

A construction worker wearing a red, white, and black plaid shirt and a brown leather tool belt. The worker is holding a bright yellow hard hat in their left hand and a black smartphone in their right hand. The tool belt is filled with various tools, including a blue-handled wrench, a red-handled screwdriver, and a pair of pliers. The background is blurred, suggesting an outdoor construction site.

**The Tradies  
Guide  
To Business  
Success**

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# INTRODUCTION

Let's start by understanding where most trades-based businesses sit in the context of a modern economy. And Australia is the place that we'll be using as our example. In modern competitive economies by far the largest number of Trade based businesses fall into the SME (Small to Medium Enterprise Market) that is organisations with less than 20 employees.

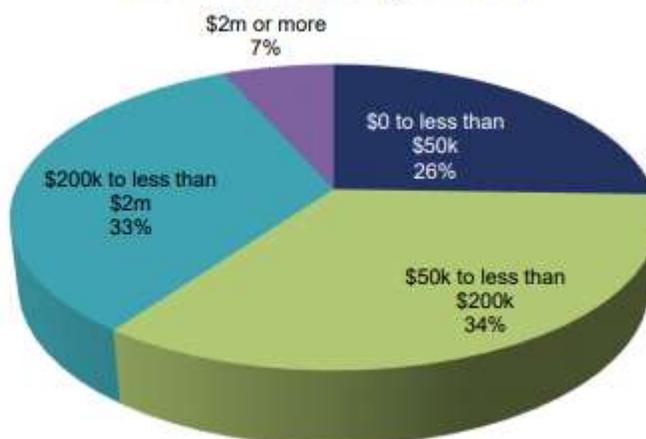
**Table 1: Business size measured by employment**

Business Size	Count	%
Small (0-19 employees)	2,066,523	97.4
Medium (20-199 employees)	50,995	2.4
Large (200+ employees)	3,717	0.2
<b>Total</b>	<b>2,121,235</b>	<b>100</b>

Source: ABS Counts of Australian Business 8165.0, Feb 2016 and ASBFEO calculations (excludes nano businesses with no GST role)

Organisations with greater than 20 employees make up less than 3% of the Australian business landscape. In other economies these percentages may vary and skew more towards organisations with greater than 20 employees, however, it is unlikely that these organisations would account for 50% or more of Trade based businesses. So, from the view of your average Trade based business, what does this mean? In a nutshell, Trade based businesses are in highly competitive markets, often working on thin margins, and combating others who have the ability to secure jobs and income that can result in lost revenue opportunities for those businesses that aren't on top of their game.

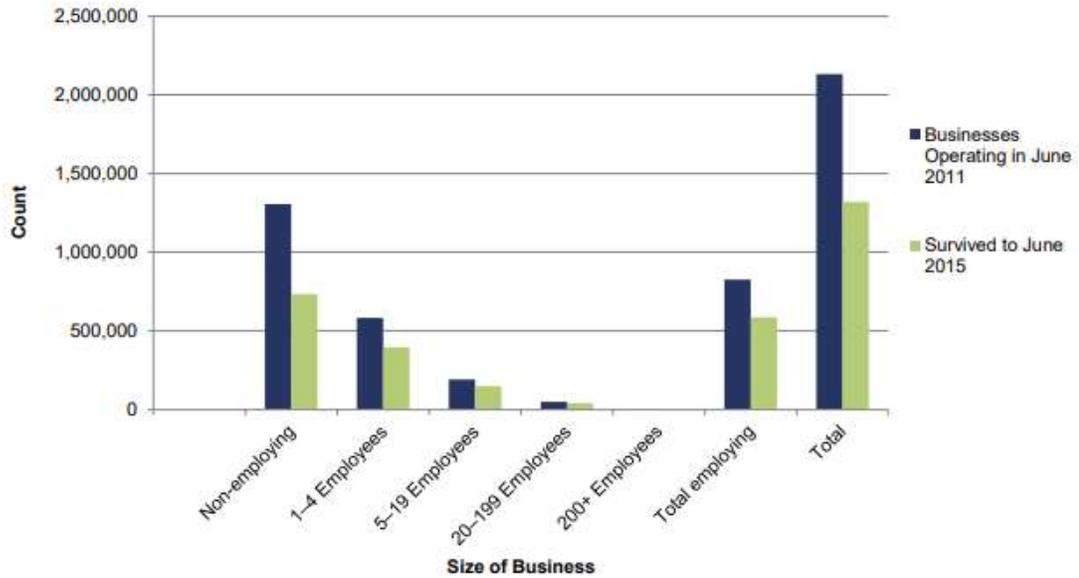
**Business count by turnover**



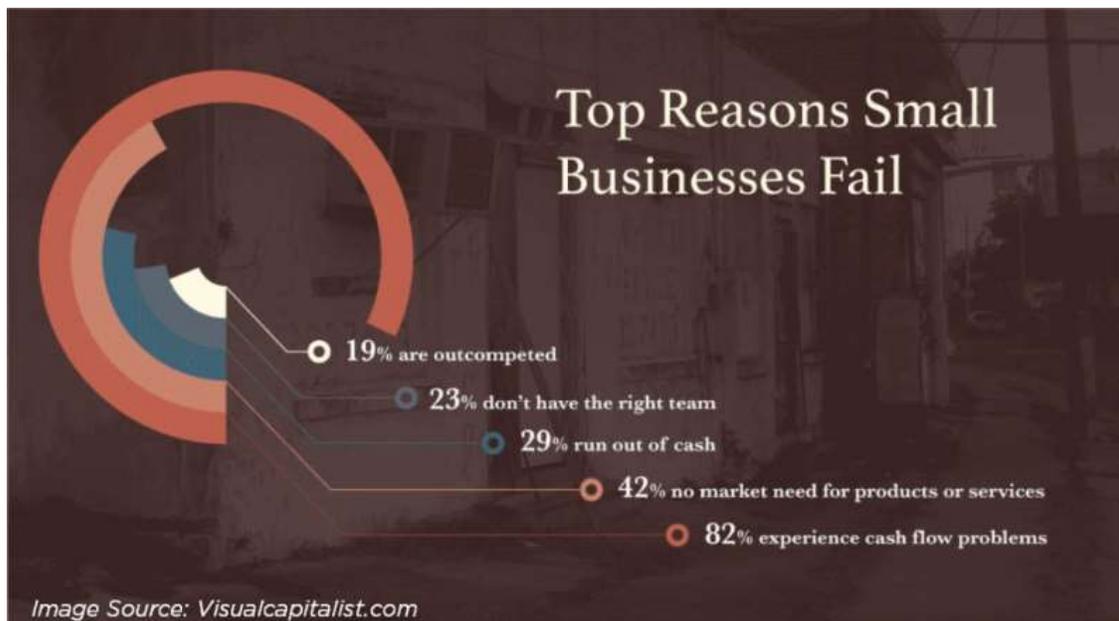
Source: ABS Counts of Australian Business 8165.0, Feb 2016 and ASBFEO calculations (excludes nano businesses with no GST role)

Trade based businesses are very similar to other industries, in that they are subject to both internal and external events that can provide massive opportunities to succeed (land a big contract) or the reverse where trading conditions dry up due to unexpected economic events, or internal shortcomings such as non-existent policies and procedures, or poor management.

### Business survival rate



The above tables are meant to re-inforce that there are traditionally a large number of SME' involved in the Trade services market and as in any market, volume means increased competition, and with increased competition comes a greater opportunity to miss out on business due to poor business practices. The purpose of this white paper is to provide information about the successful businesses, and how they operate to achieve this.



# THE SUCCESSFUL TRADE ORGANISATION

Running a your business offers a range of highs and lows, and anybody starting out with a new business in a market that is already well served by a large number of competitors has their work cut establishing themselves and being able to secure enough of the available 'pie' to get up and running and then make a profit. Any number of people and websites will be happy to tell you that 5 out of 6 new businesses won't be there in 5 years' time, and to be fair there are a large number of startups who will inevitably succumb to this statistic. Standing out from the crowd, becoming profitable and then making money is the end goal of any organisation. Let's look at what makes successful Trade organisations stand out from the crowd.

## What do they look like? - It's about the Vibe.

If you've ever seen the Australian classic movie – The Castle, you'll recognize the following quote (If you haven't, we thoroughly recommend this look into Australia culture). Great organisations have a 'vibe'. When someone walks into your place of business, they recognize that there is a friendly, positive feeling and that they (The customer) are welcome, and that your employee wants to engage and talk with them. Call it 'culture' if you want, but your customer knows instantly whether they have this feeling or not. Within that first minute of speaking to you on the phone or meeting you in person that customer is deciding whether they want to do business with you or not.

We haven't even gotten to price yet...and of course price is going to be a big issue, but given similar quotations, make no mistake, the customer will always go with the person they like. The challenge for your Trade Organisation is to make sure that not just the business owner and manager/s are sending out this vibe, but also anybody in your organisation who is customer facing. Remember....60 seconds to make that impression after all the time and money you have spent to date having that person walk through your door or pick up a phone. The challenge for many Trade business owners is in recognizing those employees who aren't part of that culture and who are costing you business, and once recognized either re-educating them, or letting them go before they help sink your business.

## What do they do differently?

We've all heard the saying, 'Happy Wife, Happy life'. Whilst that may not be politically correct any more, it still applies to the following example. 'Happy Crew, Happy Business'. Successful businesses and successful teams ensure that members on their team work well together and that personality issues or clashes are identified early and dealt with quickly. Great organisations provide good working conditions, treat people with respect and provide them with opportunities to advance or incentivise them with targets whereby the group can all benefit. No one want to turn up to a crew everyday and work in an environment where they are feeling bullied, unhappy or their work is not appreciated.

If you see a crew that isn't working well together or there is a bad egg there that is making life difficult then successful Trade organisations intervene and intervene quickly. How often have you seen a similar sceanrio on the sports field, where one player either thinks they are better than the others, or is disruptive causing the others to lose focus and lose games? As coach of your team the successful leader makes the hard calls and benches the disruptive player.

## Process, Process, Process

Its one of the most fundamental and tangible items that any business owner and manager needs to engage in. but as the owner of an SME its not always easy to see the wood for the trees. By necessity many Trade Organisations must inject Management into the labour/productivity process. The Organisations that also need to put Owners/Managers on the tools invariably must decide if this position means working 'in' the business, rather than 'on' the business. As well as deciding how much time to devote to administrative matters that this position requires.

Successful organizations realise that protecting cashflow is the #1 priority in making sure that the business remains on an even keel. Certainly, there is conflict in taking an experienced Tradie off the tools to engage in administration and paperwork but making sure there is enough money in the tin to pay creditors, make forward purchases of materials, and importantly pay the team at the end of the week remain the number one focus for the successful business.

Some of fundamental processes that should be in place:

- Job Costing Software
- Workforce Management Software
- Payroll Software
- Written Policies and Procedures Manual
- Health & Safety Policies and Procedures
- A great relationship with your Accountant!

Successful businesses and teams all have a clear understanding of their part in the business process. If a Tradie is on the tools and the business expectation is that that they should be:

- Well turned out
- Have all their gear
- Be on time for work
- Be in a condition at work that doesn't compromise themselves or others
- Output work to standard

Then this expectation must be not only explained, but documented, and agreed as part of the culture of the business. When everyone understands the process, and the process is enforced there is a far greater chance of joining the ranks of successful businesses.

## YOUR DIGITAL FOOTPRINT

It's not a dirty word! Any number of articles will tell you that print media is dead. Well not quite dead...but certainly showing signs that its being taken out to the pasture and turned out. There are no rifle shots yet, but that may well come in the not too distant future.

Our modern reality is that ALL successful Trade businesses in the future will have a recognizable digital footprint that supports their brand and informs the customer of:

- Who they are?
- What they stand for
- What they have done
- What the customer needs to do to engage with them

And this not too distant future (well it's here really isn't it) will mean that if your business doesn't have a cohesive digital footprint that let's people know the above...then eventually you will go out of business. Yes, it is true that long established businesses have credibility from word of mouth, and that they have tradition, history and existing product in the marketplace – which hold currency with customers.

However as customer expectations change, and generations change, the ability to reach, promote and engage with customers digitally will mean that any Trade organisation now that doesn't engage with or have a clear few on how they want to be portrayed on Facebook, Twitter and Instagram (And other platforms as they emerge) needs to get one in place as soon as possible. If you're a Trade Organisation that just focuses on swinging a hammer or other tool and you don't have the above, get hold of an agency or digital marketing team as soon as you can and get this sorted.

**80% of Instagram accounts** follow a business, and **72% of Instagram users** have purchased a product they saw on the app



## INVEST IN THE BUSINESS

It's a hard thing to do...creditors are late in paying their invoices and you've had a few calls from your suppliers asking when they can expect payment, and you're worried about making payroll...and you're expected to invest in your business. BUT...successful organisations do that. Sure, bigger companies have more budget and can do this more easily but investing even a small amount in your business is a common plus for successful Trade Organisations.

This can be:

- New Tools
- New Vehicles
- Premises upgrade
- Staff Training

Successful businesses continue to re-invest, even when times are tough.

## SUMMARY

If you're a Trade Organisation that doesn't fit within the SME model then congratulations to you, and you'll most likely have a lot of the items we've been discussing already under control. If however, you are a smaller Trade Organisation and you're in it for the log haul then you probably already know that you've got some pretty stiff competition out there looking to bid for the same business that you are. The challenge for you is to not become a 'me too' business where you are fighting in the trenches just based on price.

## Key Takeaways

- The 'Vibe' – If you don't already have a culture that is fun to be around and where people want to work and buy from you – create one. Make the hard call on getting the right people in place.
- Process, Process, Process – Make sure your internal processes are documented understood by everyone, and more importantly that they are followed.
- Digital Footprint – Don't have one? Quick...get on to it.
- Invest in the business – Make sure you keep putting back in. Even if it is only a small amount.