

Taking Your Business To The Next Level

Thursday 5 September, 2024

Benjamin Dyer, CEO of Powered Now, looks at how to grow your business from a one-man band to having employees. Then to grow on further from a small to a larger company.

There's a lot to be said for a lifestyle business. You can deal with the same pleasant customers that you have always have. Your overheads and risks are low. You can make time to pick up the kids or grandkids if you want to. But lifestyle businesses aren't for everyone.

This article is written for people who don't want to be sole traders or even run small installer businesses all of their lives. Instead they want to grow their companies and see themselves really prosper.

The first thing to ask yourself is whether you will make it if you try to expand. In reality, it's hard. Certain skills are pre-requisites. One of these is skill at estimating and pricing. A critical capability is to be good at knowing how much effort jobs will take. Another is building rapport with customers. If you're no good at either of these, it will be very hard to succeed.

Marketing

It's easy to think that the first priority when it comes to growing your business, assuming that your company does good quality work, is to find new customers. Recommendation is still the prime way that new business is won, at least in the residential market. But 30% of business comes from other routes. It's exploring these that will really make a difference.

A lot of this 30% now comes from the internet, but it's complicated. Some will arrive from having your own web site, although most likely not a huge amount. As you probably know, most people report Yellow Pages as a complete dud. Instead, Facebook, Google, Rated People, My Builder, Checkatrade and more are all trying to corner the market for people searching for installers and other trades.

There is no magic wand for marketing and trying out some of these different channels to see what works for you may be your best approach.

Sales

Marketing is hard. However, when selling to the leads that have come your way there are a lot of obvious and easy things to do. These should be a higher priority than marketing as they generally cost little or nothing. So, converting a higher proportion of leads into orders will grow your business at a lower cost and risk.

The first rule is to remember that people buy from people they trust. So, the first time you meet a new prospect, you should do everything possible to build up that trust. Here are some points to consider:

- Be totally professional – my wife refused to give business to someone who was a bit fresh with her
- Offer to take off your shoes when you arrive at the house, it shows that you care
- Have a smart, clean, van and make sure you look smart too
- Try to reference your experience, qualifications and so on when you are talking to the customer, but without being too pushy
- Try to establish in the customer's mind the likely ballpark cost – people tend to react badly if your quote is in a different league to what they were expecting
- Make sure you produce your quote really quickly – either the same day or the next day. This alone will grow your business
- Always honour what you promised. Turn up when you said and produce the quote when you said you would

Effort put into creating a good template for quotations will pay off handsomely over time. Once it's set up, it's normally easy to use again and again. If people are spending a lot of money, they will feel more comfortable when the quote is more substantial, with pictures of previous work and so on.

Make sure that you don't under-price the job. Probably the biggest cause of business failure is not charging enough. Remember that doing all of the things to establish trust will help you to win business,

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even when you are not the cheapest quote.

Moving beyond being a sole trader

Taking on your first employee is both the hardest and the most risky step that you will ever take. Suddenly you have PAYE, Pension auto-enrolment, statutory sick pay, paternity and maternity leave and holidays all to think about. And that's before you consider that you may need to double the amount of work coming in as you now have two mouths to feed!

This could be one of the reasons why so many installers settle for being sole traders.

There are a number of ways that you can overcome the difficulties of that first hire. The first is to build up your business using subcontractors before you hire anyone permanently. This means you take a lower risk even though you may have to settle for making less profit. The only complication is that you must get to grips with the Construction Industry Scheme (CIS).

Eventually you will need to take on one or more employees. With a good bookkeeper to run the payroll and an HR advisor to avoid the employment tank traps this can all be made much easier and smoother. You may not want to pay out the money for these experts, but it's much better to focus your time on the key business issues. You are much more likely to be successful that way.

Scaling

Once you have the right formula for growth, there are a whole new set of challenges to do with scaling your business. There are a number of points to think about:

- When a larger and more established business does their work, people expect and will be prepared to pay a bit more
- You will need to invest in various areas. Recruiting the right people, spending on training, premises, tools and vans are some of the areas that you will need to address

The balance is not to be too tight with money but not to be too loose either.

Control and efficiency

Of course, if you grow your business you need to reap the financial rewards. To do this, you must keep control of your business as it grows and manage things efficiently. Some of the pointers to achieve this are:

- Watch the cash. You need to know how much you have, what's due to go out e.g. tax, VAT, payroll and when money will be coming in. There is nothing more frustrating than going bust in a growing, profitable business because you run out of cash. It does happen
- Focus on people management. A happy, hard-working team makes a huge difference
- Implement the right system. A good system will vastly influence your ability to stay in control and grow efficiently

Changing your role

As a hands-on manager that deals with most quotes and still gets on the tools, you can grow your business quite a bit. However, there comes a time when if you don't radically change what you do, you become the cork in the bottle that prevents further growth. It's simple, once there is too much for one person to do in dealing with customers, delegation becomes the critical skill. Among the skills that you need to focus on to move from being successful to being very successful are:

- Recruitment – avoiding mistakes and getting good people
- Managing managers – you mustn't micro-manage or you will discourage anyone who is really capable. This is a different skill than direct management. It's about setting goals and motivating
- Delegation – letting go of some control is part of managing managers
- Envisioning – deciding and then communicating the overall company strategy. This must be about talking about quality as well as outlining what type of jobs you will focus on and which geographies you will and won't serve

The difficulty with making this transition is that the very skills that helped you to succeed previously can become a hindrance. Sometimes being really good at what you should no longer be doing will actually

prevent you from moving to the next stage. It's why so few companies can manage it.

The bottom line

For competitive people that like to win, running a successful business can be good fun. But you will get a lot of hassle in growing your business so there should be financial rewards as well. I hope that there has been some useful food for thought in this article. Please just make sure that you are profitable enough to make it all worthwhile.

About the author

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