



High Profit

TRADIE

Technical & Trades Businesses

3 Ways To Improve Your

**CHART OF
ACCOUNTS**

With **HUGH BOWMAN**

www.actioncoachgeelong.com.au

actionCOACH
GEELONG

My Main Goal

TURNING TRADES & TECHNICAL EXPERTS INTO PROFITABLE BUSINESS OWNERS

Setting up your Chart Of Accounts well is the foundation to understand what is going on in your business much better by:

- Splitting up your sales and understanding which work you do more or less of.
- Being clear with your real on the job costs to do a job.
- Better understanding your overheads and making it easier to establish your break even.

If you are unsure how to change your Chart Of Accounts, your accountant or bookkeeper will certainly be able to help.

I hope this downloads gets you on the right track

Hugh Bowman - Business Coach



TIP #1

SALES

When most people set up their accounting program usually all sales go into just one account call “Sales”.

The issue with this is that most businesses have at least a couple of key categories of work they do. For example:

- Installation
- Service & break down
- Maintenance
- Volume builder
- Utility contract
- Commercial
- Domestic

Too many categories can become an handful but between 2 and 5 is good.



TIP #2

COST OF SALES

If you are a business that purchases materials or uses labour to deliver a job, it is critical these costs are entered into a Cost Of Sales account.

The only businesses that can get away with no cost of sales is small consultants, web designers, and the like. As with sales, 2 to 5 are best. Eg:

- Materials
- Subcontractors
- Wages - ("people on the tools" that deliver the job. Not admin staff)
- Cranage & Freight

If you are the business owner who does quoting/office work as well as on the tools, some of your wage should be added in here too.



TIP #3

OPERATING EXPENSES

In most accounting package setups, “Expenses” is generally set up quite well as standard.

Expenses should include costs that are spread across the whole business. Eg rent, phone, insurance, and the like. The main area where there are issues is the Office Wages.

An admin wage would certainly go under expenses but the business owner maybe a bit of both depending on what their role is in the business.

If the owner works on the job a lot, part of his wage needs to be put in the Cost of Sales.



Great Clients

DA BERETTA PLUMBING



Hugh has been with us for 2 years and our profits have grown by 50%

We needed to better manage our scheduling, quoting and job management and get our five staff members up to

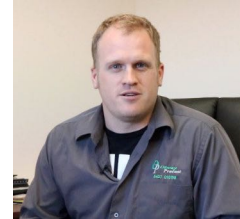
speed on this side of the business.

After much evaluation we selected a cloud base solution specific to the trades that includes customisation for individual clients covering job site information, OH&S and job reporting, scheduling and future quotes

Hugh guided us through the implementation and staff training so my work load decreased in this area dramatically and our operations have become considerably more streamlined. This led to five more additional staff members being employed.

Chris Berretta - Owner

OTWAY PRECAST



We've been with Hugh for the past 6 years and amongst many things have tripled our staff and quadrupled our revenue.

Hugh has also helped us expand our factory (with new offices) and guided us through the purchase land for a new, customised factory in the future..

He has also helped us implement job management, recruitment, quoting and time sheet systems where as before there was utter chaos.

We now have a full management team including me, an estimator, project manager, and operations manager.

Tim Reinen - Managing Director

Great Clients

BW COMPUTERS



I needed help with growing my business and managing contractors with technical training and customer service.

Hugh has worked with me to expand my business significantly over the past 2 years. We recently purchased another business negotiating favourable repayment terms. This has led to employing four more staff and has seen our sales triple.

We are also in the process of changing the business model to improve service levels and increase profits. This has given me the confidence to move forward and grow the business into the future.

Barry Jason - Owner

TRICKEY BROS

(formerly Lorne Plumbing)



We cover all aspects of commercial and domestic plumbing and also wanted to work up to making excavation 50% of our business.

This required extensive equipment purchases and more financial obligations. Hugh help us work through this and also included restructuring the company and rebranding.

We were able to find and purchase ideal machinery that was immediately put to use and paying for itself. This also opened up new opportunities that we hadn't even predicted. In the first 14 months with Hugh we increased sales by 30%.

Boe & Shane Trickey - Owner

Great Clients

GEOTEST CIVIL



I bought this 10 yr old profitable business as an ongoing concern and could see a great future ahead. My main issue was working long hours

and not having clarity to grow the business further.

Over a period of time Hugh helped me set goals, work strategically and create a business plan that we are utilising today.

This included hiring higher qualified staff to take some of the workload, some investment in equipment, and improvement in many business systems.

Rob Bennett - Owner

STAWELL PICKERS MARKET



Hugh helped us focus in on this business as we had neglected it due to other business commitments. The primary goal was to clean up the financial

accounts so we could understand viability, break even, and set budgets. We then looked at reducing costs marketing, building leases, and internal tenancies.

We also analysed the performance of their internal tenancies and found some underperforming so took back control of them.

In the first 3 months we could turn an unknown performing business into one we could predict it as viable, understand its breakeven, have budgets for sales, and pull on many levers to improve profitability.

Peter & Anthea Perry - Owner

Great Clients

NATHAN BENNETT ELECTRICAL



We have been with Hugh for a few months now and seen productivity massively improve at approx 20% under estimated hours on jobs.

Hugh highlighted that we should focus on productivity. We have changed the format of our toolbox meetings and got everyone engaged in discussions. Topics covered included direction of business, individual goals and accountabilities.

We also implemented an app based job management program and have already identified very significant improvements in purchasing and productivity.

Nathan Bennett - Owner

How Is Your Business Going?

Most trade and technical businesses I know have fall into five groups:

#1

Tradies who are just starting out and acknowledge they need help with growing their business, understanding the financial side and need to know how to hire good competent staff.

It's great getting a business coach at this point to avoid some of the major issues I mention below. These guys definitely don't want to make rookie errors.

#2

The next group are tradies who have run their business between 3 - 15 years and are still working hard (between 60 -80 hrs a week) in their business with ever growing family responsibilities. These guys generally see no light at the end of the tunnel as usually the business is running them.

#3

The third group are tradies who are excellent at their work and have no problem winning projects. They have built the business up to 10 guys but couldn't manage it that well, they weren't making any more money, and had a whole lot more stress. They end up scaling back down to 1 or 2 guys. Could this be you?



Where Are You?

#4 This group of business owners have grown their business but have been burnt badly within the first three years by losing a big chunk of money normally between \$50 - \$200K. Usually the losses occur through a customer not paying or the customer going bust, poor quoting, or taking on a much larger job compared to previous work and not knowing how to manage it adequately.

#5 The last group are businesses that are doing well with great staff but want to grow by taking on larger projects or increase their service offering. This could also involve property acquisition for factories/warehousing or large equipment investments as well as expanding staff numbers dramatically. Although successful they lack the confidence and direction to exponentially grow and need guidance every step of the way.

If this resonates with you then contact me today for a quick 15 minute phone call to see if I can help you or text and I'll call you back. There's no obligation or commitment of any kind let's just see if I can help with your business success.

Remember there are always answers.

I look forward to hearing from you

Hugh Bowman | Business Coach | Ph: 0409 402 474



*I never worry about
action, but only inaction.*
~ Winston Churchill