

THE 4 RECESSION SURVIVAL STRATEGIES

Every Tradie Should Know

EMERGENCY PREPARATION CHECKLIST

Section 1: Emergency Survival Items:

- Water Containers
- First Aid Kit
- Torch
- Battery Operated Radio
- Batteries
- Tinned Food (non-perishable)

action
TRADIE



About the Authors



The Action Tradie Team

Tradie growth and scaling specialists

Brett Burden, Keith Collins and **Mike Rady** are veteran Aussie business coaches. They specialise in helping trades and service based business owners who are stuck selling their own time for money, or not scaling fast enough.

In a nutshell, they help tradies apply proven methods for growing sales and profits, improving cash flow and building systems that scale.

Early in their careers, before making the shift to coaching others, they all built and sold successful businesses themselves.

Over the 20 years since, they've helped hundreds of tradies transition from 'survival mode' to owning real lifestyle businesses.

They coach with face-to-face and online one-on-one coaching programs, free webinars, conference calls, online courses, group coaching and live events throughout the year.

www.ActionTradie.com

OVERVIEW

About These Strategies

As we start to emerge from the global shutdown, we know for sure some things have changed outside.

A sizeable chunk of the economy has been hit hard. There will be pieces to pick up.

Here in Australia, we've escaped recession for nearly 30 years, while the rest of the world has endured some seriously tough times.

Will we be so lucky this time round? Only time will tell.

But in the wake of such an economic earthquake, to carry on as if there were no risk of aftershocks, or structural damage, would be naïve and negligent in the extreme.

A great wise man named Zig Ziglar encouraged everyone to live by this motto:

“Prepare for the worst, expect the best and capitalise on what comes.”

Ziglar lived through some especially tough times himself, but emerged a true champ. He went on to motivate thousands of business owners to success with his upbeat, warm-hearted and down-to-earth brand of optimistic wisdom.

With all this in mind we've put together a summary of the 4 most important strategies to ensure you are thoroughly prepared for the worst, give you confidence to expect the best, and the means to capitalise on whatever comes.

Apply them and they will see you through hard times, keeping you in the game - ready for better times. But these are not just recession survival strategies. They're business fundamentals that are good for any economic climate. Follow them and they'll set you up for explosive growth when opportunity knocks at your door.



Pay Less and Pay Later

In good times, we relax our spending and don't mind paying for convenience. For those little extras or maybe a bit of prestige. And it's easy to continue paying for stuff long after you stopped using it.

Most people are surprised at how much they can reduce their expenses when they really need to.

If you don't already have a list of all your recurring payments, make that a top priority and go through them with a fine-tooth comb.

Earmark everything on your list that stands out as a major expense, and everything that you think you may be able to do without.

Then start shopping around for better deals and looking for angles to use for renegotiation.

If you don't have time for all this, consider hiring an offshore Virtual Assistant to help you summarise and shop for better deals. The small hourly cost for someone to help you reduce your expenses can pay for itself many times over.

Accounting Expert, Keith Cunningham, has some great advice for eliminating unnecessary expenses. He recommends going through your P&L item by item and asking the question, "does this cost get me more customers or help me keep customers?"

Besides doing that, here are a few obvious expenses to look at, with a view to whittling them down.



STRATEGY #1



Review All P&L Items

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Reduce / Renegotiate Rent

Commercial premises often sit vacant for months in between lets, losing their landlords enormous sums of money. As such, many will be open to a lower monthly rent in exchange for a longer lease term.

Reduce Utility Costs

Electricity, gas, phone and Internet companies are forever falling over themselves to offer attractive introductory offers. Sometimes, consolidating two or more utilities and agreeing to a minimum term can cut result in big savings.

Reduce Phone and Internet Plans

Are you really using what you're paying for? Can you drop down to a cheaper plan with the same supplier, or would it be worth your while changing providers?

Reduce Insurance Costs

Like utilities, it always pays to look around for better deals. It's quite common to find yourself nudged into paying for extras when you take out an insurance policy. Now maybe is the time to discard them.

Cut Back on Subscription Data and Software

There aren't too many software packages you can buy outright these days. Most software suppliers have switched over to subscription models because it makes them so much more money in the long run.

What you may not appreciate is that many

STRATEGY #1

suppliers rely on a large percentage of customers forgetting they're paying for a service long after they've stopped using it. For that reason, some unscrupulous vendors don't send their customers monthly invoices.

Don't be one of those forgetful customers.

Buy second hand

Thanks to the likes of Ebay, Gumtree, Grays Online, Carsales.com.au and Machines4U, buying used equipment has never been so easy and it can save you a tonne of cash.

Lease Rather Than Buy

This may end up costing you more in the long run. But when you're aiming to keep your cash reserves up so you can afford to pay your bills it can make a lot of sense.

Negotiate Better Credit Terms with Vendors

This is an extremely valuable, text-book strategy for improving cash flow. Extending your credit terms by 15-30 days will have a big impact on your overall cash position. As a negotiating tool, you can offer to shop exclusively with suppliers, give them glowing testimonials, or referrals.

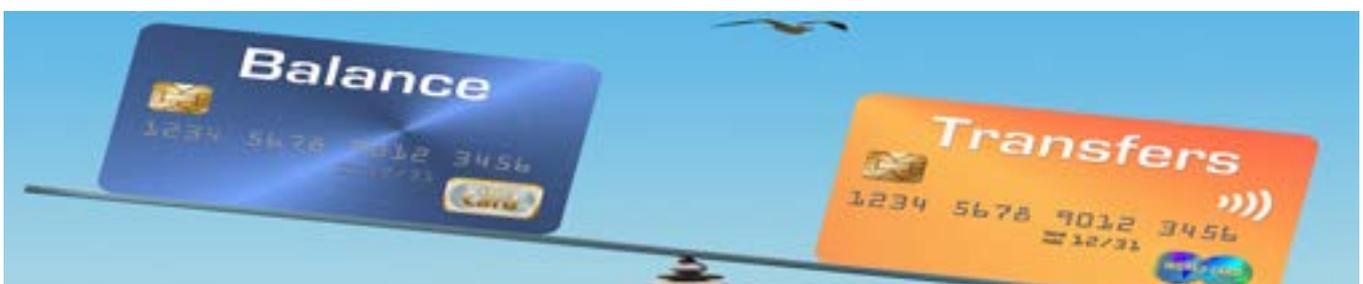
Make Use of Interest Free Periods on Credit Cards

When you use credit cards properly, they're an incredibly valuable tool for managing cash flow. You just need to make sure you pay on time. Combined with the extended credit terms you've already negotiated from your suppliers, you can extend your terms out to 90 days!

Refinance

Just like utilities, there's never a shortage of credit card companies and lenders prepared to offer better terms - longer interest free payment periods, balance transfer deals and lower interest rates. At the time of writing, the credit card interest rates range from as low as 7% to 21%.

On the same note, do make a point of securing lines of credit before you need them, if possible. The best time to arrange a line of credit is when you have strong financials, not when you need to borrow. Lenders will consider your case more favourably and may offer better interest rates if you're in strong financial shape.



Get Paid Sooner and Get Paid More

Get paid sooner

Another classic text book business strategy for improving your overall cash position.

If you're dealing with new customers this is not hard to do. Simply set shorter terms of payment. If you used to offer 30 days, switch to 14 or 7. If you used to offer 7 days, ask for payment on completion. Better still, ask for a deposit, or 100% payment up front. Asking for a deposit or full payment up-front is standard practice in some industries. Ask and you shall receive. Try it!

Charge Late-payers Extra

If you struggle to get customers to pay on time, offer "early payment discounts" - which is just another way of saying you'll charge them a penalty for paying late.

If you're dealing with established customers, you can let them know that you're planning a price increase, but for a limited period, you'll be exempting customers who can pay sooner. A simple email is all it takes to let them know.

Charge More

Most people's eyes glaze over when we tell them to charge more for their services, citing competition, the need to be realistic etc.

This is something we're very big on at Action Tradie. Because the fact of the matter is, there are many strategies you can use to help you win business at higher prices.

A better sales process will go a long way to helping you raise your prices. Focusing on niche work that you're especially good at is another way.

A word of caution here though. If you're going to charge more, even if it's only a little more you'd better make sure you're worth the extra and therefore still great value for money.

An easy way to get started on a price raising exercise is with smaller and more urgent jobs. Customers tend to be less sensitive to price increases when the cost is relatively small in the first place. And if someone has an urgent need for something, then it's going to be worth that little bit more to them too.



Adapt To Market Conditions

When recession bites, people tend to have less money. Or at least they feel that way. As such, they tend to be more cost and bargain conscious.

Compete Harder on Value - Not Price

But that doesn't mean you need to compete on price. No matter how low you go, there will always be someone prepared to do it for less. Remember in a race to the bottom there are no winners.

Instead, look for ways to add value, to offer great deals without a proportional increase in your cost of sale.

Adding value can mean adding convenience, flexibility or tailoring offers more to customers' needs.

It may be as simple as improving your quoting process to capture and address more of individual customers' wishes about jobs.

The little stuff that may not seem important to you, but which could be worth extra dollars to them.

Over centuries of changing economic conditions, enterprising business owners have always found great mileage in bundling and un-bundling of services in new ways.

That's a useful principle to remember when economic conditions change. If people feel the need to spend less, don't charge them less for the same stuff you once charged more for.



Offer them less, so that they can afford to pay and you can still make a decent profit.

You could also bundle your services with a commercial credit offering. You can do this risk free, by hooking up with a lender who'll allow them to buy more from you now and pay later, while ensuring you still get paid in full on time.

STRATEGY #3

Reduce Inventory & Unused Equipment

If you have thousands of dollars in unused supplies sitting on your trucks or in your shed, that carries a big hidden cost.

Ditto expensive equipment you don't really need.

For starters, there's a storage and transport cost in a lot of cases. And then there's the cost of having all that money tied up in stuff that's not generating income.

If you have to borrow money to keep going, then your unused stock and redundant equipment are contributing to your borrowing costs. If you can't afford to take on extra work, because you're worried about paying wages - then again, think about this.

Many large businesses now operate a 'lean' methodology whereby they procure inventory and equipment on a 'just in time' basis. Can you operate more like this?

Usually the 80/20 rule applies to stock. In other words, 20% of stock tends to cover your needs for 80% of sales.

With that in mind, make a point of reviewing those less frequently used line items and the type of work they relate to. Weigh up the cost of quitting that type of work against the cost of holding on to the stock. Is the hole it makes

in your cash flow really worth it?

Or could you put the cash to better use elsewhere?

Of course, reducing your stock will take some planning and reorganisation, but in the long run it will improve your cash

flow, save you money and make you more profitable and competitive.

As a first step, you could consider reducing your order sizes and increasing the frequency of delivery if you can. If you need to, talk to your suppliers and seek agreement on prices etc. It might be a bit more hassle, but it will mean valuable extra cash in hand.

And if you have gear you're unlikely to use any time soon, that's exactly what Ebay is for.



Do More With Less

Many would be entrepreneurs make the mistake of thinking they need to innovate by offering the market something entirely new and revolutionary.

Not always true.

Often as not, business innovation comes about through simply boosting productivity and competitiveness.

Spend fewer man hours and dollars to get the same, or better results than others and you're laughing. It opens the way to besting your competition on many levels.

A classic way to boost productivity is to create systems for running more efficiently and to eliminate low value activities.

Audit and Budget Your Time

Most productivity systems address time inefficiencies.

A highly effective way to start eliminating time wastage in your business is to run periodic time audits.

Deceptively simple to carry out, time audits expose your major time sucks and help you

identify key areas to prioritise and systemise.

Embrace Minimalism in Your Business - Less is Often More

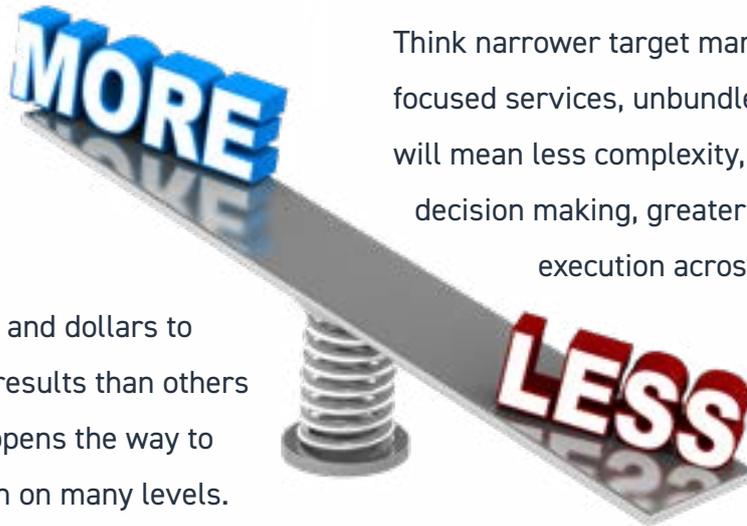
It may sound a contradiction in terms, but this is huge.

Think narrower target market, fewer, more focused services, unbundled services. That will mean less complexity, less training, easier decision making, greater clarity and better execution across the board.

Most tradies we've worked with over the years have experienced seismic shifts by niching down in one way or another.

We've done many workshops on this subject and we put it high up the agenda when people join the Action Tradie program.

When you stop being a generalist and start being a specialist, it opens up endless new opportunities for systemisation, greater efficiency, competitiveness and higher profits.





Putting it into action

You can find out how other Tradies go about implementing these strategies and put your questions to guys who know this stuff backwards on one of the regular, free, **Tradie Mastermind Conference Calls**.

Hosted by business coaches, Brett Burden, Keith Collins and Mike Rady from the Action Tradie team, they're an opportunity to connect with Tradie business owners across Australia and get ideas for moving your business forward in these difficult times.

Calls run for up to an hour, but we're limited to 10 lines and 10 callers per mastermind call.

If you're interested, follow this link and send us your details. We'll let you know when the next call is scheduled.

[Get Conference Call Details](#)



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