

FOCUS ON PROFIT THIS FINANCIAL YEAR

For many, the construction industry allows people to enjoy their hobby and interest in carpentry, construction and building by becoming self-employed carpenters and builders. The allure of not having to answer to a boss, wear a suit and tie and of enjoying fresh air and sunshine may be too hard to resist.

Being self-employed in the building industry starts to lose its appeal when the effects of long hours and cash-flow pressures start to be felt. This usually leads to the realisation that being an actual business owner is different to working on-site or on the tools.

If you are at this point in your professional life and would like to focus on making money as well as being a builder, these five tips are designed for you:

1. Focus on the money
 - a. Identify the profit the business made last year and set your goals for this year.
 - b. Reflect on whether you achieved the margins for each job as expected.
 - c. Confirm that managing cash-flow for projects and the business was not a significant stress.
2. Terms of trade
 - a. Confirm that your contracts and agreements with trades-people assist your business.
 - b. Know the job types that are cash-flow positive and profitable.
3. Profitable clients
 - a. Know the clients who match your teams' capabilities and your business' profit margins.
 - b. Align your business to attract these clients.
 - c. Provide value to your target clients rather than just a lower price. It's in everyone's best interest.
4. Profitable marketing program
 - a. Measure the effectiveness of your marketing programs - it will save you thousands of dollars.
 - b. Know where to spend your money so that you increase your profitability and discourage tyre-kickers. Remember that only half the costs of marketing provide clients.
5. Invest in staff
 - a. Know which staff members cost you money and which make you money. It can help focus your support for them and increase your profitability with little effort.
 - b. Support staff with clear processes and procedures to ensure they remain within your company's guidelines and framework.

Focussing on these areas will help your business become more profitable this financial year. If you are unsure of the answers or do not know how to achieve the business outcomes you seek, contact Harry Pontikis on 1300 137 539 for assistance or harry@chocolatemoney.com.au