

A P R I L 2 0 2 4 W E B I N A R

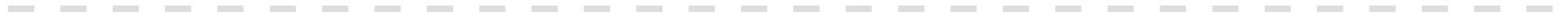
**HOW TO SURVIVE**

# **ECONOMIC DOWNTURN**

**PROFITABLE  
TRADIE.**



# **ECONOMIC CYCLES**





# **MARKET SHARE**



# **FIVE KEY PRINCIPLES**









# 24

# SIMPLE WAYS

TO PROTECT YOUR BUSINESS

<b>1</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Invoice all larger jobs on percentage complete</b> rather than project stages so supply hold ups don't prevent you from completing a stage and being able to claim. Otherwise, you may be almost completed but unable to claim and your cashflow will be severely affected.
<b>2</b>	<input type="radio"/> Y <input type="radio"/> N	Change all quotes or bids to be <b>valid for the shortest possible time</b> (e.g., 7 or 14 instead of 30 days)
<b>3</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Include cost increase clauses into your contracts for quotes or bids that are for longer jobs.</b> Discuss this with the client upfront and suggest that the building contractors you price for include something similar in their contracts.
<b>4</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Buy material when the job is accepted</b> at today's price and charge the client for the materials at job acceptance so you can guarantee supply and lock your margin in.
<b>5</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Communicate 3 times as often</b> with your suppliers about upcoming projects and materials availability. You may need to talk with the supplier almost daily about the "State of Play." Remember the "Squeaky Wheel" gets the oil.
<b>6</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Be considerate and helpful</b> when dealing with suppliers as strong supplier relationships will be a "Secret Weapon" in the coming months and years.
<b>7</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Increase your target gross profit margin</b> on jobs by 10% to factor in the price increases and potential project delays) increase both labour rates, material mark-ups and subcontractor mark-ups).
<b>8</b>	<input type="radio"/> Y <input type="radio"/> N	Include, or increase the <b>project management fee</b> you charge to account for all the extra running around sourcing materials and organizing around project delays.
<b>9</b>	<input type="radio"/> Y <input type="radio"/> N	Use an online price book direct from your suppliers and ensure that all supply prices are up to date daily.
<b>10</b>	<input type="radio"/> Y <input type="radio"/> N	Work in with similar businesses in your local area to <b>improve your purchasing power</b> with suppliers.
<b>11</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Rent a warehouse and stockpile materials at today's prices.</b> The lease costs may be less expensive than the increased material costs and delays to production.
<b>12</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Create account with additional suppliers</b> who may have access to different product lines that you can use to substitute for your usual product.

<b>13</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Spend more time on project management</b> in terms of planing your schedules, communicating with other contractors around project dependencies and sourcing materials. Project delays and downtime cost your business thousands of dollars.
<b>14</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Buy as much material at today's price</b> , charge your clients a higher deposit and a storage fee.
<b>15</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Communicate early and openly</b> about the challenges around sourcing materials with all clients. Explain that cost increases in materials will have to be passed on otherwise you will be unable to commit to the project.
<b>16</b>	<input type="radio"/> Y <input type="radio"/> N	Discuss client selections around fixtures and fittings early and <b>guide clients toward the options that will be most available</b> . Explain the consequences for project timelines if clients prefer "hard to source" items.
<b>17</b>	<input type="radio"/> Y <input type="radio"/> N	Have plenty of smaller service or maintainance work to <b>fill the gaps between projects</b> so that Labour utilization and cash flow can be maintained.
<b>18</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Factor in storage and extra handling costs</b> to pricing if using storage or buying in advance and in bulk.
<b>19</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Be wary of project variations</b> which may required additional materials and / or changes to the project timelines. Anything that requires re-pricing, re-ordering or schedule changes could take considerably longer than usual.
<b>20</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Charge a substantial variation fee</b> to cover the extra logistics involed around pricing, ordering and project management in the current climate.
<b>21</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Adjust the payment terms with your suppliers</b> . For instance, offer to pay a deposit on materials in secure supply. Use the clients deposit money to cover the payments.
<b>22</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Increase the amount of client deposits</b> to improve your cash flow through the ordering cycles.
<b>23</b>	<input type="radio"/> Y <input type="radio"/> N	Create relationships with additional sub-contractors so that if project timelines required it, you have a Plan B and Plan C if your usual contractors are unavailable.
<b>24</b>	<input type="radio"/> Y <input type="radio"/> N	<b>Increase your gross profit margin</b> (on job profits) to cover your rising overheads (everything from fuel to interest rates are surging up right now ).

