what I will teach throughout this book, Jason and Kirstie were neck-deep in the weeds of their business.

When Jason joined us, it was only him and one apprentice. The multi-title (Director, Plumber, Chief Bottle Washer) shows us one of the biggest mistakes that a business owner can make.

You can't be a plumber and a director and be good at both roles. Jason knew this so he offloaded some of the admin to a newly hired admin assistant. But that still wasn't enough. Soon, it all spiraled out of control. Jason couldn't keep up with the business demands and he kept working crazy hours to compensate.

The usual routine was - the tools during the day, then jump into paperwork at night.

There's no time for family life there. There's no time to enjoy the fruits of your labour. Jason had no social life and he barely laid eyes on his family. He'd also lost sight of any goals he had for the business when he first started.

He was just going through the motions without any time to stop and reflect on his roles and decisions.

It was time to make some big changes.

Pursuing the Right Mindset

We helped Jason realize that he doesn't need to be on the tools each and every day.

This allowed him to restructure his working week and find time to grow his business and be with his family. He realized the business lacked the manpower and methodology necessary for long-term success.

The first step was to get more people on board. Jason made a few hires to get himself off the tools so he could work more in the office. And he started focusing on wrapping his head around how money flows through his business.

Before we met, Jason's business was averaging 15% GP per job. Now, it's at 40% GP and growing. And that isn't even the end of the story.

Once he'd got his mindset right, Jason was unstoppable. He created client enquiry scripts to help his staff get the most information. He asked the clients to take photos of the job to have his team ready for the work. This consolidated the workflow so they didn't waste time or resources anymore. The addition of checklists to the business made everything run even smoother.

And then there's the marketing.

Tradies struggle with marketing because it's not something they're exposed to early on. Maybe you're operating on the idea that just "doing a good job" is enough to land more clients.

It isn't.

Jason has made huge improvements in this area. Now, the business has a new logo and all the guys wear branded uniforms. A new website got his company's name out there, and Jason is using an automated email system (Mailchimp) to stay in touch with clients and prospects. He's also developed a digital marketing system and nurture system for B2B clients.

All this helped him move away from being a technician and become a confident businessman. As for his schedule, now there’s even time to coach his son’s football team.

And there’s no reason you can’t do the same. It only takes the right mindset and some friendly help on the side.

Use your phone to scan this code and see Jason and Kirstie's video story.



It All Comes Down to Systems

Workflow and management systems combine to form the backbone of any successful trade business.

System stands for Saving You Stress, Time, Effort, and Money.

If you haven't got systems in your business, you create chaos and mistakes. You're going to get callbacks to site and a whole lot of rework. That eats into your revenue and makes it feel like you're constantly putting out fires.

A system is just a set of processes that you pull together. Think of it as the template that the entire business runs off. A good system tells your team how you want stuff done so your business can thrive.

So, you're sick of putting out fires, right? We've got five tips that will help you nail systems in your business.

1. Our Product Is Not the Thing We Make (It's the Business)

A business is a commercial, profitable enterprise that can run like clockwork without you.

Doesn't sound like what you've got right now, does it?

If you want to achieve this flexibility and freedom, you've got to change how you think. You're not a landscaper, a plumber, or an electrician. It's not your job to serve your clients directly. It's your job, as a business owner, to make the business work.

Of course, each client must get top-notch work. But your overall efforts need to focus on building a business, not backyards and utility infrastructure.

Each time you get out of bed and go to work, focus on actions that help you improve your workflow, team, client satisfaction, and all of that other important business stuff. It takes time, effort, and investment to put this into

place. But once it's done, you've got a system that your team can use without you needing to hold their hand. This frees up your time to focus on keeping the business driving forward.

Check the way that you think about your business. Are you still a technician providing services directly to clients? That needs to stop if you want to give yourself any time to focus on building an actual business.

2. Progress Is Key

Every step forward, no matter how small, is going to help your business grow.

But don't just take our word for it. Michael E. Gerber authored the famous E-Myth book that gives you a better idea of the franchising concept. You can take this concept as an example of a business person's mindset.

To explain how it works, we'll use the early years of McDonald's as an example.

From Traveling Salesman to Business Person

One day, Ray Kroc sat down to grab a burger at the McDonald Brothers' restaurant. This was long before it was a franchise. And at the time, Kroc was just a milkshake machine salesman.

Kroc didn't think much of the burger itself, but another thing caught his attention. The establishment was capable of churning out hundreds of burgers a day. He fell in love with that idea. He took it, ran with it, and created the McDonald's franchise that we know today.

In reality, your scope and size don't need to come near that of McDonald's. But the idea of finding a system that works and building on it is one that you can use.

Utilize scalable business models and practices to set up an establishment that can run on its own. Then you can keep it, license it as a franchise, or even sell it.

But this doesn't happen overnight, and you need to get everything down on paper. For every bit of progress you make, you need a system that other people can work from.

3. Download the Blueprint

Think of it like this. Each and every step in the blueprint is a unique building block. You stack those blocks and lock them together to create a system.

And the philosophy is pretty straightforward.

The thing that runs the business is the system, not you. And it's your team that will use that system to get results.

To begin with, you're responsible for implementing changes and new processes. But once they're set up, you're accountable for running the teams and growing your business. There are times when you can leave the implementation stage to one of your team members but you still have the leadership role and this means three things:

1. Making sure the systems are well-designed and benefit the workflow.
2. The system is properly implemented.
3. Everybody involved needs to be accountable for their part of the work.

How do you make that happen?

Download the blueprint from your mind. You know how all of this is supposed to work, but your team still relies on you for the information. Get what's in your head down on paper and use that as the basis for the systems you create.

4. Automation Beats Motivation

Keep repeating this one until it sticks.

Today's apps and technology can change your entire workflow as long as you take the time to learn how to use them. This new tech pulls you away

from the frontlines and gives you a ton of data to help you build and refine your systems.

But how do you bring your trade into the 21st century?

Start with job management software. These are apps that are responsible for the workflow. From there, aim to go completely paperless. Now, we're not saying you've got to become a complete tech-head. You're not creating your own servers or anything here. Instead, we're saying that you can leverage what's already out there for your business.

For example, use Google Docs so everybody can see the files and can make comments and amendments. Dropbox is pretty similar, and you should also get Office 365.

The Microsoft solution allows for more than just team email communication/chat. You can use it for basic project management because Office 365 links to everyone's calendar, and many other things.

5. Problems Come Up

In a perfect world, the business would always run like clockwork and nobody would make mistakes. But that's never going to happen.

For example, one of your team members might mess up an invoice and send the client the wrong prices. How do you react to this situation?

The effing and blinding is a natural reaction, and we're not going to hold it against you. It's only human to feel aggravated when all of a sudden things take a turn for the worse.

But it isn't going to get you anywhere.

Step back, take a deep breath, and understand that this kind of mistake points to a breakdown within your system. That's why you need to retrace your steps and improve the faulty element to prevent future issues.

In our example, there are two possible issues. Either something's wrong with the invoicing/project management or you're not hiring the right people.

Now that you've identified a couple of potential systems issues, it's time to go back to the drawing board on them. Go through every process and figure out where you could do better.

You really need to flowchart each and every process of your business. This may include the following:

1. Marketing leads and enquiries (enquiry script)
2. Breaking down the sales process into smaller actionable steps
3. Quality assurance checklists
4. Systemizing all the routine tasks and finding a way to automate them
5. Learning how to measure your systems (understanding key performance indicators)

What Can Happen When You Get This Right?

Before we get to that, I want you to recognize something:

You will never outperform the level of your thinking. The thing you need to realize is that it's necessary to believe you can achieve a superior level of business organization. Otherwise, you're stuck being a technician with a business on his back.

When you get this right, you change how you think about your business. You can take a step back, look at the whole thing, and figure out how you're going to change things to make them work better.

If your thinking is where you want your business to be, the performance will follow suit. And we've got some examples to prove it.

Decorated Earth

Hank and Gayle have been in business for close to thirty years now. They run a wall tiling company called Decorated Earth.

And for the first time in thirty years, they now have an in-house admin. Furthermore, they keep trying out new people. There are three apprentices in their team, plus a laborer to help them grow their capacity and ability to complete more work.

But things weren't like this before they started working with us.

They had no proper systems, which resulted in hectic organization and management. But the main problem was that Hank and Gayle lacked a clear vision. They didn't know where the business was going and what its full potential could be.

Now they do, and everything's changing for them.

Don't get things wrong, 90 days isn't a deadline set in stone. But it took Hank that long to see some major changes.

The biggest breakthrough came when Hank and Gayle figured out that the nitty-gritty side of the business was in dire need of repair. For example, Gayle used MYOB (accounting software) and she now has an awesome bookkeeper. But this just scratches the surface of what they needed.

Over the course of 90 days, they established a set of procedures and systems that helped everyone be clear about what needs to get done. For example, a checklist system was an invaluable tool for their apprentices. They've also revamped the quoting procedure and have the quotes ready for everybody who needs them. This makes Decorated Earth more competitive. It helps them cope with a lot of independent contractors during each season.

Hank and Gayle's business mindset changed completely as well. They're now looking at the numbers instead of just trying to get jobs. And with a clear system in place, they can come home from the office and not think about work. Gayle loves this because she can now spend time doing stuff she loves.

Why?

She's confident that the people in the office can handle things, thanks to Decorated Earth's systems.

And it all reflected in their business success. Decorated Earth managed to land Element Stage Two, a huge commercial project. So, they've gone from being domestic-only to expanding into new areas. Soon after that, they landed a prestigious hotel and spa contract, and things kept moving up from there. The business just keeps growing and growing.

Use your phone to scan this code and see Hank and Gayle's video story.



Taylor and Sons Drainage

Prior to starting his own business, Marc was laying drains for 20 odd years. And he understood pretty quickly that he needed to get educated on the business side of things.

In fact, Marc spent quite a few sleepless nights because of all the stress from being in this new role.

Soon enough, he came to the make-it-or-break-it point. Marc knew he needed to improve his operations. Otherwise, he'd be out of business.

And that was when he joined our program.

No More Sleepless Nights

At the time of writing, Marc is continuing to grow his team and take on new technicians. He's also brought his daughter into the office doing the administrative work.

Both of his sons work in the business, and the older one just got certified. Plus, Marc hired two new apprentices and a truck driver on a project-to-project basis.

But hiring practices and staffing weren't the only things Marc has improved.

One of the pointers he highlights as important is increasing markup on materials. Also, he snapped out of the position of being just a subcontractor doing labour only work. Next, he learned how to set margins for his projects.

This means Marc is now clipping ticket on materials for ALL his jobs, driving up the total profit he makes from the hours his team works.

Following that, Marc worked on his marketing. We helped him build a website and have it up and running to bring in work.

That attracted some customers pretty fast and Marc began to build relationships with them. Also, he started sending out review requests to the clients to boost the business's online presence.

Lastly, Marc made sure that he got everything right in terms of business policies and procedures. He created safety protocols, manuals, and everything else that was critical to getting the job done.

And all that led to amazing success.

Right now, Marc is closing in on six figures instead of bringing in between $18,000 and $26,000 a month. The key is that you can achieve the same level of success as long as you know where to start.

Use your phone to scan this code and see Marc's video story.



Start With Your Mindset and Go From There

How do you build systems that boost your business?

It all starts when you start thinking like a business owner instead of a technician. And here's a quick little exercise that's going to help you make that switch.

Grab a piece of paper and write down your top goals. From there, work backward and jot down all of the actions you've got to take to reach those goals. You can already see things begin to take shape into a plan. And now, you've got a blueprint to follow. This is what you've got to focus on as a business owner. The rest of the stuff you're doing isn't going to grow your business.

This is how you switch your focus from being on the tools to being an actual business owner. And with that quick blueprint, you've got something that can guide you as you build your business.

CHAPTER 2

Taking Control of Your Time and Your Money

Time and money are the two assets in your business that are the hardest to balance. If your cash flow is stable and clients keep coming in, there's no time for anything but your work. You're spending long hours on site, juggling office work, and trying to make time for your family.

It's going to get on top of you eventually.

You've got to find the balance between making money and creating time for yourself. To give you a clear picture of how to do it, let's take a look at our client, Damian May from 2E Electrical.

2E Electrical

When Damian May started 2E Electrical, he was pretty much on his own.

The hours were crazy, and he didn't have any time for his family. Back then Damian had a one-year-old son, and his wife was expecting another baby. But Damian had no time to spend with them because he spent every minute grafting. Despite the long hard hours, Damian wasn't making any money. He didn't know how margins worked, so he was bleeding money out of every job.

Before he started our program, Damian's margins were about 17-18%. This was barely enough to keep the business afloat, so he definitely wasn't making a profit.

But a few months into the program, 2E Electrical doubled its margins. Now, they're between 32-38%. And if you take a look at his cash flow, the spike appears even greater.

While still a technician, Damian was pulling in around $20,000 per month. When he became a business owner, the number jumped to $100,000 to $120,000 a month and has continued to grow from there.

And as for his time…

Damian goes home to his family every day and even gets to enjoy a few of his hobbies. And when he is at work, he's not on the tools. He is in the office making sure that the business works.

How Did Damian Strike This Balance?

The first step was to adopt the business owner mindset and pull himself away from site. But to do that, he needed a good team of blokes to handle the work for him.

Damian now employs nine tradesmen who are always on the road. There are three more apprentices and an office manager to help him with the administrative tasks.

Following our template, Damian decided to go completely paperless. He uses “Fergus” (job management software) to keep up with his team and has Key Performance Indicators (KPIs) to help him evaluate performance.

What’s more, 2E Electrical became stable and profitable much faster than Damian expected. And there’s no reason why you can’t do the same for your business.

Use your phone to scan this code and see Damian's video story.



You Can Only Spend Your Time Once

Here's the thing about time and money.

Money is a renewable resource and time isn't. You've only got a limited amount of time to spend, and every minute you spend on the tools is a minute that you can't get back. You can't rewind the clock and go back to your kid's football game or grab a beer with your mates.

You've got to make time work for you, which means you've got to get more productive.

You need to get more efficient with client and team management, invoicing, and your cash flow. That's how you take back your time so you can spend it in the places that actually matter.

1. Understand the Importance

This is one of the trickiest parts because it involves a mental shift.

It won't be hard for you to grasp all the software tools and resources to take your business to the next level. But when it comes to thinking like a business owner, there's bound to be some friction.

Balancing time and productivity involves a bit of a mental game. To explain, you're now 100% on how to do a smashing job on site. As for building your business, there's a little uncertainty surrounding the responsibilities and roles that you need to get rid of.

Don't get things wrong. Catering to your clients the best you can is crucial for your success. But if you do only that, the business won't be where you want it to be.

What's Mind Got to Do with It

To make matters more confusing, people define important things differently.

Some people prefer to focus their efforts on avoiding pain rather than pursuing pleasure. And pain is a powerful motivator. In business, you're likely to take on a job or task just to avoid losing money, which means you're avoiding feeling financial pain.

At the other end of the scale, you've got the pleasure-chasers. These are the guys that are more motivated by the things that are closer in time. It's this type of mindset that keeps people eating crap food when they know that they need to eat better to give themselves a future. The pleasure of now overrides the pain that's waiting for them in the future.

Balance is your friend here.

You've got to think about the long term, which means doing what you can to avoid pain. But at the time, you can't fear pain so much that you deny yourself of pleasure.

2. Evaluate Opportunity Cost

Don't forget that time and money are the two major resources in your life. This is why it's crucial to be wise about the opportunity cost.

When in doubt about your evaluation, always remember that time is a non-renewable resource. This makes the basic principles of opportunity assessments pretty straightforward. For example, someone contacts you with an urgent repair. The job should take only a couple of hours, you'll make a couple of hundred bucks right then. You've also got some fixed price templates you've been meaning to create that could save you two hours per week in pricing and streamline your profit margins. What should you do?

This isn't even a dilemma. As an aspiring business owner, your priority is in the long term payoff. Sure, you could grab the quick two-hundy. But spending time on these templates will ultimately improve the profit on EVERY job you complete going forward AND save you two hours per week for the rest of your business life. The payoff is invaluable.

Would you be willing to give your money to anybody? Of course not. So, why are you so generous with your time? After all, it's a resource you can't get back.

The point is that you've got to weigh up the opportunity. You could spend your time on activities with short term benefits, or you could work on tasks that will help the business grow, make better margins, and provide more opportunities in the future.

Not to mention, it's possible your team could get to that job anyway! It doesn't always have to be YOU.

Ask yourself, is this the very best use of my time?

3. Choose Priority

We hear it over and over again…

"I don't have time", "I'm too busy". It's the same excuse over and over.

But let's imagine that someone you love is in an accident. What do you do? You find the time to get to them. You're not saying, "I'm too busy." You're looking at a problem, seeing that it's a priority, and putting it above everything else.

How does this relate to your business?

At all times, you need to have a clear list of priorities. These are the things that need your immediate attention to make the business work.

For example, you might fail to spend time working ON your business. You neglect the tasks you planned that would help the business move forward in favour of all the "emergencies" that popped up this week. As working through a plan is one of the most important things to grow your business, the failure signals that you have no control over your time.

It's better to be honest about it and say the plan wasn't your priority. This shows you're prioritizing. We know you can't do everything but you always have choices. Choosing one thing or another based on urgency and

importance is how you prioritize. And this is crucial to becoming a business owner. So always ask yourself if what you're doing right now is really your top priority.

4. What Should You Do Less Of?

When boosting your productivity, the critical question isn't what you should do more of. It's what you can do less of!

You know that you shouldn't spend all your time working on the tools. But what are the other business aspects that require less of you? There's stuff you're doing right now, like admin and paperwork, that's eating away at your time.

Grab some paper and make a list of all the stuff that's bogging you down.

Hate mowing the lawn? Household chores aren't exactly your thing? Put those tasks in someone else's hands so you can focus on your priorities. Hire someone to do them for you and you'll make time for other things.

Outsourcing tasks can often be viewed as an expense. You think "I'll just do this myself and save some money". But at what cost? If you'd spent an hour improving your pricing strategy, it could make you thousands of dollars extra per year - more than enough to pay a gardener to mow those lawns and still leave an excess of profit you didn't have before.

In general, any task you don't like or that doesn't benefit your family or business is a task that you can outsource.

5. Create Leverage

The fact that you decided to stop doing certain things doesn't make them go away. Like at home, in business you need to cover for the things that you're not doing anymore.

In doing so, you create the leverage to free up your schedule and remain on top of your operations. The best way to attain leverage is to use a combination of technology, systems, and manpower. This way you spread

your influence over the entire business. To explain how this works, it’s best to use a simple example.

Let’s say your team has five people instead of one. Every week, you have 200 work hours at your disposal instead of 40, which means a whole lot more time on your hands to leverage. You can do more with that time, which means the business can grow. Add job management software into the mix and you can create an optimal workflow for your guys. That’s even more leverage because now you're maximizing your assets.

As a result, there are fewer queries, complaints, and pressing issues that need your attention. You’re leveraging all the available resources to have more time to grow your business.

Taking Control of Money - Driving Profitability in Your Business

You need to rein in your cash flow. Having a business that runs like clockwork, and mostly on auto, helps but it isn't enough. You've got to keep close tabs on your financial inflow and outflow.

Think about it like this…

Have you ever played football, baseball, or basketball without keeping score? Probably not. You might have even counted all the misses and considered ways to avoid them in the next game.

Business is the same — you can only manage what you measure. It's when you measure that you can see the gaps you've got to fill. Both in business and life, you need to know how to measure the results. Otherwise, you won't have a clue if there are things you need to change.

Check out the five principles to take control of your money and measure financial results.

1. Understand the Vocabulary of Business

Numbers are the language of business, and you need to learn to speak the lingo.

Some of the key notions to wrap your mind around are:

- Target monthly sales (profit included)
- Target gross profit margins
- Net profit margins
- Per-job margins (should also have targets)
- Conversion rates
- Average sale values
- Labor utilization

You can see the word "target" popping up a bit there. This is because targets are critical to measure your success and improve cash flow.

When you set targets, it's important to be realistic while pushing the limits of your business's capacity to the max. This goes double across all profit margins. The target is something you can realistically hit that will have a big impact on your business.

You'll have a measurable rate of success, plus your motivation goes through the roof.

There are times when you lose money on a job. When that happens, you need to go back to the numbers and figure out what went wrong. You might find problems that you need to fix, but you can only see these when comparing to a target.

2. Keep Score

In sports, keeping scores allows teams and players to remain on top of the game. Furthermore, some of the scores come in the form of stats and percentages for everybody to see. And these numbers give fans and industry professionals a chance to gauge the future performance of a team.

It works exactly the same way in business.

Your numbers are your business performance scores, and they're like a financial roadmap. Most of the outflow is the toll you need to pay to remain on the road. The inflow keeps you moving fast and in the right direction.

The trick is to have a positive cash flow at all times. Put simply, this means enough money is coming in to cover all the expenses and payroll. But you want more than that, and this is where KPIs come in.

Key Performance Indicators, or KPIs, are really bloody important. These are the targets you're setting for yourself and your team. Your KPIs let you take a glance at the business and see what's working and what isn't. If you're not hitting the numbers, there's a system issue that you've got to tackle.

3. Take Aim

This brings us back to targets. You need to know where the bullseye is before you can hit it. Your margins are a good place to start because most tradies short-sell their services.

If you've got margins that fall below 20%, you need to improve your target. From there, you can create more targets related to budgeting, cash flow, and team performance.

Report on these targets every week, month, and quarter. Know what you want to hit, take aim, and then measure the performance. Then, you can take a look at the big picture when the year ends. The good thing is that you can use software for these reports and have a team member feed the data into the system.

As for the budget, it's really a target of its own. But how do you set it?

For proper budgeting, you need to consider different pricing strategies. Then, take a look at your productivity and try to find the right balance. In addition, budgeting is a continuous process and you need to keep referring to reports and adapt accordingly.

4. Profit Doesn't Equal Cash

A business can generate a ton of revenue and still never make a profit. That's because they haven't got a handle on cash flow and how to maximize the money that flows through the business.

Cash flow is the money that flows through the business. Profit is the money that stays in the business. And getting the balance between them right has little to do with the size of your business. We've worked with big companies, $8–$12 million enterprises, that struggle to be profitable. And we've worked with smaller companies that operate with lower cash flow but make a great profit.

You need to carefully analyze the market you're working in — both in terms of geography and in terms of the type of work you do. Take a look at the type of jobs and the margins for each type of job.

You'll find that some types of work don't allow you to generate the margins you want. That means they're not profitable, even if you can use them to get a little cash flowing into the business.

You've just identified a problem there. Now, it's time to go on the hunt for more profitable opportunities.

5. Trim the Sails

Think about your business like it's a high-performance sales yacht. There's a ton of areas that you can tweak to make that yacht perform better. All of these small tweaks add up to amazing performance.

It's not just about one big thing, like increasing your rates. There's a whole bunch of stuff that goes into building a profitable business. You're looking at competitors, your team, the patterns in the business, what you're doing, and what your people are doing. You're looking at your systems and thinking about how you can improve them.

It's the little things that add up to profit. One big move isn't going to take you where you need to go because there will still be a lot of little problems in the business that you're not looking at.

How Eddie Tell From Superior Waterproofing Took Control

Eddie operates his company from Auckland, and they waterproof everything from roofs to water tanks and tunnel gutters. They provide a routine maintenance program and work with commercial and residential clients.

Before Eddie reached out to us, his business was in shambles. They were getting jobs done, but the operations were just a mess.

The main problem was that Eddie didn't have any systems to organise and manage his teams and business.

As per his own account, Eddie didn't even know if he was making profit on the jobs or not. More importantly, all the work he was doing was so time-consuming. His whole world was filled up with getting up, going to work, then getting home to a stack of paperwork, only to do it all over again day after day.

Simply put, Eddie felt like a hamster in a never-ending wheel, and he knew things had to change.

So how did Profitable Tradie help Eddie regain control over his life and business?

Implementing Changes Across the Board

Right from the start, Eddie started straightening up his team. He had seven to eight guys in the field but needed to make some serious changes to get the right people on the bus.

The critical thing that Eddie implemented was a vetting system when hiring. He also set the rules of the game and code of conduct. That really helped him engage with the team as to how they operate.

One of the main benefits of rules and code of conduct was more efficient problem-solving. Eddie has a meeting with a team member whenever there's an issue. And he frequently refers to the rules and codes to bring a team member back on track.

Unlike before, each team member knows their role and it's become much easier to talk to the staff. Plus, both Eddie and his team learned how to set KPIs and implement them. In turn, the management became much easier.

Finally, Eddie realised that he was finally achieving 40%–50% profit margins — the goal he was aiming for since he first began to understand the power of targets. Now, the hard work not only seems easier, it's profitable too.

Use your phone to scan this code and see Eddie's video story.



It's Time to Take Control

Time isn't a renewable resource and you should never lose sight of this. Every hour of your day counts, so you need to make it work for you.

Forget about the quick fixes, these aren't going to bring in any serious cash. But rather, shift your efforts to setting priorities and figuring out points of improvement in your business.

And yes, you need to embrace new technologies wholeheartedly. Once you see how powerful they are, you'll wonder how your business could have survived without them.

As for the money side of things, that's worth digging into further…

CHAPTER 3

Creating and Controlling Cash Flow – The Two Things That You Have to Master

Cash flow is the oxygen of your business. Without oxygen, you're gonna stop breathing and, soon enough, it'll be game over for your business.

With poor cash flow, you're struggling to cover the bills, payroll, and paying your suppliers. You're constantly on the back foot and never have space to breathe because there's always another money problem waiting for you.

And if you fail to sort this out, bankruptcy is around the corner.

But… you can avoid all that if you make the right moves beforehand.

Evergreen Plumbing Creates Evergreen Cash Flow

Ben Annabell had some idea of his numbers but he didn't really know the key ones to look out for. He wasn't tracking profits and losses in the business. In his own words: "If we made money, we made money."

He came to us so he could get a proper look at the numbers and figure out what he needed to do.

First, Ben learned the difference between margin and markup. This helped him realize it was important to make the supplier discount work for his company. He stopped giving clients the supplier prices and he bumped up the margins. Then, he started to utilize back costing and it made a major improvement in the overall cash flow.

With that out of the way, Ben revamped the invoicing strategy and methodology. For example, the invoices are now done every twentieth of the month for better payment regularity.

What's more, Ben tightened the workday schedule and minimized downtime. He and his teams have a fixed routine that cuts the time wasted and boosts billable hours.

How Does This Reflect in Evergreen Plumbing's Finance?

Before Ben joined our program, the business was pulling in between $150,000 to $170,000 a month. At the time, his GP was about 30%.

Soon after joining the program, Ben's monthly inflow improved by about $15,000. He even hit the $230,000 mark at 45% GP in the last two months. This was a record for the business.

At the time of writing, Ben was still doing 60- or 70-hour work weeks. But he's working on that too. He's hired a new ops manager who will take a lot

of work off his plate. Ben's got the numbers working in his business, which means he can now focus on his time.

Mastering Your Margins - The Three Key Parts and The Important Tips

A margin is the percentage you charge on top of the amount that's enough to break even. In a nutshell, you're selling your services for more than they cost.

The challenges of hitting the correct margins are similar to the challenges of sailing in the America's Cup. There are a bunch of ways to tweak a yacht so that it sails faster. Similarly, there's a whole bunch of things you can do in your business to improve your margins.

There are different ways to pull the financial ropes and catch the wind. In fact, an entire host of tactics, sales strategies, and team maneuvers steers your margins towards the checkered flag. At this point, your finance flow might be trailing behind everybody else. You've got to get all hands on deck to master your margins.

1. Your Pricing

Without the right pricing, there's no way to get good margins. Consequently, your profit won't be where you want it to be.

But how do you set correct prices? It's both an art and a craft.

The craft part is in figuring out everything that affects the price of your service. It includes materials, man-hours, overheads, the complexity of a project, etc. Since you're already in the business, you should have a ballpark idea of what any given job costs, which means you have a starting point.

From there, you break down each aspect of a project to determine how much exactly you need to spend. And don't forget to factor in unexpected situations and boost the numbers a little bit.

You've now got your break-even price. But the point of running a successful business isn't to break even.

In our experience, a lot of aspiring business owners plug away with 20% or lower margins. But they quickly realize that this number won't get them very far. The healthy margin is around 40%. This is because it gives you room for profit, investments, and an emergency fund.

But many previous examples teach us there are jobs where you can charge a 55% margin or more. And this is where the art comes in.

The Beauty of Stretching Your Margins

First, you need to analyze the entire team's workflow and optimize for more productivity. We'll cover that in a little more detail soon. From there, it's about figuring out where you can save money. Supplier discounts are a good place to start. But you can also optimize for better fuel efficiency, energy consumption, and more. You've got to highlight all of your unnecessary expenses and take the knife to them.

This will reduce the break-even cost of your work. Now you can proceed to increase the margins and double down on all the savings you've made. The important thing is that this is a continuous process that you do on a project-by-project basis. Every project has its little tweaks that you can make to bump up your margin.

2. Productivity

Your and your team's productivity influences your cash flow, client satisfaction, and allows you to make savings. But this only applies to an ideal scenario where all operations run smoothly. To achieve that ideal, you've got to get your systems in place and rein in inefficiencies.

As a rule, productivity is being able to do the work fast the first time. In other words, your business should be able to deliver quality craftsmanship in a timely manner. This reduces complaints, on-site issues, and allows you to run a tight ship with your team.

One of our clients, Sarah, has got this down.

Sarah uses software to pull monthly productivity reports for each product or service. The key thing is that each item has certain targets. And these are

different for novice apprentices, full-year apprentices, and skilled technicians.

Armed with this data, Sarah sits down with her team and discusses the performance metrics. If it appears that the company is far below the target, Sarah evaluates the whys. This allows her to continuously improve the processes and the team.

Bonus Tips and Tricks

Aside from the given productivity criteria, it's important to know the starting point you measure. For example, your charging percentage for a qualified technician should be around 95%. To put it bluntly, 95% of the time your team spends on a job needs to be chargeable.

Then, there are checklists.

Every vehicle in your fleet should have a folder with checklists for individual jobs. Even better, you can use a project management app and ditch all the paperwork. Either way, the idea is to create a scalable system that helps workers focus on the job.

You might also want to consider getting mobile payment devices. With these, your customers can pay on job completion. More importantly, the money is in your hands before the workers leave site and there's no going back and forth with the invoice.

Then, you may want to preorder gear. That is, you want the gear ready and waiting for your team when they arrive on site.

These things save precious minutes and hours in your workflow, which translates to more cash, less stress for your team, and happy customers.

3. Utilize Your Assets

What does your team do when they arrive at the workshop?

Maybe they cock around for half an hour before they go out to a job. Or, they're waiting on you to give them some information or gear that they need

to get started on something. Let's say they're waiting for 30 minutes every morning before they get started. That's 2.5 hours of the 40 hours you pay them for that's wasted.

Now, let's say you've got ten people in the business.

That 2.5 hours per person becomes 25 hours of wasted time every week. That's time you're paying for that you're not using to make any revenue. And this is just one example because there are a bunch of assets in your business that you may not be using to their fullest.

Take the materials example I shared earlier.

We've already established that they need to be on hand for each job. Just imagine how much money you lose if a team of four waits for two hours for the materials to arrive. That's eight hours of chargeable time that you're not getting back.

With this in mind, you may want to strike a deal with your vendor/merchant. This is a good place to ask for discounts and special perks, particularly if you have a long-standing relationship.

Software-wise, there are many options that have proven invaluable for our clients. They put all the operations at your fingertips and make it really easy to track changes and progress.

Pricing for Profit – The Key Tips

How do you ramp up the profitability of your business? You maximize the profit of every single job you take on. This is where your pricing comes into play.

Although this sounds fairly simple, Pricing for Profit comes with its own challenges. But we've got you covered there, and here's what you should know.

Have a Target for Pricing

Just like with your budget, your target is important when pricing your work. You can actually take your budget targets and turn them into pricing targets.

But let's take things one step at a time.

First, let's figure out what cost you've got to apply to labor. Do you include all of your statutory costs or do you just take out the raw labor cost? Do you need to check your profit and loss on a monthly basis to keep track of the entire operation?

There's no perfect answer here. Do it on a job-by-job basis because every job has unique challenges that might change your approach.

This way, you can go back and tweak the numbers on the job but still remain within the target. This is critical because the lack of a clear financial direction affects your decision-making capability.

The key here is to get a number on paper. Without one, you'll start making decisions on the fly. There won't be any time to analyze and make educated choices. It translates to poor profits, assuming you get any at all. And it means that you lose control of your cash flow.

In all likelihood, you'll start applying different costs for different clients. Furthermore, you'll have different costs for what you believe is acceptable for the client. The lack of system and structure is clear here, and it leads to a chaotic pricing structure.

This makes things difficult and time consuming for you, while also making it an impossible process to hand over to future staff such as Ops Managers or Estimators. They would need to be mind readers to understand how you do things.

Toughen up and set fair targets across the board. If the price you're charging doesn't hit the target, you may have to check the job again.

Don't Charge on the Client's Perceived Ability To Pay

How many times have you lowered your prices believing you couldn't get more from a client?

You're trying to land every job you can and put a smile on the client's face. So, you drop your prices when you think that you need to. But by doing that, you're eating into your own margins based on nothing but a perception.

Instead of that approach, look at the different types of jobs you do and create benchmarks for them.

You probably do a lot of maintenance work at 55% margin. Good, the percentage should be high for smaller jobs. Then, building and renovation work should fall between 35% and 45%. If it's lower than that consistently, it's important to reconsider your work or the types of clients you're taking on. On the other hand, it's unrealistic to expect 30% for large-scale commercial work. You're probably looking at closer to 15%–20% for these kinds of jobs.

Use these benchmarks to determine the margin you need to make on each job. Again, you'll adjust and tweak here and there. But if you're not hitting (or at least coming close to) these benchmarks, you have no structure in your pricing.

Get Great at Back Costing

Being great at pricing means you're great at back costing. But what is back costing and how do you do it properly?

Let's say you have a huge amount of materials on a job. This means your margins can't be as high compared to jobs that focus more on labor. But the materials and labor are just benchmarks. They're not absolutes.

Doing proper back costing is similar to doing a profit and loss statement. To be clear, it's the sales set against the cost of goods. And your job is to take a look at the gap between the two.

One of the main things you want to account for is the quantities. In particular, labor quantities. For example, your initial estimate was 50 hours for a job. But how much time did you actually spend on that job?

Then, you should back cost the margins. And this isn't just the gross margin for each job and the dollars you make.

Think of it this way — Is it the same to make $1,000 on a $3,000 job and $1,000 on a $10,000 job? The answer is clear, but it would be best to do a quick exercise.

Basic Cylinder Change – Back Costing Exercise

You need to change a low-pressure cylinder without changing the valves. The exercise requires you to determine the margin and the mark-up for that job.

There are fifteen minutes for the task. You can switch the cylinder change with another basic maintenance job that fits the niche you prefer.

The goal here is to find a way to do the job so that you have a 33% GP and apply a 50% mark-up to the work. It's critical to put the margin to the first decimal point in your KPIs. Once you start doing million-dollar deals, half a percent on the margin translates to a significant chunk of change.

So… how are you going to make this happen?

That's for you to figure out. You need to tweak the processes for the cylinder change job until you hit the right numbers. From there, you can apply this type of thinking to every other job you do. Set your GP and markup

benchmarks. Then, work backward to figure out how you'll hit those numbers consistently for this type of job.

The Right Software Is Important

You don't need to do back costing and most of the other stuff by hand. There is software available that can streamline and automate almost any aspect of your business.

To be good at pricing, you need to keep checking stuff. And the magic of software is that it allows you to quickly compare margin back costing for different jobs. You can compare different types of jobs, clients, niches, and more. In addition, there's an option to take a look at the margins across the different types of work. Drainage, maintenance, gas, plumbing, whatever it is, you can see what your numbers look like.

And that means you can figure out what needs tweaking.

To help you along, you can use our Profit Maximiser Checklist as a basic tool for boosting your cash flow.

PROFITABLE TRADIE.

THE PROFIT MAXIMISER™ CHECKLIST

PRICING

- ❒ Have a target margin for each type of work (e.g. Maintenance 55% plus, New Homes 35-40%).
- ❒ Price for Gross Profit Margin, rather than Mark-up.
- ❒ Charge a service fee for attending a job (e.g. $165 for turning up, including first 30 mins of labour, no materials).
- ❒ Charge for all variations.
- ❒ Exclude variations from contract retentions.
- ❒ Include a specified number of trips to site & charge for extra trips. Stop Contractors messing you around.
- ❒ Create set prices for regular maintenance / servicing jobs. Make set prices higher than time & materials invoices.
- ❒ Increase your mark-up on materials and / or sub-contractors.
- ❒ Increase your hourly charge out rate. Aim to be in the top 25% of charge out rates. Companies charging the average rate seldom make good profit.
- ❒ Increase the charge out rate for apprentices. Charge tradesmen rates when doing tradesmen work.
- ❒ Limit the amount of charge out rates. Different rates for different clients generally means you are discounting more than you should.
- ❒ Charge more for specialist work (e.g. gas fitting, heavy industrial, advanced electronics and programming etc).
- ❒ Increase your travel charge. Create a "Travel Zone" with increasing charges the further the zone is from the workshop.
- ❒ Increase your consumables charge.
- ❒ Stop working for free (e.g. Site Inspection fee for quotes)

PRODUCTIVITY

- ❒ Back cost every job to determine profit and hours used.
- ❒ Review the margin on every charge up invoice prior to sending to ensure you are hitting your gross profit margin targets.
- ❒ Institute a replace rather than repair policy.
- ❒ Negotiate better price and terms with suppliers.
- ❒ Create Pre-Job checklists to ensure jobs are well organised.
- ❒ Create Quality Assurance checklists to ensure jobs are completed right the first time.
- ❒ Ensure you have the best tools and equipment so that jobs are completed quickly and efficiently.
- ❒ Manage your team combinations so the best mix of skills are on the right jobs.
- ❒ Use apprentice and semi-skilled labour for less complex jobs (e.g. group or high-volume builders).
- ❒ Build a high performing team culture that values hard work, accountability and self-motivation (i.e. Core Values, Rules of the Game, Performance Appraisals, Incentives, Team Meetings, KPI's etc).
- ❒ Create a Van Stock template to ensure trips to the merchant are minimised.
- ❒ Create a material ordering process to ensure materials are on site, on time.

UTILISE YOUR ASSETS

- ❒ Reduce or eliminate labour-only work as you are unable to sell materials with labour.
- ❒ Ensure the team only takes their appropriate breaks for smoko and lunch.
- ❒ Charge clients for trips to suppliers that result from completing their job.
- ❒ Have tradespeople travel directly to site rather than coming to the workshop each morning.
- ❒ Install GPS units in all trucks / vans to track vehicles, keep team members accountable and provide information when clients query invoices.
- ❒ Improve your job scheduling process by training a dedicated person (people) and having a back stop of non-urgent jobs.
- ❒ Market locally to reduce travel times and improve scheduling efficiency.
- ❒ Grow your sales to maximise the fixed costs on your business.
- ❒ Choose profitable market niches rather than price competitive jobs.
- ❒ Proactively market your business to increase your choice around clients and jobs. Work with the higher profit clients and sack the low profit clients.
- ❒ Regular van & workshop stock take to minimise stock on hand
- ❒ Have a fuel tank on site for the fuelling vans, equipment etc.
- ❒ Gopher/Workshop Manager to look after stock and site cleanliness. They can bring stock/equipment to site, so team stay on the job.

Controlling Cash Flow and Building Profit – Murray Nixon's Story

Murray runs Glacier Joinery. They've got a kitchen franchise, and the company also does custom joinery. The kitchens get built off-site, with the in-house team responsible for design and installation.

At this moment, Glacier Joinery has nine staff members. These include a designer, salesperson, admin, and a team in the field. Plus, Murray's wife helps out in the showroom and in installation programming.

The business had some major problems before Murray came to Profitable Tradie.

Trade Business Challenges and How to Overcome Them

The first major challenge was that Murray tried to keep the entire job in his head. This meant that nobody but Murray knew all of the particulars for any one job. That made him a bottleneck because his team had to rely on him before they could get moving.

Do you remember how we talked about maximizing assets earlier?

Keeping everything in your head instead of systemizing is the exact opposite of using your assets effectively.

Putting systems in place and creating checklists helped improve communication and workflow.

But it was understanding the margins that made the real difference. Murray didn't know how much he could charge for the work. But after our training, he ramped up his prices twice. The first time came after his initial consultation with us, with the second increase coming after his first boot camp.

The changes made a huge difference.

In 2017/2018, Murray turned over about $1.6 million and made only $14,000 profit. After joining the program, his turnover spiked to $1.8 million with $150,000 profit. And that's just from using new business systems and management strategies.

In addition, Murray is now comfortable to expand and capitalize on the tourism boom in his market. And he's also found a clever way to offer more to the clients.

For example, Murray does business with a lot of housing companies. The deal was that Murray's company does the kitchens and the client does the wardrobes. But then, Murray decided to teach his apprentices to do wardrobes as well. And the client helped create the checklists and manuals which reduced the number of callbacks. Now, Murray gets more work and ends up with a happier client.

Use your phone to scan this code and see Murray's video story.



Master Your Cash

So, what are the main takeaways from this chapter?

The key thing is to consolidate your workflow, team, and use every resource at your disposal. This means creating procedures, checklists, and strategies. This creates more independence and stronger workflows in your business.

While doing all this, you need to actively pursue the best deals and find clever ways to cut operational costs. Of course, this shouldn't be at the expense of the end product's quality.

Then, there are the margins. The key is to price for profit, not just to stay afloat or please your client. Back costing is a great strategy for this and don't forget to use software to track your numbers and automate reporting.

At the end of the day, strategies, checklists, and apps do little good unless you have a great team behind you. That's exactly what we're going to look at next.

CHAPTER 4

Finding the Right People to Help You Grow Your Trade Business

With a great team, you'll be able to vacation off the grid, come back after two months, and pick up where you left off.

Sounds like wishful thinking.

Then you either don't have the right people, or you don't have the right systems in place for your people. You need to find people with the right expertise, mindset, and personality for your business. And then, you've got to create a company culture that aligns with your business's goals and values.

And this is exactly what Carey Penn did with this company. Let's check out his journey.

Over the course of two years, Carey's team has grown from just himself to a mid-size operation with a cracking team on board.

He now employs an operations and office manager, an estimator, apprentices, and tradesmen. What's more, he also employs a marketing manager to help further the growth efforts.

But this wouldn't be possible if Carey didn't change his mindset. The biggest mental leap was to transition from being a one-man-band (technician) to a business owner. He understood the importance of managing the systems and people rather than just focusing on work.

He also figured out that his super lean margins were preventing the business from growing. And once he changed the margins, Carey was able to hire managers and make the entire operation sustainable.

Team Culture and Hiring Practices

In Carey's own words, "the big thing for me is team culture", and he has a strategy to promote that culture.

There's extra training for all team members, and Carey organizes regular team-building days. During those days, the team goes shooting, fishing, or they do team alignment. Carey's trying to get his team on board with a culture that encourages cooperation.

But events, training, and incentives are not the only things that Carey leverages.

Carey now uses job management software to keep tabs on what's going on in the field. What's more, he utilizes our hiring procedure which has given rock-solid structure to the company's HR.

The procedure involves phone interviews, face to face interviews, on-job testing, and reference checks. This helps him make an informed decision if an applicant fits the team or not.

The great thing is that all these HR improvements made Carey more confident and less stressed out. And there's no reason you can't follow Carey's example and build a great team in your company. Just follow our framework for success.

Use your phone to scan this code and see Carey's video story.



How to Hire the Right People

Like any other aspect of your business, hiring practices need structure, rules, and principles. Without these, there's no system in your HR and you're just winging it. That can lead to disaster because it means you hire the wrong people.

Employees who aren't up to the job affect your workflow, client satisfaction, and profit. It's the old weak link in the chain idea. Your team is only as strong as its weakest member and trying to wing it means you'll have a lot of weak team members.

I've got eight hiring principles that you need to nail to stop this from happening.

1. Don't Just Wing It

Not winging it means you've established a hiring process. You've adopted a series of steps, actions, and tests to determine the expertise and personality of a future employee.

If you google interview questions just hours prior to an interview, you're doing the wrong thing. The right way is to have questions always ready for each position in your company. And the questions shouldn't only focus on the work. Personality tests can give you a ballpark idea if a prospective employee fits the company culture or not. Having a range of criteria means you get to assess people from all angles instead of making choices based on one aspect of the job.

But before you even get to the interview, you need a rock-solid job ad. It should contain brief info about the company, a detailed job description, and a desirable employee profile.

2. It's All About Power

You've got to have the power in a hiring situation. It's critical not to make your future employees believe you'll do anything to get them on board.

The usual scenario is – get the ad out, have a few half-decent people apply, and you end up choosing someone. In this scenario, you might not have any decent options, and this is pretty dangerous.

To get the power back and have some choices, you need to position yourself for success. But what does this mean?

Your future employee should perceive the position as a prize. Your business should be an attractive place to work. To achieve this, the hiring process needs to be like an intensive bootcamp. There are hoops and hurdles to jump through, but for those who reach the finish line, the prize is that much more attractive.

3. Become an Employer of Choice

Be better than the other guys down the road.

It's really as simple as that. You want candidates to see you as the best possible choice for them and their careers. And to do that you've got to think of hiring as being similar to marketing. You're making yourself look as good as possible to attract the right people to you.

Becoming an employer of choice shows that your business is already a brand. Employees come on board for the pay and the conditions. But they stay because of the community, relationships, and experience. And there are a few basic ways to promote this.

a. Be professional
b. Offer incentives
c. Create future for your employees

Each and every aspect of your business needs to shout, "We're super professional and organized." This is one of the reasons most of our clients revamp their websites and adopt uniforms from the start.

Of course, professionalism is also about the attitude you take towards work. Interpersonal relationships play a role as well, but that comes later. As for the incentives, these are the small perks that make the job attractive.

A company iPad or iPhone are always welcome incentives. But you may want to consider paid birthdays off and a tool allowance as well. The list of options can go on and on, your job is to choose the right set of incentives to attract people that you want in your business.

4. Work the Process

Working the process refers back to the step-by-step method (process) of hiring new guys. This is important because a good hiring process attracts top professionals.

Again, the trick is to make them work for the position. This is how they know if your business is professional or not. Some of the things the process should assess include:

1. Experience and skill
2. Professional and personal attitude
3. Employee background
4. The ability to work with their hands (Tradespeople)
5. Communication skills

You're not going to gauge all this from a simple face-to-face interview. That's why you need a system of steps. Each step looks at a separate aspect of the candidate. And as your group of candidates runs through the process, you'll eliminate some at each step so you're left with the cream of the crop.

5. Position Your Offer

You've got to take a strong mental position when you're hiring. Remember that you're the boss in this situation and you've got to take boss-like control.

This means managing your emotions so you can position yourself properly. Of course, your intuition will play a part in hiring. Sometimes, a person feels perfect for the role and you will go with your gut. But allowing intuition and emotion to control your whole process leads to danger. It can make you desperate to land somebody, which means you lose control of the situation.

Positioning your offer comes back to making your business a desirable place to work. You want them jumping through hoops to work with you rather than you doing all of the work to bring them in.

6. Hire for Attitude

Would you rather hire a less experienced person with the right attitude or an industry veteran with a poor attitude?

It's got to be the guy with the right attitude.

An experienced tradesman with a bad attitude will just breathe toxicity into your business. But the right attitude will quickly align with your culture. And from there, you can work on building their skills without having to worry about them causing issues.

So, what are you looking for when it comes to attitude?

Ideally, you want a person who's a self-starter and good at following instructions. Find an achiever with interests outside of work. Maybe they're good at music or sports, or they're involved with their community. They need to have something that drives them beyond getting money out of a job.

7. Market Your Job Everywhere

If you just post an ad in the newspapers, you won't get the best results. You need to treat the process like a military operation.

It's important to market your vacancy and then use all the available resources to find the right people. Check out the industry publications, talk to your merchants/suppliers, and post the ad across social media. This way you ensure the job ad reaches the most people. Then, when there are a hundred or more applicants, you have the power to pick the select few who are truly ideal candidates.

Again, this is all about putting you in the right position. You're more likely to find the right guy if you have a big pool of people to pick from. And as you work the candidates through the process we talked about earlier, you'll end up with a group that is worth your time.

8. Know Your Numbers

This brings us back to the importance of margins. But how do margins relate to hiring practices?

You need to pay well if you're going to get good talent. But when your cash flow and profit are in crisis, you can't do that. So, what are the numbers you should be aware of?

It starts with your break-even figure. For example, the number reflects how much you need to turn over to hire a $50,000-a-year team member. Then, consider how much your sales need to increase to offset the additional cost.

The combination of financial figures and your KPIs takes away much of the fear. These help you understand that the business is going to work six or twelve months down the line. Figure out the numbers to understand what offer you can make to an employee. If you can't make the numbers work, you probably have to focus on some other systems before you hire anybody.

The Eleven-Step Process for Assessing a Potential Employee

We've established that hiring isn't something that you can just wing and hope to get right. And we've hinted at the processes involved during the hiring cycle.

This section is an actionable template you can apply to your hiring practices right away. The best thing is that the eleven steps apply to any niche and are scalable.

1. Have a Clear Job Description

The job description is where it all starts. You need to be clear on exactly what you want from a candidate. Outline all your expectations and the required professional competencies to be good at a job.

That said, you also want to avoid lengthy descriptions of an ideal candidate. Categorize the job description and use snappy bullet points to outline the requirements. This makes the ad look neater and more professional.

2. Get the Marketing Right

The key thing is for your job ad to reach a lot of people, which basically means you need a marketing campaign. And that campaign should include social media, newspapers, professional publications, and job portals.

This gives you a varied selection of applicants with pretty much the same level of expertise. Of course, you need a clear ad to attract the right people to the business.

3. Get Everyone to Apply Online

Going through a hundred printed CVs at a time is a thing of the past. It takes too much time, creates a ton of paperwork, and frankly isn't the way your candidates want to apply either. Your goal is to have an online system that makes the process easy for both you and your candidates.

It doesn't matter if you use Trade Me, Seek, Craig's List, Gumtree or whichever local system is available - online application is a must. But why is this so? By filling out the online application, the candidate shows they have basic computer literacy.

For example, a candidate can walk into your office with a CV. This might seem as if you struck gold, but then the person could turn out to be a major technophobe. Would you expect that candidate to be comfortable working with job management software? And if they're not, how will that affect your business?

4. Shortlist the Applicants

This is a crucial step because you need to sift the pebbles to reach the gold nuggets. Again, the hiring structure and the criteria in your job ad help. And when you use the online software, shortlisting the applicants is pretty easy. You should be able to quickly skim through the applications and eliminate those who just wanted to try their luck.

Once you have the preliminary shortlist, review it once more, and you're bound to discard a few more applications. The secret is to focus on the skills and competencies while looking for alignment with your goals and mission.

5. Do a Telephone Interview to Qualify

Now, you're entering what would be the second stage of the hiring process. You're getting in touch with the guys on your shortlist to find out more about them.

A telephone interview isn't a place for you to shoot the breeze. Take a friendly tone but remain professional and to the point at all times.

This is why it's important to have a script. We've done the hard work and compiled the script for you. There is room to add some niche-specific questions. But the script works for any employer, and we can help you figure out things if you're not sure how to use the script itself.

Phone Interview Template

Name of Applicant:

Phone Number:

Hi [name],
(assess their energy and attitude on the phone) Rating: _____/5

- Hi, it's John Smith from XYZ Tradie. I'm calling about the Tradie position that you applied for.
- How are you today?
- Do you have a few minutes to chat? Fantastic…
- I have a couple of questions for you today…

5 Key Traits for Successful Tradesmen (screening interview)	
Motivation for Applying? "Tell me what made you apply for this particular position?" *Have they been applying willy-nilly? Are they desperate? What is the reason for change?*	Rating: _____/5
Job Experience "I see you have had several interesting positions (or you've been at your current job for a while). What type of work have you done?" *e.g., maintenance, construction, commercial work etc. If you are looking for specific experience or skill, ask what experience they have in that area.* e.g., "What experience do you have in large commercial construction projects?" *Remember, you are looking to qualify out the time-wasters.*	Rating: _____/5

Personality "So, what do you like to do for fun?" *Are they "boring" or involved in other things that indicates achievement and motivation? (Do they have other interests? Fitness? Family?)*	Rating: _____/5
Eagerness to learn, enthusiasm, motivation to get better, strength of ego and self-belief – "Why do you want this job?" *Look at actions, not words.* "We have got 3 other guys with similar qualifications and experience applying for this job – why should we hire you over everybody else?"	Rating: _____/5
Covering the Basics "This recruitment process is about find the right person for the role and we're looking to give the successful applicant more responsibility in the future. • What is your situation in terms of availability and start dates? • Are you a licensed / certifying plumber / gas fitter / drain layer / electrician? • What are your salary expectations? • Do you drive; have a car and a full license?"	

"Great, thanks for your time today. After doing these telephone interviews, we will run interviews and job test with the successful applicants. We'll advise you about that in the next couple of days."

"Do you have any questions?"

"Great to chat, and I look forward to talking with you again soon."

6. Do the Face-to-Face

After the telephone interview, you'll cross out a few more names from the shortlist. And it's okay if you're left with just a handful of applications because it shows that you know what you're looking for.

Like the telephone interview, the face-to-face meeting needs some structure and a script. We've created this script as well, and you'll find that it's a bit different from the previous one.

Face-to-Face Interview Template

Name of Applicant:

Date of Interview:

This interview should take between 45 and 60 minutes depending on the applicant. You may choose not to use all the questions.

1. **Welcome the applicant by introducing yourself and engaging in small talk for a couple of minutes (e.g., the weather, rugby, family, news events etc). Remember that you'll expect them to do similar with your clients when meeting for the first time.** *Intent: Evaluate ability to put people at ease quickly.*

2. **Tell me a bit about yourself.** *Intent: Evaluate ability to communicate clearly, humour, interesting person, can they hold a conversation? Stability of Background?*

3. **What made you apply for the position?** *Intent: Evaluate whether the person is desperate for a job because they are not particularly employable or whether they see the role as a real opportunity and have a genuine reason for moving jobs.*

4. **Tell me about a time you knew you were right...but you still had to follow directions or guidelines**. Follow up questions would be...**How would you do things differently next time?** *Intent: Evaluate ability to follow instructions and processes...and possibly to lead.*

    - **Red flag:** Found a way to circumvent guidelines "...because I know I was right," or followed the rules but allowed their performance to suffer. (Believe it or not, if you ask enough questions, some people will tell you they were angry or felt stifled and didn't work hard as a result, especially when they think you empathise with their "plight").
    - **Good:** Did what needed to be done, especially on a time-critical project, then found an appropriate time and place to raise issues and work to improve the status quo.
    - **Great:** Not only did what needed to be done but stayed motivated and helped motivate others as well. With the team, an employee who is able to say, "hey, I'm not sure this

makes sense either, but for now let's just do our best and get it done..." is priceless. In a Foreman/Ops Manager setting, good leaders are able to debate and argue behind closed doors and then fully support a decision in public even if they privately disagree with that decision.

5. **Tell me about a situation when you've faced a disappointment or challenge and how you dealt with it? It could be a work situation or a more personal situation.** Follow up questions would be... **What did you do? How did you turn things around? What did you learn? What would you do differently next time?** *Intent: Evaluate ability to be persistent and to keep going when frustrated or disappointed or challenged.*

    - **Red flag:** Didn't learn anything and gave up, e.g., I had to quit work, I couldn't handle it anymore.
    - **Good:** Did what needed to be done, kept plodding on despite the challenge.
    - **Great:** Not only did what needed to be done but explained what they learnt about themselves and how they would do things differently next time.

6. **Tell me about a time when a customer, co-worker or boss made you angry or annoyed?** Follow up questions would be... **How did you react? What did they do? What would you do differently next time?** *Intent: Evaluated interpersonal skills and ability to deal with conflict and difficult people.*

    - **Red flag:** The person pushes all the blame – and responsibility for rectifying the situation – on the other person.
    - **Good:** The interviewee focuses on how they addressed and fixed the problem, not on who was to blame or their role in the situation.
    - **Great:** The interviewee admits they caused the other person to be upset (at least in part), took responsibility, and worked to make a bad situation better. That's the trifecta of answers: You are willing to admit when you are wrong, you take responsibility for fixing your mistakes, and you learn from experience. (Remember, every mistake is just training in disguise as long as the same mistake isn't repeated over and over again, of course.)

7. **Tell me about the last time your workday ended before you were able to get everything done.** Follow up questions would be... **What did you do? How well did that work? How did your boss react? What would you do differently next time?** *Intent: Evaluate commitment, ability to prioritise, ability to communicate effectively.*

    - **Red flag:** "I just do what I can and get the heck out of there. I keep telling my boss I can only do so much but he won't listen..."

- **Good:** Stayed a few minutes late to finish a critical task or prioritised before the end of the workday to ensure critical tasks were completed. You shouldn't expect heroic efforts every day, but some level of dedication is certainly nice.
- **Great:** Stayed late and/or prioritised…but most importantly, communicated early on that deadlines were in jeopardy. Good employees take care of things; great employees take care of things *and* make sure others are aware of potential problems ahead of time just in case other proactive decisions make sense.
- **Note:** Keep in mind there are a number of good and great answers to this question. "I stayed until midnight to get it done" can sometimes be a great answer, but doing so night after night indicates there are other organisational or productivity issues the employee should raise. (I may sometimes be glad you stayed late, but I will *always* be glad when you help me spot problems early on).

8. **Tell me about a time when you have been given a job or project and you weren't sure of what you needed to do or didn't have clear instructions.** Follow up questions would be… **What did you do? How did you manage to make things happen? How did you get help? What was the outcome? What did you learn from the process?** *Intent: Evaluate ability to problem solve, use initiative and be a self-starter.*

    - **Red flag:** Did nothing until the boss checked in and asked why things weren't happening.
    - **Good:** Asked questions to clarify what needed doing and how to get the job done. They may have asked the boss or other more senior or experienced tradesmen.
    - **Great:** In addition to asking questions to get help, they took notes and asked to be given a similar job again to ensure they remembered what needed to happen. They may also suggest that additional training is required so that they can take the load off the other guys in the team.

9. **Finding the right people to fit in with our culture is important for us. I'd like to explain our values to you and see how you feel you fit in with those.**
   Explain your values. Ideally have the values written down so you can step them through those values.

10. **Explain the role and a little about your company and the kind of work you do.**
    Show your systems, checklists, processes, etc.

11. **Do you have any questions about the position?** *Intent: Evaluation ability to prepare questions in advance – shows thoughtfulness.*

12. **One last question. We are eager to fill this position as soon as possible, so timing will be an important factor in our decision. How soon could you start if we do decide to offer you the job?** *Intent: Evaluate loyalty*

    Answers fall into two main categories:

    1. "I could start tomorrow!" Eagerness is great. Enthusiasm is great. Can-do attitudes are great. But if nothing else, any candidate willing to immediately jump ship – even if his current employer is horrible – is way more likely to someday jump your ship too.

    2. "While I understand the position you're in, I owe it to my current employer to give reasonable notice. I really want this job, but I could never leave them in a bind." To which the interviewer responds: "Good, that's what I was hoping you would say…I hope you'll forgive me for making sure that's how you felt.")

13. **Thank the person for coming and explain the hiring process from here.**

This is because you'd want to know how that person behaves in certain situations. You're not going to see how good the candidate is on the tools here. But you can gauge their confidence, communication skills, and motivation for the job. This is where you can dig into the candidate's attitude and personality.

7. Conduct Pre-Employment Checks

When it comes to pre-employment checks, you have two options. Do everything in-house with an internal HR team or hire an agency to do it for you.

Whichever option you choose, the checks involve a few critical things. You need to assess their social media qualifications. This is like doing the online due diligence of your future employee (LinkedIn, Facebook, etc.). Then, you should check the right to work in your country and all that stuff.

Basically, you're looking for any red flags that tell you this person isn't set for employment.

8. Do a DiSC Profile

A DiSC profile is a standardized employee assessment tool. It's designed to be a non-judgmental method to gauge people's behavioral differences.

The applicants get asked a series of questions. They're required to provide detailed answers to those questions. Then, you can use the answers as a comprehensive report on an applicant's behavior and mindset.

You'll get to know how the potential employees react in conflict, what triggers their stress, and what motivates them. You can also use DiSC profiling to assess your current team to find out if any of them have issues that you need to focus on.

There is no "best" result in a DiSC assessment, but it can be a good indicator of whether or not the candidate will be a "fit" with your team culture.

9. Check the References

The candidate's almost there. Now, it's time to check their references.

This is a very important step because you get to confirm everything the candidate wrote or said. Reference checking gives you a better perspective of this person's career path. You'll get insight into their ambitions, motivations, and goals too.

For example, you may have a candidate who's worked for several companies in quick succession. This tells you that loyalty isn't a strong suit for them and that they may cause problems in the workplace. Getting in touch with those employers may confirm your suspicions, which means you have a candidate who shouldn't be on your shortlist.

A great question to ask is, "On a scale from 1–10, how likely would you be to rehire this person? With 1 being not at all and 10 being 'in a heartbeat'." Anything below an 8 is a huge red flag and can indicate the referee trying to tactfully avoid endorsing the candidate. A 9 or 10 should be a great hire, and an 8 requires further explanation as to whether there's a reason for not selecting 9–10. Sometimes people will say they don't give 10s, but it's still worth asking more questions.

10.Do a Job Test (If You Can)

A job test isn't always an option but you should make a conscious effort to make this happen. When it comes to checking skills and expertise, nothing compares to throwing a candidate on a job and tracking his work.

If you do this, make sure that one or more senior team members are present. Their job is to assist and instruct the candidate, then provide feedback to you. And feel free to go there yourself for some first-hand insights.

Just be wary of employment laws when carrying out tests like these. For example, you can't call this test a *test* or job trial because it may break the law. Just call it an on-the-job interview, or it can be something like a stage-three job interview.

11.Make the Job Offer

The contract is the most important thing when you're making your job offer. It needs to be ready well in advance so you can set expectations for yourself and the candidate.

It's worth creating default employee contracts for different positions. These should be in electronic format so it's easy to personalize certain aspects of the deal. Since you probably hired an accountant or a lawyer, don't hesitate to ask for their help. The expert can assist you with working out the quirks and draft a contract that protects everybody's best interests.

Jason Brown's Hiring Journey

Now that you have a hiring framework in place, it pays to take a look at how it performs in action. The story of Jason Brown from Jason Brown Plumbing and Gas should help you see that having a process makes a big difference.

From One-Man-Show to a Winning Team

After joining the Profitable Tradie program, Jason realized that he winged a lot of his hiring.

He did the phone and face-to-face interviews, but some of the key questions were missing. The questions from our script helped Jason determine how a person interacts, thinks, and how he or she behaves under pressure.

For example, Jason's wife interviewed a lady for an office position. As it turned out, the questions were pretty demanding. The lady failed to think on her feet, and this isn't someone you really want on your team, regardless of their education or experience.

Personal employee profiles were another thing that helped. Jason believes he should have done these earlier because it would've resulted in better hiring decisions.

As an employer, Jason needed to be clear about what he wanted to achieve and what he expected from employees. If employees have any doubts about you, they're not going to follow your lead. They'll doubt your systems and won't align with your culture. Achieving certainty in the hiring process shows that you know your stuff, which creates confidence from the start.

How Big Is Jason's Team Now?

At this point, Jason has fifteen staff members on board and he works completely off the tools as director. He spends his time meeting with clients, building business systems, and managing a growing team.

Jason's wife also assists with HR and marketing, and the business has full-time office staff for administration tasks. Offloading the responsibilities to

the team allowed Jason and Kirstie to regain control over the operations. And they keep improving things as the business grows.

Use your phone to scan this code and see Jason and Kirstie's video story.



Finding the Right People Is Only the First Part of the Equation

With the scripts we've provided, you should be able to create a solid hiring process.

But this is only the first part of the equation. The individuals you hire need to perform well within a team, which is the trickier part. As an employer, you should know how to balance everybody's personality, ambition, and shortcomings.

Your pre-employment interviews and tests have given you an idea of a person's attitude and behavior. But they don't say for certain whether this is a person who can work as part of your team. It's up to you to create a culture that encourages teamwork and keeps your people motivated.

That's where the next chapter comes in. We're going to look at how you optimize performance in your business so that the individuals you hire can work together to get results.

CHAPTER 5

Optimizing Performance (Keeping Your Team Motivated and Productive)

Your job doesn't stop once you've built a team of people. You want these guys to work collectively, which is where the idea of culture comes in. It's your job to get these guys into peak performance mode and keep them there.

There's a host of actions and strategies that boost the team's morale and spirit. And this chapter provides you with the tactics, tips, and tricks to keep the team on top of its game.

But before we delve deep into the various nuances, let's check out how performance optimization looks in action.

Groundcover Landscaping – The Story of Graeme & Michelle Hopkins

Having been in business since 2004, Groundcover Landscaping now boasts a team of ten members.

Graeme and Michelle employ Paul, who got promoted from working on the tools to project management. The team also has three foremen and three landscapers.

But things weren't like this prior to working with us. The company was stable, but it hadn't reached a point where they offered a full service.

To improve this, Graeme and Michelle outsourced some of the work to three designers. The deal worked like this. Groundcover Landscaping subcontract a designer to design the work, and they then price the job based on the design. This offloaded a chunk of work from the internal team, and the clients get a better job done. But, the main benefit is that the company can get out more quotes, as Graeme isn't bogged down with design work. The quoting procedure is now streamlined, and they can send a quote within a week. All the while, the staff levels are getting to where Graeme and Michelle want them to be.

Groundcover Landscaping now has three teams of two that are always on-site. This has boosted the company's productivity, but it's not the only thing they're doing. More people and more quotes allowed Graeme and Michelle to increase their margins and become more profitable.

How Do Graeme and Michelle Keep Tabs on Their Teams?

The major change came when they introduced KPIs for all teams, which they track during regular meetings with their team.

The cool thing is that these are like breakfast meetings, which takes some of the formality out of the equation. In addition, the teams have briefings on Mondays just to catch up with everybody.

The monthly assessment and KPIs have been invaluable for the team members who needed to up their game. And there's a dollar incentive for those who step up and improve their work.

The fact that everybody now wears branded uniforms also improves morale because Groundcover's people now feel like they're part of a team. The company is also about to hire a marketing manager to work on its social media presence.

A little streamlining and optimization made a huge difference for Groundcover.

Use your phone to scan this code and see Graeme and Michelle's video story.



Creating a High-Performance Team

As a business owner, your job is to lead the team and keep everybody accountable. You're also responsible for improving your systems so your people can perform.

That may sound like a lot to handle on top of all of the other stuff you've got to do. But with these principles, you'll nail it.

1. Lead by Example

You must have heard this one a thousand times before. But let's view it from the perspective of your team members. They have feelings and it's reflected in their work. If you treat them like machines, they're going to break down and start to resent you. And that's especially the case if they look at you and see somebody who doesn't follow the example you're trying to set.

For example, you could give lip service to not having a blame culture in your business. But if your first action is to scream at somebody when they get something wrong, you're not setting a good example. In fact, you're telling your people that this is how you want them to handle mistakes.

Here's the key concept to grasp here.

Problems within a team show that you're not doing enough.

If you're to lead by example, you need to demonstrate competence and integrity. Become the person others can trust and communicate with. Don't forget, your job is to inspire the team into following you. So set the standards and live by them.

How Do You Do It?

Are you willing to listen to what your team has to say? Do you get what they're trying to convey?

If yes, you're on a good path to build trust.

Listening to the team's struggles and suggestions helps you view things from their perspective. As a result, they'll know you understand their position and the team won't doubt your decisions.

In other words, the team will trust you're doing the right thing for them and the business as a whole. Plus, your team gets to stay in the loop, which means they become involved in the decision-making process. Otherwise, it's just you giving out orders.

Another key notion is the vision for your business.

Do you have one? Does it excite and motivate you?

If not, how can you expect your team to feel excited and motivated? They're looking at you as an example. If you're a grumpy sod who has no idea what they want, think about the message you're sending to your team. Who would want to work under that guy? Who would trust that guy to help them achieve more in their careers?

Leadership is an inside job. Show me an unproductive, unmotivated team with a poor attitude and I'll show you a poor leader.

The Power of Good Leadership

Let's assume there's a guy on your team who keeps doing things his way. He doesn't take feedback well and disregards other team members. Ten times out of ten, this leads to mistakes on the job, worried clients, and subpar profitability.

But how does a good leader react in this situation?

As a rule, there are two options. You can ask the guy to leave when his poor performance exceeds your patience. Or, you can give him one more chance to make things right.

This might involve standing up for the technician in front of a client. This will show the person that you will go to bat for your team. You might even tell a white lie or two to the client in the process. But in return, you're looking for that person to deliver what you need from them.

Some will get the message and work harder. Others won't, which means they aren't long for your business.

2. Hire Quality

You can't make a silk purse out of a sow's ear, and there's no other way around it.

If you fail to employ the right people at the start, it's tricky to improve things down the line. Only one or two poor performers are enough to spoil the entire bunch.

It's critical to hire people whose attitudes and expertise are in line with your company culture. The trick is to resist the urge to hire without proper testing and checks. You need to take things one step at a time and be patient. This involves a well thought-out hiring process to help you weed out the chaff and keep the wheat.

Of course, the hiring process applies to your entire organization. Be it managerial staff or technicians, you need a scalable system to prevent future mistakes and bottlenecks.

3. Clarity

This is the principle that should permeate every aspect of your operations. Lack of clarity translates to lack of direction, and soon things might spiral out of control.

To achieve a superior level of clarity, you need a system. Every team member should know exactly what they're accountable for. And this knowledge comes from the organizational structure you create.

The concept you should understand is the unity of command. This means that there's one boss and one boss only. Real challenges come when your team grows to twelve people and you employ an operations manager. Now, this person is leading teams on your behalf. If you start getting involved again, you're muddying up the waters and creating confusion.

Clarity comes when your people know who they report to. If you're jumping in and out, it shows that you don't have confidence in the people that you place into management positions. And if that's the case, why should the team have any confidence in them either?

4. Accountability

Everyone is responsible for their part of the job. When there's a mistake, it should be clear who should repair it. And as you might guess, you can't expect great accountability without clarity.

However, there's more to accountability than just pointing the finger and expecting a result. Being accountable also means that team members are part of the action planning. When you have a meeting, there should be an agenda. Each participant should provide feedback and single out points of improvement for their part of the work.

That's what accountability is all about. It's about giving your people responsibility and encouraging them to improve on what they do. It's up to you to create clarity in the role. Then, it's up to the person who takes that role to fulfill it.

When everybody's accountable, there'll be fewer fires to extinguish on-site. Team members begin to hold each other accountable and know their input is of value.

5. Feedback and Coaching

There's no way your team will stay motivated without feedback and coaching.

If you get this right, you should be able to motivate and excite the team even when things are not that great.

The important thing about feedback is that it works both ways. The team members provide you feedback regarding the projects and their activities. And you offer insights into their performance and productivity.

As for coaching, you need to create an environment that allows for personal and professional growth.

Basic coaching is what your apprentices are getting from senior technicians. But it doesn't stop there. You need to get involved as well and give people different options to better their performance and expertise.

However, you shouldn't choose a professional course just because it looks right. Talk to your employees and determine what kind of coaching they need.

6. Involvement and Empowerment

To have a great team of self-starters, you need to empower your people to the point where they're comfortable taking the initiative. If you just instruct people on what needs to get done, the most you can expect is compliance. Compliance doesn't contribute to a company's culture.

When somebody makes a suggestion, account for it and look into it. Show your team that you care about their input and will take action on it. This empowers the team members to become committed and proactive. After all, they'd be working off their own ideas, which gives them a higher sense of achievement.

The Keys to Building a Strong Culture – Having a Performance Appraisal Process

Performance appraisals are the key to optimizing your team's productivity and motivation. They are the best place to listen to the team's feedback and provide some of your own. And just like with hiring, you can't wing this if you want to get it right.

There are certain principles that help you establish a bulletproof company culture.

1. Give Employees Time

"People don't care how much you know until they know how much you care."

Theodore Roosevelt said that, and it's a quote that should be at the front of your mind whenever you have a meeting with a team member. It tells you that your people need to know that you give a crap about them before they'll listen to what you have to say.

As a leader, it's your responsibility to help your people be their best selves. Give them time to learn and to provide you with feedback that can help them improve.

2. Give Regular Feedback

Don't underestimate the power of regular feedback. And you should establish some ground rules on how to do it.

For example, some team members will need feedback every six months or so. But there are those that require your attention more often. Therefore, you should create an open culture.

This means you provide continuous feedback on a weekly or monthly level. In addition, you need to ensure everybody understands the rules of the game.

That is, the code of conduct at the base of your company's values. It usually involves punctuality, honesty, terms of client communication, etc.

3. Focus on Key People

As a leader, part of your job involves creating other leaders. These are the key people who'll drive the business forward when you're not working directly in it.

Work with them closely because they can influence colleagues. And again, you need to regularly communicate with these key people and provide feedback.

4. Get Specific

Being vague with your feedback and instructions won't get you very far. It's crucial to focus on particular details as if you're looking at things under a microscope.

You need to provide examples of the things you're talking about. If there's an on-site problem, be clear on the location, dates, and the people who were on the job. Then proceed to give full information about the issue.

5. Be Proactive (Not Reactive)

If you respond only when there's a problem, you're doing things the wrong way. Getting proactive means getting ahead of issues before they happen. And when it's done well, the issue doesn't happen at all.

You should catch and log everything your employees say, then provide the team with a solution or outcome. Be clear on how and when something is going to happen instead of reacting to problems as they arise.

The ambulance at the bottom of the cliff doesn't prevent the fall. It's important to constantly reinforce your expectations with the team so that they can avoid things going wrong in the first place.

6. Make It Special

Take the time to plan the logistics of the appraisal and consider getting out of the office. The change in scenery makes things unique.

But the critical thing is that everybody gets your undivided attention. There shouldn't be any interruptions if you're to successfully conduct the appraisal. You're making the event special to show the individual that they're important to the team.

7. Create a System

The system you want to create consists of three things. First, there are job descriptions. And they should outline what you expect from each employee/position.

Then, you establish regular appraisals and measure performance against your expectations. Lastly, you need to act on your feedback. Otherwise, the team members will feel stranded after the appraisal.

The Keys to Building a Strong Culture - Finding the Right Vibe

Your culture is what binds all of this together. It's the intangible thing that informs how you and your people behave, both with clients and each other.

As a leader, you set the pace for your people to follow. These are the culture tips that will help you do just that.

1. Set the Rhythm

Think of yourself as a team captain who sets the pace and provides guidance for everybody else. Of course, leading by example is a huge part of this.

It would be unprofessional to expect things from others that you don't do yourself. If you're breaking from the systems you've set up, your people will notice and follow suit. If you're not working by the values you've created, you're telling your people that your values don't matter.

It's up to you to set the rhythm for your entire culture. You're the point of reference that they're going to look to.

2. Solve with Systems

Your systems run your business and your teams run your systems. Your job is to provide leadership.

So, whenever there's a mistake or a problem, you need to take a look at the system. The teams play a big part as their feedback could highlight specific problems. The system is like a skeleton that shapes their actions and culture. If a bone breaks in that skeleton, the entire system gets compromised.

For this reason, you need to have tools such as a quality assurance checklist. This is a simple document that supports the system and gives your teams greater control over different processes. The more your processes are documented, the easier they are for the team to follow.

3. Nothing Shows You Care More than Spending Time with Them

By now, you know that performance appraisals are a great tool to make your team better. And the feedback should involve the employee's future within the company.

Then, there are the meetings themselves. Each one should have a clear agenda, which you can work with the team members to create. What's more, you should never skip or postpone the meeting just because you're busy.

The trick isn't to make the meetings about the tools and the projects (although, those will come up as well). Focus on the things that are relevant and can improve the business.

But most importantly, show your face. Be a visible leader who's there to help them improve.

4. Set the Rules of the Game

One of the main reasons why employees lack motivation is because they're not clear about employer expectations. They don't understand how to go about doing things, and it leads to frustration.

To avoid this, you need to set the rules from the start. Talk about them and make sure everybody understands. If you don't, the entire operation will descend into chaos.

At the same time, you don't want to come across as if you're imposing things onto your team. Feel free to approach the rules with humor and fun, and be sure to involve the whole team in their creation. Involvement breeds commitment. Your staff are far more likely to adhere to rules they feel they had a say in creating.

Delegation With the Headaches

The main challenge is to retain and foster your business culture once you create it. Systems are great for this, as long as you make sure they work.

Delegating tasks and responsibilities is something you shouldn't forget either. It's yet another tool to promote the company culture and incentivize people to give their best.

This is how you delegate the right way.

1. Delegating Is Not a Free Lunch

You can't just delegate and assume everything will work out.

Like with anything else in life, successful delegation comes with a reward. In this case, it's the time you get to work in other areas. In a way, delegation allows you to multiply and expand yourself. But to reap that reward, you have to take responsibility for the delegation process. You need to hand over tasks with enough clarity to ensure that somebody else can get the job done.

Letting people fly on their own takes effort, trust, and continuous assessment. If you don't put the time in at the start, they're going to struggle with any task you hand over.

2. Delegate, Don't Dump

Without a system, you employ people just to do a job for you. And this ultimately leads to "dumping" tasks.

You don't want employees to dump stuff back into your lap. So, what is the right way to approach this?

Your people will call you when there's a problem. And your response makes a difference between delegating and dumping.

In this situation, effective leaders refer the problem back to its source. To be exact, they respond to questions with more questions. And it's okay if there's a problem as long as there's a suggested solution.

But this is only possible when you create a favorable environment. Your employees should know it's okay to ask and offer suggestions as per their responsibilities.

3. Become the Macro Manager

To understand macromanagement, it pays to take a closer look at micromanagement.

If you're constantly sticking your nose into every situation, that's micromanagement. It's one of the most damaging things you can do when delegating because it tells your people that you have no confidence in them. You're saying that you're the only person who can really get this right, which is why you keep butting in.

Micro-management destroys trust, motivation, and initiative. To become a macromanager, you need to silence your inner control freak. It's all about setting boundaries for yourself and trusting that your people have it covered. You have a system that works for you and the people have clear goals. You need to oversee things and provide support, but you can't stick your oar into every little thing.

Another thing you need to master is patience. For example, some workers are slower than others. But does this mean they're not suited for the job?

Not necessarily, because a lack of speed might suggest an underlying problem. And you need to take time to get to the bottom of it. Confront the issue in a team meeting and work with your people to figure out what's causing the slow-down.

How Aaron and Sarah Built an Amazing Team

Sarah and Aaron run a plumbing and gas company that primarily works with residential and commercial clients. And they also do a bit of domestic work, usually maintenance and renovation.

Currently, they employ a team of fourteen people. This includes an operations manager and an office manager. There's also an office assistant to cover the needs of tradesmen. Plus, they have five apprentices and one person in the showroom.

Early on, Aaron and Sarah merged their business with Aaron's dad's business, meaning big changes to staff levels and workflow in a short space of time.

Managing more staff was overwhelming for Aaron. And to make matters worse, his dad's business ran on manual job sheets. The business also moved into a thirty-year-old workshop, with a lot of junk to sort through, as part of the merger.

When Everything Falls into Place – Changes That Helped Aaron and Sarah

Aaron started by getting rid of all of the paper-based processes in his business. Leveraging new tech, he created smoother and more efficient workflows. Then, he worked hard to gain the respect and trust of the new team.

The main challenge was that the team consisted of older, experienced technicians.

With this in mind, Aaron put a lot of trust in the team and gave them room to make their own decisions. In turn, he got the team to play ball and gained their respect.

When the company joined Profitable Tradie, they also started to overhaul the HR processes, which included creating new hiring techniques. This has made things much easier, and the company now takes predetermined steps to avoid hiring poor employees.

Aaron also introduced regular twenty-minute one-on-one meetings with staff. The older guys were a little apprehensive about those, but they soon understood how beneficial the meetings were. The team became more open about the work and the problems they face.

The company now closely monitors its budget, and they do monthly KPIs. Aaron then reports the results to his teams and they discuss ways to improve the performance if need be. The teams also use job management software, which has helped them keep track of their finances.

Nailing all of these systems made a huge difference for Sarah and Aaron. And now, they have a business with a strong culture that's primed for growth.

It's All About Optimization

The journey to building a high-performance team starts with hiring practices. Establish your cultures and values so you can use them to inform your hiring decisions. Create hiring processes to follow instead of trying to just wing it.

And your work doesn't stop once you've hired somebody.

Performance appraisals are there to keep tabs on everybody's productivity. And they reinforce the culture that makes the business profitable.

But above all, you need to make the mental shift from technician to business owner. This requires perseverance, accountability, and consistency.

CHAPTER 6

Turning Quotes into Jobs

The previous two chapters covered every detail of the best hiring practices. Having a great team is crucial for the success of your business, but it's only one part of the deal.

Your team needs a continuous stream of projects and jobs, or they're likely to seek employment elsewhere. However, many aspiring business owners struggle to turn their leads into quotes.

Poor billables and lack of quotes signal that there's a problem in your system or that you just don't have a system.

Graeme and Michelle know how creating a strong sales process can help a business.

Graeme and Michelle Hopkins' Path to Success

We're revisiting Graeme and Michelle from Groundcover Landscaping here. They have achieved amazing things since we met, and their strategies to boost sales provide great results.

So how did the team at Groundcover Landscaping boost their sales?

First of all, Graeme and Michelle consolidated their teams so they have more time to get out and quote work. In fact, quoting became one of their top priorities. And they go through the quoting procedure much faster now.

This helped them improve their profit margins, and the quotes they're getting at this point are much more desirable. And the company's office manager is doing the pricing, which is great for Graeme as that's something he really didn't want to do.

But the office manager is good at the job and he consults with Graeme whenever there's a huge project. Of course, all this reflects in the company's finances.

At the time of writing, they already surpassed the previous year's annual turnover. And there were four more months to go before the end of the year.

More importantly, the company started attracting big projects, with the largest coming in at $130,000. That's more than some tradies turn over in a year.

Groundcover Landscaping reached this level of success by following a set of sales principles and rules. So keep reading to find out the secret sauce.

The Psychology of Sales

Without a doubt, sales are one of the critical aspects of your business. As indicated, the trick is to turn leads into quotes, then into actual jobs.

This is where the psychology of sales comes in. But you shouldn't feel intimidated — it's not rocket science. The entire strategy boils down to five steps that can turn around your cash flow.

1. Adopt the Sales Mindset

This is also one of the biggest challenges you face because trade business can be brutal. You're trying to get one-on-one with people, help them across the line, and say yes to your offer. But to do that, you've got to get past a prospect's emotional baggage. People usually have negative presumptions about salespeople.

You've got to get past those presumptions, which is where your sales mindset comes into play.

The key thing is to adopt the correct attitude and avoid coming off as a used car salesman. Your attitude will have a huge impact on the outcomes here. If you're trying to manipulate people into decisions, you'll come up empty-handed. Instead, you've got to show them that you offer value and that you're the right people for the job.

It's about being assertive, confident, and a good listener. This will allow you to pick up cues from the client and provide an offer that targets their pain points.

Remember that sales can be defined as "professionally helping people to buy". You're helping people to solve problems and get the things they really want. There's nothing to feel ashamed about. Have confidence in the fact that you can help and provide great solutions for your clients.

Finally, forget about the what-ifs and take emotions out of the equation. You're there to get the job done and charm the future client.

2. Build Your Process

To improve your chances of success, you need to create a step-by-step sales process. And there are seven steps that apply to any trade niche.

1. Generate leads
2. Qualify for the projects you bid
3. Build rapport
4. Problem (if people don't have a problem, you don't have anything to sell them)
5. Provide a solution to the problem
6. Close (the actual act of asking for the sale)
7. Do the job after the sale service

For example, you generate leads from your marketing efforts (more on that later). Then, you use enquiry scripts to determine if the client qualifies to work with you. If it's a bigger project, you might need a site visit to gather all the information.

Then, you put together a team and create a quote. During the sales process, touchpoints are the important thing. These are the points of contact between you and the potential client. The more of them the better because these allow you to nurture the client. You build a connection, which means they're more likely to listen to your offer.

Ideally, there are nine to twelve touchpoints for bigger jobs. Any less and you're unlikely to make a sale.

3. Test and Measure

Sales is all about the numbers, which is why you need to test and measure to improve the business's overall performance.

You'll be able to figure out the bottlenecks and better the sales process the next time. Testing and measuring highlight what's going wrong, which gives you a point of focus.

For example, you might keep tweaking the sales enquiry scripts until you find the ones that perform best. But what is the key performance indicator for sales?

Conversion rates are probably the most important one. You can also compare the number of enquiries against the actual jobs to gauge how many of them convert. Your profit margins also come into the equation. Offering the lowest price around will land you clients, but you'll barely scrape a profit. Don't give the clients a reason to choose just based on the price. You've established a system that provides them with greater value, and they need to understand all the benefits.

Finally, you should factor in the time spent on quoting. The less time you spend on it, the better.

4. Sales vs Marketing (Understanding the Difference)

Marketing is about getting people to put their hands up. Sales, on the other hand, is making them say yes.

The two business aspects work together to make your job easier. If marketing covers most of the heavy lifting, the sales should be a breeze.

So make sure you do your marketing homework. Prepare everything before the sale and help the clients understand why your business and offer stand out.

The prospective clients will check your website and previous work to decide how much value you offer. If all looks great, it increases the client's perception of value. As a result, they'll have greater trust in your expertise and they know they need to pay fair prices.

5. Have a Marketing Plan

If you're desperate to land more jobs, your clients will be able to sense it. They may shy away from you or they may even use that desperation to get

lower prices. To avoid entering this desperate state, you need a bulletproof marketing plan that produces plenty of leads.

A strong flow of leads is among the most powerful tools to improve sales and position the company as a leader. When you have plenty of leads coming in, you'll be more confident when approaching clients. The stream takes away the desperation and induces a sense of pride and power.

The Pre-Sale

Once you've figured out how clients think, you need to build a sales process. But this process doesn't start when you make your offer. There's a lot of stuff that goes into the pre-sale too.

Here are four things to keep in mind.

1. Test and Measure

Remember, you can't manage what you don't measure.

To improve any area of your business, you first need to be 100% on what your baseline is. In other words, determine the starting point and work your way up from there.

Then, there are the margins. If your margins are low, maybe you're targeting the wrong market. Or, your approach doesn't reflect the value you're able to deliver. In addition, you shouldn't forget to track the time it takes to complete a quote. For example, Groundcover Landscaping managed to cut it from a month or more to a week. That means they're able to get four/five quotes out per month rather than one. More quotes mean more sales, which means better results for Groundcover.

And you need to learn how to take advantage of your monthly KPIs. Use them to determine the sales ratio and break the jobs down by type. This should help you gauge if you excel in the commercial or residential market, for example.

Use this information to figure out which niche you need to target to maximize your sales efforts.

2. Not All Markets Are Equal

Certain markets are more price sensitive than others. Therefore, you need to take a close look at the price sensitivity to avoid quoting for the lowest price all the time.

To put it bluntly, you want to be the price maker, not the price taker.

For example, commercial tenders/bids are very price sensitive. It's quite tricky to demonstrate value and make the client understand the difference between you and the five other guys that bid.

This puts you in the position of a price taker and you might not get the margins you want. To become the price maker, you need to focus on jobs that put you in direct contact with the client.

Being a price taker ultimately leads to you needing to complete far more work for the same money you would have made as a price maker. There will always be a fear of losing work when you stick to your guns, but doing so allows you to lose work without losing money.

If the profit was going to be the same, wouldn't you rather work less? Meaning you free up time to do MORE jobs at better margins, and you win all over again.

Fighting your way to the bottom often leaves you tired, overworked, stressed, and broke. Strong margins bring more time, more flexibility, and more freedom to live the life you dreamed of when you started your business.

It's usually the renovation stuff, upgrades, or non-commercial builds. And you need to use a back costing strategy to determine which jobs yield the most profit. That way you can target the work that's not making enough profit and avoid pricing yourself out of work that is actually performing well.

3. Look Upstream

If you're dealing with a lot of objections, there's a problem you haven't solved.

When you make your offer, the prospect shuts you down. They tell you that it costs too much or that they need to speak to somebody else before giving you an answer. Other common objections include: "I need some time to think" and "I'm not sure if this is what I want".

These objections tell you that there's a problem with your sales process. They are smokescreens for other problems. You've got to look upstream and get rid of that problem, or you'll keep running into objections.

4. Practice Makes Perfect

There's a hugely successful real estate agent in New Zealand. His name is Mike Fraser-Jones, and he specializes in selling farms.

The secret that makes Mike so successful is that he always practices his sales pitch. Yes, he's standing on the side of the road working his way through the pitch before the client arrives.

The continuous practice helps Mike work out all the quirks that may result in sales friction. For example, he figured out that the wife is the one who usually calls the shots when someone purchases a farm. This means he's got to tailor the pitch to her, even if he's talking to the husband.

But there's more going on here. By practicing, you improve your confidence and cover all the loose ends and possible scenarios. This gives you the upper hand to present the client with all the value of your work. As a result, you'll be able to set the right price without making the client have second thoughts.

Qualifying the Prospect

If you nail this, separating good clients from the tire kickers will become a breeze. The goal is to figure out if the client is actually worth your time. Can they afford the job? Will they be a good client to work for? These are all important questions because you don't want to get stuck with bad clients who take up tons of your time.

After all, that's time you could use to serve another client.

Enquiry scripts are the tools that help you determine if a prospect is worth your time and effort. And if you fail to get the script right, you'll end up with crap clients who don't pay enough. What's more, a script helps you make a good first impression because it shows that you've got your stuff together.

The idea is to make the clients feel as if they've struck gold and you're the only person that can solve the problem. And while that happens, you get a read on whether this is a good client or not.

How Does the Script Work in Action?

Let's start with how you answer the phone. We recommend leaving it to ring three times before you pick up. Any sooner and the client feels a bit uncomfortable because you've answered right away. It's one of those signs of desperation that we've talked about. But leave it too long and the client gets impatient.

Once you introduce yourself and the other party says something, you need to take control of the conversation. The best way to do so is to ask a few questions and prevent them from droning on and on.

Next, you need to work out the details of the job. Ask if you've helped the client previously and if they've used your services before. Then check their emails, phone numbers, and address if they're already in your system.

When you have all the particulars, proceed and schedule the job (if it's doable at this point) or continue the conversation (if you're doing the

talking). From there, you can scope any future work. This is huge because you want the customer lifetime value of the client. You want the 8 or 10 jobs that they have, rather than the one job you're qualifying them for.

Check how they've heard about you (what's the source of the lead?). Then, move onto FAQs. These will vary based on your niche and will help you gain more information about the client and the job in question.

Finally, you're going to talk about money. It's crucial to be upfront about the money and the payment system because you want to be certain the client can follow through. Provide the client with different payment options and make it as easy for them to pay as possible. But at the same time, don't offer more than three options because it will confuse them. For example, allowing them to choose between a credit card and an open account works fine in most cases.

Conversion Confidence

This section deals with the sales process when you're on-site with a client. The tips below aim to take away some of the pains you might face and streamline the entire meeting.

Like everything regarding sales, the idea is to minimize buying friction. At the same time, you should come off as the only expert who can solve the client's problem.

The things that you need to cover during the meeting include:

- The desired results, what the client wants to achieve
- The current situation
- What is stopping them from moving forward
- How you can help and what the next steps are

The Art of Negotiation – What Happens On Site

After you've had a quick introduction and a friendly chat with the client, you need to take control of the conversation.

So, the first thing to ask is what they're looking to achieve. Have the client describe how things will look when the job's finished. In other words, what's the ideal outcome for them and what will that give to the client.

These questions are important because people buy on emotion. Try to make them feel those emotions and help them picture their dream bathroom, kitchen, backyard, or whatever it may be.

You need to let them do the talking and focus on asking the right questions. In fact, telling them stuff at this point is not really worth your time. When asking the questions, you need to remember that people are either visual, auditory or kinesthetic.

The *how does it sound* questions are for the auditory people. *How does it look* questions are for the visual, and *how does it feel* questions are for ordinary people.

When you've elicited a positive response and prompted them to explain the goal, you need to assess the current situation. Again, you're asking questions. But this time they're about the reality of the job. This is critical for assessing the work. You can even bring a request form with you and check off all the things they want to do. Then, you should proceed with the things that are stopping the client from moving forward.

The roadblocks might be different – lack of funds, poor planning, botched job from the previous contractor, etc. Either way, you need to bring up the question of budget or investment. And point out that this helps you do the best job for the client.

With that out of the way, it's the right moment to shoot a silver bullet and offer suggestions. Once again, you focus on *how does it feel, sound, look* questions/suggestions.

While you're at it, don't forget to remind them of the ideal outcome. Then, move on to describe the steps to get the job done. And explain a little bit about the warranties, guarantees, and what they can expect from your company.

How Brad Martin Mastered His Sales Process

Brad is the owner of Leading Edge Electrical, and he's been in business for about seven years.

Since joining us, Brad has increased the online presence of his company. He's getting a lot of leads for the company's website, Facebook, LinkedIn, and other tradie sites.

In addition, he follows a predetermined system for client meetings. Brad walks away from the meeting confident that he'll get the job. And he doesn't hesitate to send the clients the correct price.

If the clients find the price a bit steep, however, Brad sets up another meeting and tries to work out how to get the job done.

As a result, he now works with higher margins and he keeps checking the numbers to further improve the turnover.

With a solid sales system in place, Brad's turnover has jumped from $330,000 to over $2M. And one of the keys to his sales success is his request form checklists. He uses the checklists whenever he is on-site to show the clients how the job gets done.

This makes the clients feel more comfortable and helps them appreciate that they're getting high value.

But there's more.

When Brad revisits the site before construction, he has a list of extras to try and upsell the clients.

If he does domestic work, he always focuses on the wives because they like to add a more personal touch to their home.

To make sure nothing gets missed, Brad also keeps a carbon copybook to list all the items and all the prices. Then the customer gets the pricing then and there, with copies for the builders and the company.

Use your phone to scan this code and see Brad's video story.



It's Time to Systemize Sales

There are three steps to successful sales. First, you need to use all the resources at your disposal to attract leads. Then, turn those leads into quotes and, finally, land the job.

With the right tools and some guidance, you'll soon become a master salesperson. Ultimately, it's about being able to offer value that draws people in and then understanding how to talk to them to land the sale.

But you can't make sales without great marketing, which takes us to our next chapter.

CHAPTER 7

Marketing Is Important (Even If You Already Have Plenty of Jobs)

Great marketing gives you a strong flow of leads, which means you have choices. You'll get to select who you work with. In turn, you'll be able to pull away from the low-profit, slow-paying clients and focus only on quality customers.

You need to understand that without a marketing system your business isn't proactive. You basically wait for the clients to come to you. And in doing so, you help the clients become the ones who hold all the power. You need them more than they need you, and this affects your invoicing because it makes you seem desperate.

You've got to flip that script.

Instead of letting customers talk you down from your pricing, you need to highlight the value that you bring. You've got to show the client that your work justifies the price you ask for, which is where your marketing comes in.

The only way to break the vicious cycle of poor jobs and profits is to revamp your strategy. But before we delve deep into the actionable tactics, let's revisit Brad from Leading Edge Electrical.

Brad's Marketing Strategies

According to Brad, direct marketing has been huge for his company over the past few years. It allowed him to land some of the biggest customers, and it created a base for him to build from.

He had the company's website revamped, and he utilizes Google AdWords to improve the company's online presence. These efforts are already yielding results because the website picked up a lot of traction since Brad started the AdWords campaign.

Brad also uses other online lead resources as well. His company is consolidating its social media presence by using a variety of sites where potential clients can find his services. Whichever way you look at it, Brad is building an offline and online system to support all his marketing efforts.

He also used a big email marketing campaign that attracted a few more customers. And in Brad's own words, it "sort of started snowballing" from there. Unsurprisingly, a lot of the new leads also came from word-of-mouth. But the customers didn't just begin to pour in out of the blue. Brad took the time to figure out what his market is and tweaked his campaigns to target customers within that market.

Brad also uses regular "lumpy mail" campaigns to target business to business clients, such as builders, that may not be easy to reach with traditional online marketing. Sending Lumpy Mail packages to prospects creates shock and awe and gives Brad a foot in the door to create relationship-based sales and ongoing work.

The thing that's worth stressing is Brad's ability to upsell clients. He found a clever way to offer extras to his clients and keep the technicians he works with happy. Brad gives the contractors a 15% margin on the extras before he presents them to the client. That means he has contractors trying to upsell on his behalf too. After all, they benefit if Brad sells more.

Building Your Marketing Machine

By now, it should be obvious that marketing can't work without a system. This is like a machine that supports your efforts to grow the business and fuels it with high-quality leads.

A well-oiled marketing machine gives you choices, but it's not only about that. Marketing also allows you to further promote your company's values and culture. This is how you build a brand that's in demand.

The following sections outline the principles to create a powerful machine.

1. Understand the Lag Effect

You need to think and act ten steps ahead with marketing.

If you lack leads and jobs today, that means you have a marketing problem that started six to twelve months ago. That's how long it takes a marketing campaign to start bearing fruit.

It takes time to set up a marketing system. And then, you've got to wait even longer for prospects to move through that system until they're ready to buy. It's like growing a plant. You've got to keep watering it until it's ready to bear fruit. The same goes for your client. You'll spend a good 6 to 12 months nourishing them before they buy anything.

That's the lag effect in action. The sales problems you have today stem from the marketing systems you put in place months ago.

2. The Areas to Look at (If You Need Work Right Now)

So, you know that the lag effect exists. But that doesn't solve the challenges that you have right now. Thankfully, there are some changes you can make to your marketing that will have an almost instant effect.

For example, you can improve your quotes and follow-up process. Retrace your steps and figure out if there are any quotes that you didn't hear back

from. These are the clients who've already undergone the quoting process that you need to follow up on.

As for the marketing itself, you can get an email campaign set up pretty quickly. There are a bunch of online services that offer basic email marketing for free and provide you with email templates.

This stuff means you get something up and running while you're building a full system. You'll land a few leads to keep you ticking over until you're ready to launch your full system.

3. Test and Measure

It's this old chestnut again.

We keep repeating "test and measure" because it's a point that applies to every system that you build.

One of the first things you should determine is the marketing budget. However, the marketing budget might not be the best phrase to describe what you want to do. Accountants speak in terms of budgets and costs, but you're a business person. Due to this, the marketing budget represents an investment to you.

You've got to figure out how to use that investment wisely.

Measure and track the source of your leads to figure out where your money needs to go. This can be time-consuming, but it gives you the upper hand because you'll know if you're spending money wisely or not. For example, as a company, Profitable Tradie spends two or three hours a week looking at the source of our leads. This is because we know it's super important to measure the effectiveness of what we're doing.

Doing this helps you see which sources work and which aren't producing. You can then invest more into your good sources, which means they produce even more leads.

Always ask clients where they heard about your company. Record the data and check for patterns that show you how effective your lead sources are.

Marketing ROI – Bonus Tip

To determine the marketing return on investment (ROI), you divide the gross profit with the cost of marketing. Then, multiply the number by 100 to get the percentage.

For example, you invest $1,100 in AdWords and you get 15 jobs from the investment. The average sale on the job is $500, which gives you $7,500 in revenue. If we assume GP across all of the jobs is 40%, that gives us $3,000 in gross profit.

You divide that with the money spent on AdWords to get 2.72. Multiply that by 100 and you have a 272% ROI.

That is $2.72 back for every dollar spent on marketing, which means this campaign works in this scenario.

Run this calculation on every marketing source you have to make sure it's giving you a return.

4. Build a System

Like we've said so many times before, systems run your business.

Therefore, you want a marketing system that is detailed in a document. It's also important to have the system tested. Otherwise, you might be wasting your time and your money. And on top of that, you should be 100% sure others can implement your marketing system.

This works like any other system in your business.

Figure out what works and put all the information down on paper. Outline the steps to follow and upload them to a central information point, such as a membership site. Your people can then check the documents out whenever they need to use the system. This also means you have training materials ready and waiting to go for any new hires.

5. Make the Time

To become good at marketing you need to be proactive. It's very easy to let it go and concentrate on other things that appear more important. But by taking time away from your marketing efforts, you're missing out on future leads.

It's classic procrastination. You tell yourself that you'll do it tomorrow but tomorrow never comes. You just keep pushing it back, which means even more time spent without a system.

We understand why people do this.

It takes a long time to get a system up and running. You're putting a ton of work into something that isn't going to produce immediate results. But that time will pay off later on. And the best part is that you don't only have to use your own time. A lot of Profitable Tradie clients hire a marketing student to help out with campaigns. That means they're leveraging somebody else's time to get this right.

Whatever avenue you choose, the key is that you prioritize your marketing. "I don't have time" is just an excuse for procrastinating.

6. Take the Power Back

You know that marketing gives you choices, but there is a catch. It's possible to attract a lot of clients and still have marketing problems. This is unless you target the customers that bring in high-margin work.

For example, Profitable Tradie has worked with a bunch of multi-million dollar businesses. These companies had plenty of clients but still had issues with their margins. And for almost all of them, the problem stemmed from marketing to the wrong markets.

The worst thing was that the big companies locked themselves into those markets. They couldn't see a way to escape them because their marketing strategies gave them no power.

The ability to generate strong margins is proportional to the market you're in. To stress, if you struggle to get good margins, chances are you're in the wrong market. And then the game becomes an endless chase of who's got the lowest price. There's no power in that for you because you're just a commodity in those markets.

7. Understand the Three Ms of Marketing

The first M is for *market*, and that's the market you're creating the system for. The key players are the people or clients you're going to target.

The next M is your *message*. This is the story, idea, proposal, or ad that reaches the people you target.

The final M stands for *media* and this is what business owners often do first. They focus on the platform they're going to use before they figure out their market and their message.

There's a difference when you target residential clients and high-profile architectural builders. The same goes for any other market you can imagine. This is because different clients respond to different messages.

What's more, each market jumps at unique cues to okay the message you're relaying. For this reason, it's crucial to tailor the message so it resonates with the right people.

Take a close look at your niche. You should know every detail about the people you're targeting and understand their pain points. Then, design the message in such a way that it addresses those pain points.

Now your marketing strategy is almost there. The final step is to determine which media yields the best results for your business. Again, this takes some time and testing. But that early work pays off when you figure out the right media for your business. You can then build out stronger campaigns that generate higher returns.

Marketing to Existing Clients

A common mistake tradies make is that they focus too much on attracting new clients and disregard their existing ones.

This misses the mark. Your existing clients already trust you and they know how good your work is. This means you've done the hard work already. If you have a good enough offer, these guys are more likely to buy from you than someone else they've never heard of before.

So you need to integrate marketing to existing clients to your overall marketing campaign. Here are the six principles that will help you excel in this game.

1. Understanding the Cost of Acquisition

Cost of acquisition is just a fancy term to describe how much it costs you to get a client.

If your marketing systems work as they're supposed to, you can determine the cost with a degree of certainty. We'll use the AdWords example again to paint the picture.

You spend $300 on AdWords for one month and that generates ten jobs with ten different clients. Therefore, the cost of acquisition is $30 per client. Armed with this number, you can gauge how much money you can afford to spend to get new clients.

To determine if $30 is worth spending, you have to take a look at the profit you've made on each job. If you make enough profit to justify your spend, you have a good platform for retargeting clients.

2. Understand the Lifetime Value of a Client

The lifetime value of a client is the amount of money that they'll spend on you over the course of your relationship. The goal here is to hook them in for the first job and deliver an awesome service. With the relationship

established, the client will now come to you with more jobs. That means the investment you put into marketing to this client pays off multiple times.

Here's an example.

Let's say you have a flyer that offers a $100 voucher for new clients. That attracts some attention, even if it eats into your margin a little. The client says yes and you do the job well. Now, that client knows you can do great work so they'll come to you for future jobs. And with those jobs, you're not giving them a $100 discount.

So, you've just landed a client that might spend thousands of dollars with you for the cost of a flyer and a $100 voucher.

Calculating the Lifetime Value

The maths for this is simple. Multiply the frequency (how many jobs you do for the client) by the average sale. Then, multiply that with your gross margin.

For example, let's take mid-range owner-operated builders that do up to thirty projects a year. This is a market where you can get reasonable margins.

Whenever you get a new builder on board, you could expect to get about eight jobs a year from him (depending on the size of their operation, it could be more). For the purpose of this exercise, let's say they're smaller, say $4,000 jobs, but there are eight of them. And this equals to $32,000 a year.

At a solid margin of 40%, you're getting $12,800 a year from that guy alone. Then, you'll probably work with that client for at least three years, which puts the profit estimate at $38,400.

Imagine that you got that client from an offer similar to the one mentioned above. For a little over $100, you've generated a $38,400 profit. That's 384 times more than your initial investment.

3. Create Frequency

The main question is how to better the frequency of your existing clients. How do you move them from eight jobs a year to twelve or more?

And the second important component here is the average sale. That is, how much the client is going to be worth every time you sell to them, and can you bump that number up?

But the really great thing is that existing prospects and clients don't require expensive marketing. Studies show that it's five or six times easier to sell to existing clients.

Obviously, whenever you target them you instantly save time, money, and resources. Just think about it, people are creatures of habit. In business and in life, you tend to go with the service providers you already know.

Because of this, existing clients require very little effort. And if you foster your relationship with discounts, promotions and good work they'll keep coming back.

Plus, they're more likely to okay all your suggestions, hence boost the average sales.

4. The 90-Day Rule

Think about any relationship in your life. Then ask yourself — how long would that relationship last if you didn't communicate?

When you stop speaking with someone, the relationship starts to break down. The same thing happens in business.

Should you fail to contact an existing client for ninety days, the risk of them leaving your business dramatically increases. They just drift away because you're not giving them any reason to stick around.

During that time, the client might find another provider who offers good service. They have a loose relationship with you, so they look into that business in more detail. The next time they need a job done, it's now much

easier for them to go with somebody else. After all, you didn't care enough to stay in contact.

In our experience, it's best to contact your key clients every month. But this takes time and money, so we recommend shooting for every 90 days for smaller businesses. You can bump the contact frequency up as you're able to invest more in your marketing.

5. Create Authority

You create authority by staying in touch with people and adding value for them. In doing so, you become an authority, the go-to expert when they need specific trade services. You're their guy for plumbing, electrical, HVAC, or whatever your expertise is.

It may seem that creating authority would take a lot of your time, but it's not like that. This perceived value is like the cherry on top when you set up a successful marketing machine.

It comes as a bonus from building rapport and a mutually beneficial relationship with all your clients.

6. Get Online

A credible online presence is a must, and you need to aim all your marketing activities towards improving it.

In fact, marketing to new clients will be so much easier if you nail the online game. The existing clients may check your contact information online, or check exactly what services you offer.

So right at the start, you need to sort out your online presence. Then, you can take advantage of certain strategies that help you consolidate the brand image and message. The journey begins with taking a close look at your website. More often than not, the site needs a major overhaul to bring it up-to-date. This may require some investment and external help. But the payoff is a more professional site that gives clients a reason to stick with you.

Of course, you shouldn’t forget about social media and your presence on professional portals. The content you post here helps make you the go-to voice in your niche.

How Damian Mastered Marketing

Do you remember Damian May?

He's the super successful owner of 2E Electrical we mentioned in the second chapter. We've talked at length about Damian's cash flow, hiring practices, and use of KPIs. But what about his marketing efforts?

Right off the bat, great margins and a steady stream of clients wouldn't have been possible without Damian's push to market to the right people. And he wasn't afraid to use every trick in the book to get the desired results.

Initially, Damian's marketing started with a couple of adverts in the Yellow Pages. And he dropped a few sales letters to his potential clients. At the time, his website was kind of average, but it did get the business some traction. Damian revamped his website and really improved 2E Electrical's social media presence.

The funny thing is, his image now appears on screens all across his hometown. And people actually recognize him from the adverts. But there's more. Damian got branded uniforms for all his employees, and it's like having a walking billboard.

Not to mention that the uniforms make the entire company appear more professional and organized. What's more, all the guys on site follow in-house rules to remain presentable at all times.

Use your phone to scan this code and see Damian's video story.



Marketing Creates Growth

Marketing is the force that pushes your business forward. It has the power to attract new business, keep your existing clients coming back, and boost your margins.

But marketing isn't only about making money. It helps potential clients understand the value for everybody involved.

As a business owner, you'll become more confident when communicating with clients. You'll be proud of your teams and the work they do. Not only that, but the clients will also start to recognize the quality and professionalism of your business.

At that point, you're not just a go-to guy for your trade, you're a trusted advisor and an expert in your field.

Widespread recognition, like what Damian's experiencing, shows you're building a brand. And brands attract high-end clients, top-notch workers, and industry traction that's hard to rival.

CHAPTER 8

It's Time to Get Moving

The profit is out there, within your reach. And now you're armed with the knowledge you need to make more of it. But are you ready to drop the tools and switch to business owner mode? The answer to this question will ultimately have the most impact on your business. If you stick with the technician mindset, you're not going to get very far.

We know that you understand how important it is to move away from the technician mindset. You'll face challenges along the way. You'll feel like you're giving up a lot of responsibility and, in creating systems, you'll take yourself out of the inner workings of the business. That can be a tough pill to swallow after you've put so much work into building the thing.

But the payoff is that you get more time and can generate more revenue. Ultimately, this leads to higher profits, faster growth, and a happier life for you — the business owner.

Let's look at one more superstar example to see what making this change can do for a business.

Flawless Finishes vs SES Group – Contenders for the Client of the Year Award

Despite operating in a different trade niche, both Flawless Finishes and SES Group shared many of the same problems. Their business systems were chaotic, and both operations were entirely in the hands of the couples that run these companies.

Kieran and Helen are the owners of Flawless Finishes and Lachie and Kristen helm SES. Both couples ran their companies without any clear plan, analysis, or direction. To make things worse, profitability was lackluster at best.

Before joining Profitable Tradie, SES was bringing in more than $2 million a year. But the lack of procedures and systems resulted in major outflows that prevented the company from being profitable.

As for Flawless Finishes, they were being pulled in every different direction before coming to us and were trying to get a handle on things from their kitchen table at home. Poor margins and workflow management pushed Kieran and Helen to the limits.

However, what these companies did to improve their business serves as a great example of what this book is all about.

Use your phone to scan this code and see Kieran and Helen's video story.



Journey to Success – How Profitable Tradie Helped

As you might guess, the first thing both couples did was change their mindset.

They understood that systems are responsible for their business. And they worked hard to implement the right procedures and strategies.

Then, it was time to take a close look at the numbers and consolidate the cash flow. Both companies operated on very low margins, and they didn't really do any financial analysis.

Now, both Flawless Finishes and SES have regular meetings to determine where their business is at and go over the KPIs. All the while, their teams grew and improved, which allowed the owners to focus on growing the business even further.

The interesting thing is that both companies benefited a lot from hiring operations and office managers. This helped them offload some of the administrative work and team/project management, which allowed more room to improve the workflow.

The companies adopted a system of checklists and worksheets as quality assurance tools. So the technicians on the job know exactly what needs to get done.

Their push for perfection didn't stop at that. Both companies are still trying to better their finances, company culture, and further grow their businesses.

But things seem much easier now, and the owners are more confident in their teams and work. And Flawless Finishes and SES are more profitable, which has relieved much of the stress.

So… are you ready to do the same?

Are you ready to create a profitable trades business?

Become a Profitable Tradie member and let us help you follow in the footsteps of other million dollar tradies.

ABOUT THE AUTHOR

Over the past decade, Tony has streamlined the operations and augmented the profits of over 876 businesses. He specialises in helping business owners improve their bottom lines and their work-life balance.

Tony has dedicated his life to providing clarity to business owners who have mastered their trade but struggled to conquer the day-to-day difficulties of running a business.

He knows that traditional education, technical schooling, and apprenticeships often fall short in terms of practical 21st-century business management. He strives to empower great tradies with the skills they need to fully realise their entrepreneurial visions.

ABOUT THE BOOK

In this book, Tony explores all the obstacles that prevent tradies from scaling and improving their business. From creating systems to improving workflow to helpful tips for acing sales and marketing, the book helps you take advantage of tried and tested methods to boost business performance.

Tony shares the experiences of his clients to provide valuable first-hand insight into strategies that worked for other tradies. *The Profitable Tradie* also includes useful advice to optimise your hiring practices and create a team that will allow you to work *on* your business, not *in* it.

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