

Contractor's Business Management Report

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Increasing Margins: 7 Business Habits of Profitable Contractors

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Challenge: Success often breeds complacency. The entrepreneurial edge that enabled many contractors to carve a prosperous business out of sweat equity can dull over time. Small but critical details fall by the wayside--sometimes to the detriment of your bottom line.

Solution: "Being a really successful contractor is all about forming good habits," says **Ty Freyvogel**, founder of EntrepreneursLab.com, a new site with a plethora of business advice for any contractor, and author of *It's Not Your Smarts, It's Your Schmooze*, "If you don't keep up with certain tasks--tasks that you probably think of as nonessential--you might get lucky and avoid a major catastrophe. But then again, you might not."

Here are excerpts from Freyvogel's checklist of business management habits to keep a tight rein on your business and avoid complacency:

Habit #1: Review all of your systems from top to bottom. Carefully examine what is working and what isn't. Decide where the problems are, and figure out what can be fixed.

Habit #2: Review all vendor contracts. Take a look at how much business you are doing with each vendor. Are you getting the best rates based on how much you are working together?

Habit #3: Determine who are your best customers. Examine all your customers through a profitability lens. You may be surprised to find out that your best customers aren't who you think they are. Be sure to tell them you appreciate their business, and ask if there is anything you can improve on or do differently to help them grow their business.

Habit #4: Review your marketing campaign. You should always make time to take a look at which marketing efforts are driving business and which are not.

Habit #5: Overhaul your Web site. You need to make changes to your Web site regularly to keep it "fresh." Make sure your information is updated, and post any articles that have recently mentioned your projects. Also, take a look at your business cards: Does the layout (colors and design) match that of your Web site and other stationery?

Habit #6: Consider technology upgrades. "A new computer, phone system, or other technology upgrade can make a huge difference in the daily lives of your employees," says Freyvogel. "Just be sure that everyone gets the appropriate training on the new technology."

Habit #7: Meet with your accountant. Before tax time (Freyvogel suggests the beginning of the year), meet with your accountant to plan your taxes. Discuss with your accountant what you should do with excess cash, and take a look at anything you can write off.

Complete these tasks at least once a year if you want them to benefit your business in a consistent, positive way. "Don't fret over the time you spend completing these tasks," Freyvogel adds. "You'll be surprised at how much time you free up by habitually keeping your business in order. It will allow you to work on achieving your new goals and developing your business without having to constantly worry about what surprise problem lurks around the corner."