

BUILDING YOUR FUTURE



A step-by-step guide
to **building a £1 million+**
construction business

**GREG
WILKES**

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‘Greg Wilkes has written a must-read for anyone looking to grow their construction company profitably. He has vast experience of the highs and lows of the industry and has demonstrated that he knows what it takes to be successful.

Applying the principles outlined in this book will greatly assist growth-hungry business owners looking to run a finely tuned operation.’

— Daniel Priestley , CEO/Founder of Dent Global and four times bestselling author

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Introduction

Some say entrepreneurs are born. Some say they can be made, that you can teach someone how to be a successful entrepreneur. Both these statements have some truth. I do believe entrepreneurs have slightly different character traits to other people; they're a bit more daring, certainly ambitious, and confident in their own ability. Without a doubt, some people are born with the desire and character traits that are essential for being a successful entrepreneur. More than most, they can take risk, handle stress, and can manage and get the best out of people. Fortunately for some, they seem to have been born with these character traits, or developed them early on in life.

From a young age I knew I would work for myself. At around ten years old I started learning how to make money, from having multiple paper rounds to setting up a gardening and car washing business, and then on to a window-cleaning round in my teens. It wasn't so much about earning money, although that was a nice bonus; it was the accomplishment, the sense of satisfaction that I could do this all by myself. And I loved the buzz of winning new work.

Fast forward ten years, I had a trade apprenticeship behind me and I was starting out on my own in the real world. As I was unsure of my abilities, I set up with a business partner and we decided to tackle loft conversions. Things started well; we built up the business quickly and I was earning good money for a twenty-year-old. There was a real boom in loft

conversions in the early 2000s; everyone was doing them and we had jumped on the bandwagon at just the right time.

However, I wasn't fully comfortable with what we had achieved. Yes, I was earning well, but I was grafting hard. Back then, I was physically on the tools every single day and trying to fit paperwork and sales quotes in during the evenings. I was working ten- to twelve-hour days and it was tiring, both physically and mentally. But at the time I was young, energetic and full of enthusiasm and drive to keep the business growing, so I was quite happy to put in the extra hours.

As the business continued to grow, juggling full-time hours on the tools and all the paperwork proved a challenge. We decided to hire a business adviser to help us grow further, but in the right way. We were turning over around £400k per year but that wasn't quite enough. At twenty-two I was about to get married, was purchasing a new home, and I needed to earn a bigger wage.

The decision to hire our first business adviser was a pivotal decision, and a vital one. Having an outsider look at our business with fresh eyes and see what we were doing right and wrong was the best money we ever spent. She advised us that we were spending too much time working in the business rather than on it. It seems obvious now with all the books I have read since then – like [The E-Myth¹](#) – but at the time it was a breakthrough for us. She suggested that one of us come off the tools and start focusing on running the business properly.

So that's what I did. My business partner carried on working on the tools and I concentrated on the sales and developing relationships with our key suppliers, mainly local authorities and architects. This decision paid dividends and it wasn't long before my business partner had also come off the tools to help out with the office paperwork.

We were now in a position where we were earning quite well, were building a successful business, and were not having to do physical work on the tools each day. Our transit vans were traded in for pickup trucks, and I was loving it.

But things changed for us when we hit a turnover of around £650k.

For some reason, we just completely stopped growing. I was selling what I could but the business flatlined for a few years. We didn't have the right processes or people in place to take on much more work, so psychologically we were holding back. This started to become a problem once I had kids and needed a bigger home. I needed to earn more money, significantly more, but the business was no longer meeting my needs.

I started to grow resentful of it. My business partner and best friend was quite happy with how things were. And I can understand why. It wasn't stressful, and we were earning enough to meet his needs – he had no reason to want to grow. But for me, with a growing family and an in-built drive to make this business a huge success, I was growing frustrated.

As the years slowly ticked on with growth going nowhere, things came to a head. We were now both spending more than the profits the business could realistically generate and we were slowly but surely driving it into the ground. I made the difficult decision to split from my business partner. I can't stress enough how emotionally challenging this was, as we were (and still are) extremely close, so it felt like a betrayal in many ways. This is one of the reasons it took me so long to make the decision, when I should have done it years earlier.

I knew we couldn't continue on as we were and we had both started to move in different directions. I wanted to make the business much bigger; he, understandably, didn't want the unnecessary pressure. So, in 2013, we

split. I bought my partner out of the company and was then free to take it in any direction I wanted. I was now financially committed to making things happen, as I'd had to take out a large loan to cover the buy-out. It was a risk, as we had run the company into a bit of debt, but I was convinced I could turn it around, cover the loan payments and make the business profitable again. I remember feeling excited, but also found it daunting that the failure or success of the business was now all down to me.

At this point I'd already consumed a lot of books on how to grow a business, and it was time to start putting the things I'd learned into action. One by one, I slowly implemented strategies and started to see changes. Sales were increasing without spending any more on marketing and my profit margins were growing.

The first year after the split I managed to turn over nearly £700k, which wasn't bad considering I was on my own and things were only just starting to settle. I must admit, though, I was working extremely hard and putting in long hours, but I was building a valuable foundation that would set me up well going forward.

The next financial year, things really started moving. I was now being viewed as a bigger company and started pitching for larger contracts. The contacts I had nurtured over the years had also grown and were taking on bigger projects, and I was now their preferred supplier. I needed to take on more admin staff to cope with the workload, so I converted my garage into an office and we all crammed in there.

Looking back now, it must have been an awful working environment compared to the offices I now have, but at the time it was exciting. New contracts were being won and our turnover was increasing month on month. Very suddenly I started to see the fruits of my labour, and that financial year I hit £1.2m in sales. We had increased revenue by 70% in just one year. This

was a huge jump in both turnover and profits; all the effort I'd put in to laying a good foundation the previous year had now paid dividends.

I couldn't believe how easy it had been to smash through the £1m mark once I had put the right systems in place. And once I had sailed past £1m in revenue, I had further funds to invest in building a great team around me. This then gave me more freedom and money to take holidays and enjoy some stress-free time with my family.

Having a great team was key to growing even further, and once we had passed the £1m barrier it was easy to get to £2m, then £3m and beyond in the years that followed. Our growth was staggering, and that brought a whole host of new problems that I had to learn to deal with and overcome.

I'd grown to a large company quite quickly and it seemed I was taking on new staff every few months. Unfortunately, some of my hires were awful. I had a member of staff steal money from me, and one even stole a lucrative contract worth hundreds of thousands of pounds for himself. Others were just not performing and trying to pull the wool over my eyes. Our business reputation began to decline as projects started to go wrong. I'd gone from making consistently good profits to losing money month on month. In all honesty, I'd started to lose control of it all. I was in unfamiliar territory, and it was too late to bring things back around as we were now entering a recession.

In the end, after a period of sustained losses, one problem after another and a dishonest client knocking me for a lot of money, the debts became unsustainable. I was over-leveraged and had to declare the business bankrupt.

This was one of the hardest decisions of my life. I'd spent years building this business up and now it was gone in an instant. I had lost my contracts,

lost the trust of some great partners, and was left with nothing but a pile of debt. It was an absolutely awful time and one I never want to repeat. The stress and worry this caused me, my family and my employees were immense.

As you can now see, I've had success, but I've also experienced great failure. Without a doubt, my biggest lessons in business have been learned from my failures.

I always take comfort from this Michael Jordan quote when he was asked what made him so successful:

'I've missed more than 9,000 shots in my career. I've lost almost 300 games. Twenty-six times I've been trusted to take the game-winning shot and missed. I've failed over and over and over again in my life. And that is why I succeed.'²

I love that quote, as it shows there is no need to fear failures. They can and most likely will happen if we are pushing ourselves beyond our comfort zones. Failures are part of growing and learning. If you are in fear of failing, it can lead you to inaction and staying where you are in life. You end up never making progress.

Nevertheless, my failure still hurt. I thought for a long time about what I wanted to do next. Should I get into a new industry, or go and work for a company? It didn't take me long to realise that if I'd have gone to work elsewhere, I would never have been satisfied. I couldn't end my career in construction with a loss like that. I needed to prove to myself that I could make a success of things.

I picked myself back up and decided to start all over again, but this time I would do it differently. I went back to my business books, did copious

amounts of studying, a few intense courses along with high-level coaching sessions, and began to form a new strategy out of everything that had worked and everything that hadn't. This eventually became my DEVELOP principles, which I would use in my new business to grow in a controlled and sustainable manner.

And it worked. I managed to achieve over £1.5m of sales in the first year, starting from scratch. My DEVELOP principles worked, and they continue to do so. It was much easier running my second £1m business than my first. I'd found the secret to running a highly successful construction company that gave me more time, freedom and money.

I decided I wanted to share this strategy with others, so I started coaching, which then led to me writing this book.

When I look back now, I find it frustrating that I wasted so many years stagnating at £600k. If I'd have implemented the DEVELOP strategies back then, I would have been five years ahead of where I am now and my first business would never have gone into liquidation.

But life's about moving forward and learning from the past. And I've learned some valuable lessons on the highs and lows of owning a construction company. My failures have helped me hone my strategy to enable me to put a system in place that really works.

I don't want you to learn the hard way.

I'm convinced that teaching you these strategies and learning from my past successes and mistakes will help you avoid the pitfalls that come with growing a business and sail past a £1m turnover. Let's jump right in and get the foundations in place to start this transformational journey.

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- [1](#) Gerber, M (2001) *The E-Myth Revisited: Why Most Small Businesses Don't Work and What to Do About It* (3rd edn). London: HarperBusiness.
 - [2](#) Quoted in Goldman, R and Papsen, S (1998) *Nike Culture: The Sign of the Swoosh*. London: Sage Publications, p49.

1

Succeeding In A Tough Industry

Is it possible for you?

Although entrepreneurial qualities are inbuilt, success in business is about more than just having the right qualities. Running a truly successful company requires principles that can be taught.

I've read and dissected hundreds of business books and invested thousands of pounds in business coaches over the last fifteen years because I have a burning desire to understand the secret to success in business. But I've realised that this is something that I will be learning for a long time to come.

If you asked Jeff Bezos of Amazon or Mark Zuckerberg of Facebook, they would tell you they are still learning. Business changes and adapts to the times we live in and we need to be constantly open to ideas and strategies to get us ahead of the game. The principles of business stay the same, though. Having run a successful construction company for the last fifteen years and worked with many small businesses, I've come to understand these principles and have seen them in action. The DEVELOP principles I'm going to outline in the next chapters will be the same principles that even Jeff Bezos and Mark Zuckerberg would have followed when they first started out.

Although this book has mainly been designed for those within the construction and service-related industries, no matter what industry you are in, if you apply the principles found in this book, they will take your business to the next level.

What does the next level look like for you? If you've picked up this book, I hope your next level is to smash through £1m in annual sales turnover. What's so significant about this number? First, achieving a £1m turnover with a decent profit margin lets you invest funds in building a small and efficient team around you. This is crucial if you want more time and freedom as it will help remove you from the daily firefighting, which is draining and stressful. It will also allow you to be rewarded financially for your efforts – rightly so, with all the risk and pressure you have to take on when running your own company.

Some say the £1m figure is a psychological barrier to growth. Many cannot pass through it, no matter what they try. Without a doubt, many find that reaching £1m turnover is a goal they just cannot achieve and, as such, they settle for a business that doesn't grow. Often, this leads to them feeling frustrated, never being able to take a back seat in the business, and working all the hours under the sun for little reward and satisfaction. Sound familiar?

The £1m barrier is not only a psychological one. Even with a burning desire to grow the business, there can be real physical barriers that cause a business to stagnate. The purpose of this book is to identify those barriers and burst through them.

By applying the DEVELOP system, one by one, those barriers will be pushed aside and you can comfortably move past the significant £1m turnover milestone and, once you're on the other side, you'll be amazed at how quickly you can double your turnover again.

Many say turnover is vanity and profit is sanity. I 100% agree. There is no point having revenue of millions year on year if you can't make a decent profit; however, in the construction and service industry, without significant turnover those profits will generally be meagre.

The aim of this book is to show you how you can create significant turnover within your business and enjoy the profits that will come alongside that. We will identify how to remove the barriers to growth, and how to mentally overcome the fears many business owners face. If you apply the principles found here your business will grow, no doubt. Depending on how driven you are, it may grow faster than you expect.

I recommend reading this book through once fully and then going back and working through a section of the DEVELOP programme at a time, ideally in the order set out.

So, let's begin. First, let's discuss why the construction industry is a tough nut to crack and why many business owners in this sector struggle to make decent money.

Construction industry challenges

Why did you choose to get into construction? I often ask my coaching clients this, and I get mixed responses. Many tell me they just fell into it. Some didn't perform well at school but were grafters. Not having decent grades meant there weren't many options available to them except to learn a trade, and they knew that, once qualified, they could earn decent money at quite a young age. Others loved working with their hands, creating things, and enjoyed working outdoors. Some could never see themselves stuck in an office environment. Some just wanted the freedom of working for themselves one day and construction seemed the easiest way to do that.

What was your reason? Do you still feel the same today?

Whatever your initial reasons were, if you've been in construction for a good few years you may now be realising that it's a tough industry. How you imagined things were going to be when you left school may not be your reality day to day.

The construction industry is one of the first sectors to feel the pinch in a recession. I've felt the effects of two major recessions in my life and my father has faced many more. We are also starting to feel the effects of Brexit, which could trigger yet another recession.

Back in the '90s, mortgage interest rates went up to nearly 15%. The entire economy suffered, but the effects were felt for longer in the construction industry than in others. I remember worried conversations between my parents when my dad had run out of work for a sustained period – and my dad was never out of work, he was a grafter.

Things got so bad, I remember helping my mum deliver catalogues around the streets to supplement our income. At the time, being young, I thought it was quite fun but I can only imagine the pressure my parents must have been under. My dad, being the breadwinner, a bricklayer by trade, having his work completely dry up – how would they provide for the family? Having a family of my own now, I understand the immense stress this must have caused.

There was another big recession in 2008/09. It was unbelievable seeing big high street names going bust and disappearing one after another. At this point I was running a reasonably established construction company, but I clearly remember panicking when work started drying up. I'd just had my first child and had bought a new home that needed a lot of work. At this point I hadn't created the DEVELOP strategy and we were not prepared to

cope with the downturn. Nevertheless, we tightened up and just about managed to ride it out.

There's never a good time for a recession to rear its ugly head. But if you are around long enough, you will experience one at some point. This is why it's even more important that your business is ahead of the rest of the pack, or it could be one of those that disappears.

Even if your company stays afloat, you may not be immune to the effects of others going bust around you. Carillion, one of the largest construction companies in the UK, finally collapsed in 2017. After a series of profit warnings and debts of over £1bn, it couldn't recover and finally went into liquidation. The problem didn't end there, though, as the fallout of that event affected thousands of smaller companies and subcontractors in their supply chain. Stories began to emerge of smaller businesses being owed hundreds of thousands. One owner had put debts of £25k on his personal credit card to try and keep his company afloat. It's heartbreaking to see small businesses forced into liquidation due to the actions of others, but this is the harsh reality of the industry.

Even if you don't have to cope with a large supplier you are working for going bust, there is the age-old problem of trying to get money out of them. Being large, powerful corporations, many insist on harsh payment terms of thirty to sixty days, or more. This exposure can cause a business owner great stress and creates cashflow problems that can stunt business growth.

On top of the above problems, the industry suffers from a huge skills shortage that only seems to be getting worse. How many young people do you know who are choosing construction when they leave school? Probably not many. Over the years it's become a real problem, as the next generation choose alternative industries.

This leaves the industry relying on migrant labour, but with Brexit causing many to leave the UK, it's not clear how the skills shortage will be met over the coming decade. As a result of the lack of skilled labour, wages are on the increase. Decent tradesman can now charge premium prices, but what profit does that leave the business owner?

Another issue facing the construction industry is its bad reputation among homeowners. With documentaries like Cowboy Builders portraying a poor stereotype, the general homeowner is wary and cautious about employing a company to work on their home. This leaves companies on the backfoot throughout the job, while the homeowner is convinced you are constantly trying to 'pull one over' on them.

After considering the above, it's no wonder that only 4% of construction business owners manage to break through the £1m turnover barrier. But is there a way of protecting your business from the wider economy and against bad payers? Is there a way of retaining and attracting the best talent without paying through the nose? Is there a way of scaling and keeping loyal clients happy?

Absolutely, there is. By applying the DEVELOP strategies presented throughout this book, you will be miles ahead of the competition. You can be one of the 4% that successfully smashes through the £1m barrier. First, though, you need to overcome some of the problems a small business owner will face.

Frustrations of a small business owner

Not only does a business owner have to face problems that plague the construction industry in general, they also have to face problems much closer to home. If these problems are not addressed, it will lead to a

business owner that feels burnt out, unhappy and most likely struggling to make ends meet. What sort of problems can give a business owner the blues?

Through my coaching business, I have spoken to many business owners in construction and the number one problem they face is not having enough time. They feel run off their feet, moving from job to job, quote to quote, trying to keep everyone happy.

Many business owners have families or young children and wish they could have a bit more time at home. But when they are at home, they're constantly catching up on paperwork – invoicing, chasing up debt, sending out quotes, paying the suppliers, paying the staff. The list just goes on and on. Many feel like they are run ragged and juggling an ever-increasing number of balls. Do you feel like that? Maybe this is one of the main reasons why you haven't expanded the business, as you cannot fathom how you will find the time to do it.

The second problem that's high on everyone's list is not earning enough money. It seems to be an endless struggle to find the money to pay the suppliers at the end of each month, let alone the dreaded quarterly VAT bill. You find yourself using the next job's deposit to pay the bills of the last, and you never seem to catch up.

Then you have clients trying to 'knock' you or get out of a payment that you've rightfully earned. Subcontractors demanding higher rates of pay that squeeze your profits. You're constantly being undercut on your quotations and find yourself matching or beating the best quote, just to keep everyone working.

You take on all this risk of running a business, but for what reward? It certainly doesn't feel like a financial one. You have created no meaningful

pension for yourself, wouldn't you just be better off going to work for a company? You start to take on more and more work to see if it makes a difference, but you don't seem to earn any more money. Wasn't it easier when you were on your own as a sole trader? Does this thinking sound familiar to you?

The third problem that stresses business owners is staff. You recognise that no one is going to know or love your business like you do, but can the staff not show a measure of care? Does everyone clock off immediately at 5.00pm, leaving you to hit deadlines on your own? Yet if you haven't paid their wages by 5.00pm, they'll certainly let you know about it.

When you do finally find a brilliant member of staff or a subcontractor, it's not long before they decide to part ways. All that time and effort invested into training them and fitting them into your business and they are gone and you have to start all over again. Have you experienced something like that?

The fourth common problem is the worry about running out of work. The bigger you expand, the quicker you run through your contracts. You can never seem to get far enough ahead to relieve the stress. You are constantly chasing sales and never seem to be in the position where you can just say no to that awkward customer you know you shouldn't work for.

These are just four of the many problems a small business owner faces. When you add to these the wider problems that plague the construction industry in general, you may be thinking, 'What's the point? I may as well give up now'.

Well, what if I told you that you could easily address all these issues? What if I told you that you could increase the amount of free time you have and earn more money than ever before? I can show you how to retain your best talent and help you fill up your order book so that you're only taking on the

best work. You might wonder, what's the catch? The only condition is that you read and apply the principles laid out in the DEVELOP strategy in full. It's that simple.

Well actually, it's not simple. It's hard work and takes effort to get there, but the formula is simple. If you've come this far with your business and got through the startup phase, you're already used to hard work and effort. Now it's time to take it to the next level – this book is going to help you get there.

Is there a solution?

I've run my own construction business for many years, which you'll hear more about later. I hit a barrier once I reached £600–£700k turnover. The barrier wasn't just a psychological one, it felt physical. We were genuinely stuck and I didn't know in which direction to turn. I turned to learning, through books and coaches. It fascinates me that you can read a book in just a few hours, and gain the wisdom of someone's life experience, which can be fifty-plus years. I consumed book after book about how to scale a small business, business strategy, motivation techniques, and so on. I then tried to combine and apply the best strategies in my own construction company.

Without a doubt, you could put down this book and find hundreds of others out there that will add value to you, and I do encourage you to find and read some of them. You will find that most highly successful people are avid readers. Yet I realised that I could not find a single book written specifically for construction company owners on how to transform their business. It's as if we'd been completely forgotten about. Our industry is unique, it has its own challenges and there seemed to be no help out there, so I decided to write one myself.

I've taken everything I have learned from the hundreds of books I've read that covered every possible subject – from strategy, to goal-setting, mindset, and people management, you name it, I've probably read about and studied it.

More importantly, though, I wanted to bring my years of experience of actually applying this knowledge within my own business to the table. I've got a lot right, but I've also made a lot of mistakes along the way – and some big ones. I've been there, done it and got the T-shirt. I know that, without help, companies get stuck or, worse, crumble completely.

I want to see construction company owners succeed. I want to show you how to create more time for yourself, how to be paid what you are worth. I want to show you how to scale up without running out of cash. I can show you how to stand out from the rest and put yourself in line to win larger, more lucrative contracts. All of this combined will make your company more valuable and will set you up nicely for an exit sale one day. I believe I have the answers and the tools to get you there, so I've written this book to get you all of the above.

I'll show you how to successfully scale your business.

A viable answer: the **DEVELOP** system

As already mentioned, there is a solution. But to scale in the first place and then ensure you scale successfully you need to follow a process and strategy. I've tried and tested the DEVELOP strategy on my own business and with my coaching clients and I can tell you it works. Here's a brief summary of what DEVELOP stands for and what we will be considering in depth throughout this book:

- Detailed roadmap

- Exceptional service
- Visual branding
- End of month reports
- Loyal people
- Operating systems
- Profit and loss

Detailed roadmap

Here we will discover the importance of setting realistic targets and goals, and of knowing your final destination. We'll examine typical roadblocks along the way and how we can overcome them. This will be an invaluable tool in proving the strategy works, as you can go back and review how far you've come.

Exceptional service

The next phase of our journey helps to cement what it is you do that's better than anyone else. I'll help you identify your USP and how to communicate that to your clients.

Visual branding

Gone are the days of using the Yellow Pages to get your name out there. We've entered a new era of digital marketing and this section will show you how to ensure your brand comes across well and is being marketed correctly. We'll look at how we can harness the power of social media to increase leads, bring in sales and provide brand awareness.

End of month reports

What gets measured, gets managed. Here we discuss the importance of having an accurate up to date picture of everything your business is doing. As the owner, you should be able to see instantly the health of your business, and to spot trends and dangers in advance through data and reporting.

Loyal people

The key to growing fast and consistently is having the right people in place. How do you attract and retain the best people to work for you, and then keep them fiercely loyal and performing at their peak? This section will guide you through the right questions to ask at interview and how to keep your staff turnover rates low.

Operating systems

It's vital that you stay in complete control as you grow. You do this by having robust systems in place so your operations run smoothly. This is the only way to scale significantly. Here we'll analyse what things you may want to automate and how a systemised business will alleviate much stress.

Profit and loss

Let's focus on the first word here. We obviously want to be in profit, but it's shocking how many business owners cannot get their head around a profit and loss (P&L) report. Here, we examine why it's so important to be on top of this data, why certain figures are key to helping you grow, and how to fully understand a P&L report in detail.

Enjoying the journey

There's a lot of information to work through in this book. Depending on how far along you are in your business journey, you may already have some of these things in place, which is great. You should still endeavour to read through those chapters even if you feel you have it mastered, as you are bound to pick up a few helpful points. If you're starting from scratch and have none of this in place, that's OK too. You have a blank canvas to work from and this will help start you off in the right direction.

Before you start this journey, you need to be prepared to roll your sleeves up and get stuck in. It isn't going to be easy to put this all into place and it will take time. Some of my clients have been able to fast-track their success through coaching, but even then it takes longer than many hope. Stick with it and continue on the journey because the end rewards for getting this right will be worthwhile.

If you successfully apply all the DEVELOP principles you will have more time for yourself and less stress. You will make more money personally and greater profits for a healthy business. You will be building a great brand and reputation, which will increase the chances of a successful exit when the time arrives. Even though you will have scaled to turnover figures you had not thought possible before, you will feel in complete control and hopefully be having some fun along the way.

The rewards for getting this right are well worth the effort. Scaling up and getting it wrong will be your worst nightmare. Believe me, I've been there and felt the pain. Let this book help you make it successfully past the £1m barrier.

You're about to embark on an amazing and transformational business journey. Before you start any journey, you need a detailed roadmap. This is where the DEVELOP principles begin.

ACTION POINT CHECKLISTS

At the end of each section you will find a list of Action Points. Try to work through and implement these, ticking them off as you go.

2

Detailed Road Map

Know your destination

Imagine heading off on a long car journey that you've never travelled before. Your destination is hundreds of miles away, the roads are unfamiliar, maybe even a bit dangerous, and you just set off without setting up the sat nav or looking at a map. You know roughly what direction you're heading in, but you don't have an exact location and no definite idea of how to get there. Embarking on such a journey would seem a bit crazy, but that's what many business owners are doing day in, day out. They have started up a business, have a general idea of how much they want to earn or broadly what they want to achieve, but have no exact end goal in mind and no detailed plan of how to get there.

Have you thought about where you want to be in five years? Off the tools; owning a big new office; driving an expensive company car; working three days per week; mortgage paid off. These sound like great goals, and maybe you have some of your own. Or, do you? Sometimes you can get so caught up in the rat race of running a business and working hard that the years just tick by and you seem no closer to fulfilling your dreams. Why is that? Often, it's due to those dreams being simply that – dreams, rather than a concrete goal or destination.

You say you want things to change for the better, but have you got an actual plan or roadmap for what you are going to do to ensure those changes happen? If the answer is no, then it's just like daydreaming: a waste of time. Worse, it can be discouraging when you realise you haven't made it later on in life. This is why it's so important to know what your end goal and destination is. Not just a wishy-washy dream, but a real, concrete goal.

Goal-setting is such a powerful strategy; if you haven't tried it, you'll be amazed at the difference it makes. Why not sit down for a few moments and write down what your goals are, in business and also in life. These two things are intertwined, so it's important to write down personal aims too, not just your business goals. Think big, don't limit yourself. Putting your goals down on paper is a powerful thing. I was amazed the first time I did it.

I often write down five-year, one-year, six-month, three-month, and monthly goals. I call the five-year goal my 'destination goal' on my roadmap. Some people increase this to ten or twenty years, but things change so often in life, and we change as individuals. Five years is a better reflection of what we want within the current period of our life.

Stop for a moment and write down your five-year goal – perhaps even write it in the back of this book. Try to push your boundaries with this goal. It needs to be realistic to some degree, but make it huge. You may not be able to imagine how you will achieve it just yet, but don't let that stop you.

In his book *Built to Last*, Jim Collins analysed in detail the most successful companies that consistently delivered market-beating returns, and found that they were all visionaries. They had all set huge goals.³ He referred to these goals as BHAG (pronounced bee-hag), which stands for Big Hairy Audacious Goals. The biggest companies in the world often started out with

these kinds of goals. Set yourself a five-year BHAG, push your boundaries and your imagination and see what you come up with.

‘Aim at the sun, and you may not reach it; but your arrow will fly higher than if aimed at an object on a level with yourself.’

— J Hawes⁴

Once you’ve written down your goal, you need to think about why you want that goal so much. How will achieving that goal change your life? Try to visualise your life and imagine you’ve managed to achieve it. How good do you feel? Try to link this goal with significant others, if you can. If you have a partner or kids, think about how they would be affected if you managed to provide this life for them. Now visualise the pain of not achieving that goal. How bad do you feel?

It’s not enough to do this just once. Now you know what your five-year goal and destination is, you need to think about it and visualise it on a daily basis. If you can do that, it will start to become a burning desire, especially if it’s linked to helping others you care about.

I was amazed when I tried this personally. I recently looked back at some goals that I had written down and I was stunned at what had been achieved. I wrote down in detail how much money I would have in savings, who I would have working for me in my business, what turnover we would have, how many properties I would own, how many hours I would be working per week, and so on.

When I look back on it now, I can say that 75% of those goals have been achieved or surpassed. Yes, there are a few things on there that have changed and are no longer relevant, but that’s life; things come out of the blue and we need to adapt. Annoyingly, there are also things on there that I

haven't achieved yet and am still working on – like getting a six-pack beach body!

But it's incredible, almost scary, how close I got to achieving almost all my goals. I know that if I hadn't written them down and kept them in focus all this time, I would not have got close to achieving what I have in both business and my personal life. Make sure you set out on your journey with an end goal in mind. Have a fixed destination and then a clear plan for how you are going to get there. This is the first key to the DEVELOP strategy: have a detailed roadmap.

Now you have your destination, let's make a clear plan for how to get there.

Create your roadmap

One person who set his mind to a fixed destination or goal was Richard Williams, the father of Venus and Serena Williams. We often give the credit for being world class tennis stars to Venus and Serena themselves, but actually their mindset and drive came from their father. Venus was just five years old when Richard decided to take her to the tennis courts, and it wasn't long before Serena joined them. He didn't just take them for a fun game of tennis; from an early age, he was convinced they were going to become world class tennis players. He had a grand plan. Sure, they had natural ability, but so do thousands of other children. The overriding factor was the continual drive, goal-setting, determination and planning that Richard started when they were young girls.

In Richard Williams' book, *Black and White*, he lists his top ten rules for success. Number one is: 'Failing to plan is planning to fail'.

I wholeheartedly agree with the above, but find it shocking how often I speak to business owners who have no real plan in place. If they have set an

end destination that's at least a start, but often they have no strategy or plan for how to reach that destination.

As I mentioned in the goal-setting chapter, I usually write down not just a five-year goal, but break this down into one-year, six-month, quarterly, and monthly goals. It just seems more palatable and achievable if you do it this way. It's also more actionable if you have bite-size goals to attack rather than one big goal that seems impossible to achieve. I'm always fascinated by how people manage to climb and conquer Mount Everest. With the summit sitting at over 29,000 feet it's a formidable mountain to conquer, with hundreds losing their lives attempting to do so. Do you think anyone would attempt to climb this mountain without a rock solid, detailed plan? It would be lunacy. Anyone who was serious about reaching the summit and staying alive in the process would be planning and preparing months, even years before they began their climb.

Running a business is no different. Hopefully by now you've set out your destination and I hope you've pushed the boundaries and given yourself a BHAG goal that seems challenging to reach. Now, you need to plan how you are going to reach your Everest.

If you were actually climbing Everest, you'd never be able to make it in one go. The mountain is too big, too daunting, and to do it safely requires that it be climbed in stages. It's generally broken down into six stages along the way, which makes the climb to the summit more achievable. First, you need to make the journey to Base Camp from Kathmandu. This alone can take a week and you'll have to climb to an altitude of over 17,000 feet just to reach Base Camp. There will have been lots of planning and preparation in getting you to this stage. Although it may not feel like a great achievement, you've started to lay the foundations from which to push on to the more challenging stages of climbing Everest.

From here, once you've settled, acclimatised and prepared your equipment and ropes, you're ready to push to Camp One, at nearly 20,000 feet. This journey is a challenge, as it involves traversing over a moving glacier of tumbled ice and crossing deep crevasses.

Once you've made it to Camp One, you're ready to trek to Camp Two, across the Western Cwm. This section of the climb is flatter and easier in some respects. However, extremes in temperature, from baking hot to ice cold, can make this part of the journey mentally tough to deal with. Importantly, though, from here climbers get to see the peak of Everest for the first time as they approach Camp Two.

The journey from Camp Two to Three is extremely dangerous and difficult. The steep ice wall of the Lhotse Face needs to be traversed and with a high risk of avalanches and falling ice rocks, there have been many deaths in this area. Once you've reached Camp Three the danger is still not over, as the camp is perched like an eagle's nest jutting right out of the wall. The views looking back from here are known to be stunning and this gives many climbers the mental push to keep going. They can see how far they have already come and this strengthens their resolve to push on to the South Col and Camp Four.

Camp Four is the highest camp on earth, sitting at 26,000 feet. It is also known as the Death Zone. From this point, the body struggles to survive unaided, as the oxygen levels are so low.

Most need to use supplementary oxygen from here on to make the next push to the summit. Although so close now, many climbers are forced to turn back here. It could be due to bad weather, or just complete exhaustion, but not everyone will make it to the summit from this point. Although the climbers have come so far, there is still another 3,000 feet to go. It is real

strength of character and inner belief that pushes the strongest to keep climbing.

The summit

Finally, after navigating the South Summit and the treacherous Hillary Step, you edge ever closer to the true summit of Everest, the highest mountain on Earth. Then, you've made it. As you scan the horizon and the world below, you feel the satisfaction and achievement of knowing you have conquered Everest.

There are lots of lessons to be learned from the path to climbing Everest that also apply to your business goals. The first is that no one can reach the summit of Everest without being determined to set that as a goal. It may seem like a distant reality at first but, slowly and surely, your plans come together and you make things happen to start the climb.

The same is true for your business goals. We've already discussed setting a BHAG. Hopefully, a goal that may seem impossible to start with can become a reality. But you must set a determined goal or end destination if you want to achieve your dreams in business.

The second lesson is to ensure you build a good foundation before you start your climb. Just being at Base Camp may not seem like much, but often this is where a lot of the planning and preparation is carried out that will serve you well later on. In business, setting up a good foundation can seem boring and it may not feel like you are getting anywhere. But when you have planned, prepared and put good systems in place, these become invaluable as you scale up, and stop things from getting out of control when you start to grow faster.

The third lesson is that you need to make plans now for how you will reach your goal. You don't get to the top of Everest in one go. There are planned stops along the way where you regroup, take stock of what you've just achieved, build your strength and then push for the next camp. Business goals are no different. We've discussed setting not just a BHAG, but then breaking that down into one-year, six-month, quarterly, and monthly goals. You could go even further and break these down into weekly and daily goals if it helps. The important thing is to consistently take a few steps in the right direction each day, and you will get there in the end. Often, Everest climbers say that all they focused on was placing one foot in front of the other. When you set interim goals, the journey seems more achievable. If you want to lose weight and set the goal of dropping a stone, it's much easier to tackle that a week at a time by aiming to lose just one pound a week over fourteen weeks.

The fourth lesson is not to be afraid to ask for help. No one could climb Everest without the essential help of the Sherpas. The Sherpas are the world's best mountain climbers; they have been there and done it numerous times.

As you grow in business you are going to enter unknown territory and come across problems that you've never had to deal with before. How do you fire someone who isn't performing without risking a tribunal? How do you deal with a client who's reneging on a contract?

Don't be afraid to ask for help so you can tackle these challenges in the best way. I've continually sought help and gained advice from coaches, consultants and friends who have been there and done it before. This could end up saving you thousands of pounds, as making a serious mistake when you are a larger company can be costly. Ultimately, though, you need to be

responsible for your own choices, so listen carefully, but only you will know what the best decision is for your company.

Another benefit of using coaches is that they can fast-track you to success. Just as the Sherpas know the quickest and safest route up Everest, coaches and consultants can often see past the day-to-day problems you are facing and work out a strategy to reach your goals faster.

The fifth lesson is to remember that the end goal isn't the only achievement. Each time you reach an interim goal, celebrate it. On Everest, climbers will look back at each camp they have reached and enjoy the views, letting it sink in what an achievement it is just to have got this far.

Sometimes we can be so caught up in chasing our dreams that we forget to stop every now and then and enjoy the journey. Stopping periodically and reviewing what you've done and how far you have come can be a real psychological boost to help you continue the journey.

It's great to have goals, as that pushes you to keep growing in life, but don't let the achievement of the goals define you. It's making progress each day that should be celebrated and enjoyed, not the end outcome.

'Take pride in how far you've come. Have faith in how far you can go. But don't forget to enjoy the journey .'

— Michael Josephson [5](#)

The other thing to bear in mind is that goals can change. Life is forever presenting surprises and challenges, maybe a new baby arrives or there is a long-term illness in the family. Life doesn't take your goals into consideration, and sometimes you need to re-evaluate your priorities and perhaps set new goals. That's fine. As I've said, don't let achieving or not achieving the end goal define you; enjoy the journey.

On Everest, goals change when circumstances insist on it. Some climbers can be right up at Camp Four and then realise that bad weather is coming and they are not going to be able to make the summit. They then quickly have to change their goals. For some, their new goal is just to make it back down to Base Camp as safely as possible, and they may decide to tackle Everest another time in life. Even for those climbers who don't reach the summit, what an experience and journey they will have had. They will already have achieved much more than the average climber, and that too is something worth celebrating.

Follow the road, don't get distracted

Have you ever taken a long car journey that starts to get a bit boring, and found yourself staring out the window? What do you notice on the side of road? You'll see billboard after billboard of advertisements. What's their purpose? To distract you.

Take a McDonald's billboard. The aim is to get you thinking about nothing but a tasty Big Mac, and once you come across a McDonald's restaurant farther up the road there is no doubt you'll pull over and head in there if you've let yourself become distracted. You're no longer thinking about your destination; instead, you're devouring that Big Mac.

It's easy to get distracted on our business journey and there will be lots of things put in our way that can make us veer off course. Some of these distractions we can create ourselves. How so? One quality that most entrepreneurs have is creativity. This is a great quality to have, as they can come up with solutions that others may not see, but it can also present its own problems. Some have too much creativity and so are constantly coming up with new ideas and schemes, which can make it difficult to stick to one path.

One minute, you're chasing down one idea, the next you ditch it to follow the latest trend or the next get-rich-quick scheme. This can be triggered by boredom, or even stress. If you recognise this in yourself, it's important to control it, as it can be a severe weakness. While it's important to react quickly and make changes if needed, there needs to be a fine balance between coming up with new ideas and sticking to a path you've already set. There is nothing more frustrating for employees than when they are working hard on a project and it gets ditched to chase the next shiny new idea. It's also confusing for your clients. Continually changing products and services shows a lack of stability and can damage your reputation.

The aim is to become known as one of the best companies in your area for delivering a specific product or service. That takes a lot of time and consistent effort. Ideally, you will limit your service offering to just a few things at first and then put all your effort and focus into delivering an outstanding product. The next section of the DEVELOP strategy discusses this in detail. Only once you've mastered a specific service offering or product can you consider slowly expanding it to add others.

A great example is Pimlico Plumbers. In 2017 they generated revenue of over £35m,⁶ offering services from electrics, to roofing, to carpentry. These days, they even sell branded jumpers and baseball caps. Originally, they were purely a plumbing and heating company, hence the name. Only once they had mastered offering an exceptional service in that area did they then decide to expand into other services. Their core offering is still plumbing and heating, and probably always will be.

This is a classic example of a sustained focus on building a quality reputation and brand for a specific product, before starting to add additional services to supplement revenue. The lesson: don't get distracted. Keep following the roadmap you have set.

Reaching your destination is not going to be straightforward. But if you keep your focus, you will get there. There will be challenges on the road to success. We could call these roadblocks. Only pure grit and determination will get you past these.

Let's see what the common roadblocks are, and how to overcome them.

Hitting a roadblock

If the economic climate is right and you are offering a great service, you could probably do quite well and expand without too much effort. But often things don't run so smoothly. Business can present one frustrating challenge after another. When things are going well, enjoy it, as it may only be a matter of time before something ugly rears its head. The key is not to get too disheartened when things start going wrong.

If you were in the middle of a long car journey and, after a few hundred miles, you found out they'd closed off the road ahead, what would you do? Would you turn around and give up on your journey? Or would you just sit there in the road until they removed the roadblock? Of course you wouldn't; that would be a complete waste of time and effort. Instead, you'd try to find a way around the obstacle and rejoin the road to your destination as quickly as possible.

The same will be true for your business. You can't just give up when obstacles appear. You also cannot stand still and hope that they will miraculously go away. You need to find your way around them as quickly as possible.

What are some of the challenges and roadblocks a company will face as it seeks to grow to £1m?

Cashflow

Cashflow problems are a huge obstacle and often get more problematic as you grow. This is highlighted as the first obstacle for good reason. Not only are cashflow problems extremely stressful for the business owner, they can sink a business even if it is profitable. It doesn't seem like that could be true, but it is. We've all heard the saying, 'revenue is vanity, profit is sanity, but cash is king.'

Imagine you own a business that is making good profits, but you are still waiting for the revenue to come in. Maybe it's a large contract and you don't get paid for sixty or ninety days, but you still have to pay your suppliers and staff. It may well be a profitable contract, but if it sucks up your cash and means you need to take on debt to fund your cashflow, you're going to see your profits quickly dwindle.

It amazes me how many business owners only focus on their profit and loss statements (P&L) and don't pay a blind bit of notice to cashflow. This is short-sighted as it's poor cashflow, not necessarily poor profit, that can send a business under very quickly. When the money runs out and banks won't lend any more, suppliers soon stop providing materials, subcontractors and employees will stop providing their services. Having thousands of pounds owed to you in profits will not help you in that situation. This problem will only get worse as you grow, unless crucial steps are put in place to manage it.

How do you get over this obstacle? The good news is, being in the construction industry it can be quite easy to manoeuvre cashflow to work in your favour.

Some simple things you can do that will make a huge difference are:

- Request to pay suppliers every sixty days.
- Pay subcontractors every month, or at least a week behind, not on a Friday at the end of the same week.
- Where appropriate, make it clear to subcontractors that they do not get paid until you do.
- Pay direct employees monthly not weekly.
- Insist on clients paying deposits for works that you keep on hold.
- Invoice clients regularly and promptly. If possible, insist on payment at the point of sale, or a maximum of seven days from invoice date.
- Give clients the option to pay by credit card.
- If clients have recurring transactions for identical amounts each month, set up a direct debit.

Other things you may need to consider (though these will affect profitability) are:

- Leasing rather than purchasing vehicles and equipment.
- Invoice financing: where you raise debt on invoices as soon as they are issued if your clients are slow payers. This means you receive a large percentage of the invoice immediately and the finance company takes over the debt. This is usually only suitable for commercial clients, not domestic, and can be costly if relied on too often.
- Offer discounts to clients if they pay early.

Ideally, you should implement the items in the first list as an immediate priority, as these will not affect profitability but will make a huge difference to cashflow. A secondary measure, which we discuss in greater detail in the section on end of month reporting, is to ensure you are provided with

cashflow as well as P&L reports. Keep an eye on the trends and raise red flags if you see unusual movements in cashflow from month to month.

Although cashflow is a large obstacle in the road, it can be overcome. Ensure you maintain an awareness of it and try to see potential issues coming well in advance. Whatever you do, don't bury your head in the sand. Take some positive action to ease your situation; cashflow issues are not to be taken lightly.

Bad reviews

You've worked hard to build up your reputation and brand in your market. You've got some amazing reviews online and then, all of a sudden, someone posts something negative. There's nothing more painful than a bad review and, although you may have plenty of good ones, the bad one will stand out like a sore thumb. Sometimes it's unavoidable, as you'll never please every single client – some jobs will go wrong. The danger arises if you start noticing poor reviews on a frequent basis.

As you expand, the personal service you once offered will inevitably be affected. At first, your clients know you and only you, but as the business grows, you may become faceless. Your client only knows your company and feels no loyalty to you as an individual. Once the personal aspect has gone from the service offering, clients are less likely to put up with minor annoyances. You may have got away with these previously, as clients tend to overlook issues when dealing with an individual, but now you're a faceless company they will feel they have a right to, at best, have a moan if things go wrong, or, at worst, compensation or a scathing review.

It's important to recognise that this is the reality if you are going to scale up, so it's imperative you keep your personal brand at the head of the business. One way to do this is to create and publish plenty of online blogs

and vlogs so clients still know who you are. Visit a client's project now and then, on a random basis. This means a lot to your client and shows that you take a personal interest.

Sam Walton, the owner of Walmart, was declared the richest man in America in 1985. He insisted on regularly visiting his stores and getting down to the storefront, promoting goods himself. He loved it; the business was his baby. More importantly, though, he was ensuring he didn't become a faceless company. People would see him, staff and customers, and he gave the impression that he genuinely cared about his business. He could have sat in a large office all day, but he ensured at least some of his time was spent on the shop floor.

Do the same with your business even as you expand, and note that it goes a long way. Doing this will ensure you're able to monitor the service you are giving to clients – you'll be able to see it first-hand. If you notice things going wrong, or the service becoming poor, you can act quickly before the reviews are posted.

The other thing to bear in mind is your reaction when a bad review appears. First, don't overreact in anger. Often, you'll want to reply immediately to defend yourself or 'have a go' back. But take your time and calm down before you respond, and then keep it professional. Apologise and acknowledge your client's feelings and let them know that you're looking into how to improve that area of the business. End your response positively, without making it look like you are dismissing the complaint. When potential clients see a response like this, they can sense you genuinely care, which can help with future sales.

Replying to a bad review

Here's a great example of a reply to a bad review:

‘Dear [use first name to be more personal]. Thank you for taking the time to leave a review. I apologise on behalf of everyone here at [insert company name]. Please know that your situation was an exception. As you can see from our other reviews, we care deeply about our customers and strive to deliver an outstanding service. We can’t fix the past but you have my personal commitment to improve the way our staff serves every customer. Until then, please accept my sincerest apologies on behalf of everyone on the team.’

Don’t let the bad review knock you too much. Remember, it’s just an obstacle in the road, one that you can easily get around. Learn from it, use it as an opportunity to improve and then keep travelling towards your destination.

Firefighting

Be under no illusions, your business will undoubtedly deliver problem after problem; it’s all part of the journey. However, as the owner there is a danger that you get roped into dealing with and solving every problem. We call this firefighting. It can feel like an obstacle when you can’t see a way of scaling while spending so much time firefighting.

While this may have been acceptable at the beginning, it will start to become unsustainable as you grow. If you end up spending all your time firefighting, your business will suffer, as no one will be paying attention to strategy and other important things that require your time. It’s important to let others do the firefighting, so your time is spent more wisely. Learn the art of delegation as you start to expand and hire new staff. Delegation won’t come easily if you’re used to doing everything yourself, but you need to learn to start trusting capable people. If you notice your staff continually

come to you to solve their problems, it may be that you haven't given them enough confidence to deal with things themselves.

Zappos, an online shoe retailer, is a multimillion-dollar company. There was no way the managers could cope with all the support calls they received at the help centre, so they put in place a policy of allowing their employees to offer up to \$50 to solve a problem. Their employees have the complete freedom to use their discretion on whether or not to offer this amount if they receive a genuine complaint. This small step took a huge amount of pressure off line managers having to firefight and gave employees confidence to solve things themselves.

Could you do something similar with your employees? Alternatively, when a problem is posed to you, why not ask employees to suggest how to resolve it? Even if it's not the perfect answer, give them the dignity of implementing their suggestions when possible, as this will go a long way in improving their confidence.

Once you see that they can solve things themselves, let them run with it and ask them to only approach you with more serious issues. This will dramatically decrease the amount of time you have to spend firefighting and lets you concentrate on working on the business rather than in it.

Out of control

As you start to increase your staff numbers and workload, it won't take long before you feel completely out of control. No matter how many hours you spend at work, you can't cover all the bases. The danger is this might be more than just a feeling; you may actually be out of control.

Overcoming this obstacle requires putting the correct foundations and systems in place. This way, everyone knows what they are meant to be

doing and you can have trust that your employees are doing what they should be. A good place to start is creating a company process handbook, in which everyone's job is described in detail, as well as every system that you use. It should be so detailed that anyone coming in on their first day should be able to pick up the handbook and be able to carry out their assigned task.

For example, what happens when you receive a complaint? Is the date, time and who is resolving the complaint logged somewhere? Who closes the complaint out, and is the resolution then recorded? This is a relatively simple system to document, but it puts you back in control. You know complaints are being handled correctly and all you need to do is receive a weekly or monthly summary.

Another thing that helps is having regular communication with your staff. Some recommend daily huddles with the entire team, just for five or ten minutes, so you have all the latest information to hand. It's also crucial to have in-depth weekly meetings with project managers or other senior staff to ensure your projects are running on time and to budget.

Also, at this stage of company growth your business should be small enough for you to regularly catch up with all staff (including your sub-contractors) one-on-one to see what issues they may be experiencing in the business. You'll be amazed at what you can pick up and you may start to notice trends; for instance, you may observe subcontractors complaining about materials being delayed. You can then investigate the supplier or buyer to see if the issue can be resolved and improve the project's speed and profitability.

Regular communication is crucial to feeling and staying in control. Don't rely on emails and reports alone; take the time to talk to your staff individually and as a group and retain that sense of control.

These are just some of the roadblocks you may find on your journey that can hinder progress or even bring growth to a complete standstill. There will be many more and some are addressed further in the book, like not getting enough sales or struggling to retain your best staff, and there will no doubt be other obstacles completely unique to you. The important thing to remember is that you can get around all of them with some thought. The key is recognising when they arise – or are about to – and then dealing with them quickly.

Don't allow roadblocks to stall your growth, push you too far off course, or cause you to give up completely. They are part and parcel of growing a business and every time you deal successfully with one roadblock you'll know exactly what to do next time.

If you find your growth stagnating, analyse if one of the above roadblocks is holding you back and then deal with it accordingly. Let nothing get in the way of reaching your goal.

ACTION POINT CHECKLIST

1. **Write down your five-year goal – push your limits**
 2. **Break down your goal into one-year, six-month, and three-month goals**
 3. **Immediately implement the cashflow checklist**
 4. **Respond tactfully to any bad reviews online**
 5. **Implement a daily huddle with the team**
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3

Exceptional Service

Your number one priority

You've created your roadmap. You now have a clear path to what you want to achieve and interim goals to help get you there. It's time now to look at delivering results and turn those dreams into something tangible. One of the first things you need to focus on is your offer. What is the service or product you are offering to your clients, and, more importantly, why is it better than others? Are you able to articulate that? Can you pitch your product and explain why someone should use you in a confident and convincing way?

If you want to see significant and sustained growth then exceptional service must become a core value within your business. It must be the number one priority for you and your staff, and it needs to be constantly reaffirmed. We are focusing on this early on to highlight its importance. Without exceptional service, your company will be propped up by expensive marketing efforts, cheaper price points and new business only, which leaves you with low profitability. The easiest way to make profit is to sell again to existing clients and those to whom you have been recommended, but the only way you'll achieve this consistently is if you're offering a great service. But there is more to it than that. To offer something exceptional, it must be unique. You need to stand out from others – let's find out how to do that.

Stand out

Most service firms will claim that they offer a great product. What's going to make you different to the others? The reality is, if you have nothing unique to offer you will be competing solely on price – this is the worst position to be in. It may work in other industries, like discounted retailers (eg Walmart), who sell products cheap but in huge quantities, but it's not an effective strategy in the construction industry.

Competing on price may get you through the early days of a startup, when overheads are low, but as you start to expand you will require staff, offices, equipment, computers, etc. When overheads increase significantly you will find that your prices have to rise just to stay afloat. The problem is, your clients will not care about your overheads. When they are given a price for a service, if someone else is delivering the same product at a cheaper price then you can almost guarantee you've lost that sale.

It's imperative that you stand out, but that's easier said than done. Construction is a crowded industry and unless you're offering a unique, specialist product that the average Joe isn't, standing out will be a challenge. But you can still stand out, even if you do not have a unique product.

Let's take Apple as an example. They can sell a mobile phone for upwards of £1,000 when their rival Nokia can only charge £350 for their most expensive phone, which has many similar features. Even though Apple's product is triple the price, they will outsell Nokia time and time again and are hugely profitable. Why?

It's not that they have a unique product, as the Nokia phone is almost the same. Apple has developed a way to stand head and shoulders above the competition. They have managed to develop branding and a reputation that

makes it cool to be seen with an Apple phone. They also offer an exceptional service in their stores, providing a unique experience that helps drive sales and inspire customer loyalty.

Your construction company is nothing like Apple, though, so why mention it? The point is, you don't have to be selling completely unique products to stand out from the crowd, and just because you are in a crowded marketplace, you still need to avoid being reliant on competing on price only. It is possible to stand out, but it involves finding your USP (unique selling proposition/point). What if you don't have a USP? We'd better find you one, and fast.

How to find your **USP**

It's not always easy to find your USP, but as we mentioned above it's essential to stop you competing on price, a position you do not want to be in. You'll notice that companies all around you struggle with USP, as they all seem to offer the same benefits. Some of the generic USPs you can find in the service industry include:

- 'Good quality and low prices'
- 'Affordable quality since 1990'
- 'Service with a smile'
- 'Satisfaction guaranteed'
- 'You've tried the rest, now try the best'

These are just taglines and certainly not unique, so don't deserve to be called USPs. Phrases like this are commonplace in the market and are not going to differentiate you in any way, shape or form. If you don't have a USP, how do you go about getting one? It needs to be good enough to

differentiate you. You need to be able to deliver on it. You want to ensure it will make your clients choose you over the rest.

One of the first things needed is to understand who your client is, who you are selling to. What are their problems, fears and needs? You will attract the types of clients you focus on, so if you don't like your current crop of clients, maybe it's time to focus on selling to the ones you do want (provided you can deliver effectively to them). Going forward, design your marketing strategy to attract only your ideal clients.

Do the following as an exercise. First, start by writing down who your ideal client is. Be as detailed as you can. Create an avatar of that person. Ask questions like:

- What's their age?
- Where do they live?
- How much do they earn?
- Are they single or married?
- Do they have children?
- What are their interests?
- What magazines do they read?
- What Facebook groups will they visit?

Once you've worked out who that individual is, start thinking about how they think and feel:

- What are their wants?
- What are their needs?
- What are their worries?

- What problems do they have that need solving?
- What are they frustrated with in your industry?

Once you start building up this picture it can help you formulate what your USP needs to be to appeal to and reach this individual. Try to be as specific as you can and don't fall into the trap of trying to be all things to all people. You will have more success focusing on a specific or niche market. Next, think about what your company does or can do that might be different to your competitors. What are your strengths and company values? Are you faster than others? Do you offer better quality? Have you been established a long time?

Here are some great examples of USPs that might give you some ideas about your own:

- Craftsman Tools: 'If any Craftsman hand tool fails to provide complete satisfaction, return it for free repair or replacement. Period. The first Craftsman hand tool we sold back in 1927 is still under warranty today.'⁷

This USP is based on being a trusted established company, it shows confidence in their quality and it signifies peace of mind for the client via a guarantee.

- Dropbox: 'Dropbox keeps your files safe, synced, and easy to share. Bring your photos, docs, and videos anywhere and never lose a file again.'⁸

This USP talks directly to their clients' fears. No one wants to lose precious files, photos and memories. It also lets them know the service is convenient.

- The AA (Automobile Association): ‘To our members, we’re the fourth emergency service.’⁹

This USP again talks to customers’ fears. For someone vulnerable, it would be a nightmare for their car to break down on the side of a motorway. The AA reassures them that they will come to save them like a knight in shining armour.

Hopefully this will give you a few ideas on how to start generating your USP. Just to clarify, the five steps to finding yours are to:

1. Work out your ideal client and talk directly to them through your USP
2. Think of the challenges or worries they face
3. Explain how you solve the problem
4. List your distinctive benefits
5. Make a promise

Even after working through the above steps, it can take some time to settle on something that fits. For assistance, why not ask previous clients what they thought was great about you? What were they worried about before they purchased your product or service? It’s a great way of getting into the mind of your ideal client – just ask them directly.

Once you find your USP it will be liberating and give you direction and clarity on how to move forward. Now you need to let everyone know what your USP is. Let’s find out how.

Communicate your **USP**

You’ve worked hard to hone your USP. Now it’s time to start delivering this message to your clients. It’s absolutely vital that it flows consistently

throughout all your marketing. First, though, you need to enshrine it in your company culture. Hold a meeting with your staff and let them know what your new USP is and how important it is that you now deliver on that promise. Reinforce the message to your staff every week. Put the USP all over the walls of your office and as screensavers on your computers. Ensure the staff picking up the phones mention it, and that the sales team are discussing it every time they meet a client. It needs to become the core of your business, so as soon as someone asks your staff what you do, the USP should roll off their tongue. Once it's at the heart of the business, it will start becoming the thing you are known for.

Next, ensure it's added to all your marketing collateral – your brochures, flyers, estimates. It needs to be highly visible on your website. Put it at the bottom of your emails. Basically, it should be everywhere. Your client must come to see that you are better than those pricing against you. It's the only way for you to stop having to compete on price. You need to be paid what you are worth, and oftentimes it's just about ensuring that you are communicating that effectively to your client so that they don't even consider the company that doesn't have such an effective strategy.

It's important that the communication of your USP is consistent from beginning to end. It should be noted the first time someone sees your advert, the first time they visit your website. That same USP should be mentioned the first time they speak to you over the phone, it should be on all the emails they receive. It should be mentioned at the first sales appointment and on any brochure or estimate that is sent. You get the point. Once you have an effective USP, bang on about it, as this will be your key to greater sales wins.

The importance of delighting your clients

Winning sales is great and your USP will aid you massively in that. Now, it's time to deliver. If you've promised something as your USP, you need to follow through on it and provide an exceptional service for your client. If you can do this consistently, your growth will be fast and substantial.

I mentioned previously that the easiest way to make profit is to sell again to existing clients and those to whom you have been recommended. Once you have clients who are raving fans of yours, they will become ambassadors for your business. They will recommend you to their family and friends, and once you deliver a great service to them too they will repeat the process. Before long, you will have increased your fan base hugely, and the growth can be exponential.

It won't take long then for good reviews to go online, which cold clients (ones who weren't recommended) will read, putting you in a strong position to gain their business. This will be a dream for your sales staff, as with a reputation like this it will be easy for them to convert sales, even if you are a bit more expensive than others.

Another great tip to turn your clients into raving fans is to absolutely delight them in some way. Not just by delivering what you originally promised, but by going above and beyond that. Deliver beyond their expectations.

The highly successful shoe retailer, Zappos, does this all the time and has an almost cult-like following among its customers for its legendary customer support. Zappos' number one core value is to deliver a 'wow'.

The CEO, Tony Hsieh, has built the company on the principle of going above and beyond. This is often in small ways, like providing expedited shipping even if a customer opts for standard shipping. But they deliberately go much further than that, and Tony has empowered his staff to

make judgement calls on how to delight and ‘wow’ customers. How about this great example:

Zaz Lamarr needed to return some shoes to Zappos but her mother had just passed away and, because she was still coping with the loss, she hadn’t found the time to do it. When Zappos emailed her to ask about the status of the shoes, she replied explaining what had happened. Zappos took care of the shipping and had the courier pick up the shoes for her at no extra cost.

Zappos’ customer care didn’t stop there. Zaz writes:

‘Yesterday, when I came home from town, a florist delivery man was just leaving. It was a beautiful arrangement in a basket with white lilies and roses and carnations. Big and lush and fragrant. I opened the card, and it was from Zappos. I burst into tears. I’m a sucker for kindness, and if that isn’t one of the nicest things I’ve ever had happen to me, I don’t know what is.’¹⁰

Now, that is what you call going the extra mile. Customer loyalty is priceless and Zappos have clearly mastered how to give exceptional service. Think about ways you can do the same in your industry. Make it an obsession and part of your company DNA to offer exceptional service and you’ll see staggering results.

Now that you offer a great service, it’s time to ensure you are building a fantastic brand and getting the right message out into the world. Let’s find out how with the next part of the DEVELOP system.

ACTION POINT CHECKLIST

1. Complete your ideal client avatar
2. List their wants, needs, fears

3. Formulate your **USP** to align with this
 4. Add your **USP** to all social media channels and your website
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- 7 Swayne, W (2016) 'Unique Selling Proposition Formulation Guide with Examples (Updated For 2019)'. www.marketingresults.com.au/unique-selling-proposition
 - 8 Swayne, W (2016) 'Unique Selling Proposition Formulation Guide'.
 - 9 Lewis, D (2013) The Brain Sell: When Science Meets Shopping. London: Nicholas Brealey Publishing, p36.
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4

Visual Branding

Marketing has changed

Gone are the days of using the Yellow Pages to get your name out there. We've entered a new era of digital marketing. Never before has it been so easy to get your message in front of thousands of people in an instant; we are living in incredible times. We are in an age where customers make informed decisions about their purchases. They do this by researching a product or company thoroughly. They are looking for the experts in the industry. They want to consume information, and quickly.

Think about your own buying habits. You no doubt do the same thing when you want to buy a product. You search online, compare prices, then read reviews. You research the company you think you want to buy from some more. You then develop trust and, boom, you make a purchase.

Trust is key to the whole transaction. Your clients must feel like they can trust you even before they make that first appointment. Once clients have decided that they trust your company, they will want to buy, or book an appointment, quickly and easily. These are all important factors to bear in mind when designing websites and getting your message across to potential leads.

As we've mentioned, it's easy now to get your message in front of thousands of people in an instant, but unfortunately so can all your competitors. The marketplace has become more crowded than ever and this can cause confusion for your potential clients. Who do they choose? Who should they call first? More than ever, it's vital to ensure the whole brand image is correct if you want to stand out among the crowd.

This section will show you how to ensure your brand comes across as first choice through a consistent message, and how to market your brand correctly. We'll look at how we can harness the power of social media to increase leads, bring in sales and create brand awareness. We'll also touch on other cheap, traditional methods that still increase the leads that come through your door. First, though, let's look at the brand itself.

Your brand

What is a brand, and does your company have one?

This is the definition Wikipedia gives:

‘A brand is a name, term, design, symbol, or other feature that distinguishes an organisation or product from its rivals in the eyes of the customer. Brands are used in business, marketing, and advertising.’^{[11](#)}

The purpose of your brand is to distinguish your business from others. But it's more than just a fancy logo. A strong brand should be reflected in your USP, your customer service style, your message, your staff uniforms, your business cards – everything.

It's identified by the colours and fonts you use, and especially the imagery. For example, if your target market is families, you would use warm and/or

bright colours to reflect trust and happiness. The imagery on your website and blogs would show families and children or pets.

You can pay a specialist company to draw up some brand guidelines that will identify all the colours, fonts and imagery that should be used across your website, copy and social media channels. The ultimate aim is that when people see any of your marketing collateral, they automatically associate it with your company.

In the previous section about developing a USP, we discussed how it's important to tie emotion in to branding. If you are offering a service rather than a product, it's less tangible so you need to demonstrate perceived value through your branding. People need to realise that buying from you will solve the problem they face.

This is a key point, so I'll repeat it again: people buy from you to solve a problem.

This is important to remember and will help distinguish your message from others. For example, imagine your specialty was emergency call-outs for electrical services. The client could do a Google search and find thousands of electricians, but the one that stands out will be the one that focuses on the client's problem and the solution that they offer. When the client sees your advert or landing page, they see messages like, 'Has your power gone off as you're about to cook a family meal? Don't fret, we'll get you up and running within the hour and you'll be back at the dinner table.' That sort of thing.

Rather than focusing on your company being emergency electricians, you have focused on the problem your client is experiencing and the fact that you provide the best solution. The company with this type of ad is the company that will get the call above others.

Another way of tying emotion to your branding is by ensuring your personality runs through it. People buy from people, especially in the service industry. Think of Richard Branson and Jamie Oliver, their brands and companies are intertwined with their personalities, and because people like and trust them they then buy into their services, airline, restaurants and books.

Let's see how we can start building up a strong brand for your business.

Social profile

Although Facebook has over two billion users, I know plenty of people who detest it. Not just Facebook, they detest social media all together. Whatever your personal feelings are, you need to get over yourself. Social media is one of the most powerful ways of creating an online brand; if you don't use it, you are putting your business at a huge disadvantage. This is where your clients will be hanging out socially, consuming information in their private time or at work, and this is where much of their research is done before they purchase a product or service. You need to be in that space to have a chance of getting in front of your clients. If you're not there, your competitors certainly will be.

What social media platform should you focus on? That will depend on what you're offering and who you are targeting. With my construction company we targeted architects and other professionals through LinkedIn. LinkedIn is generally viewed as more professional, so it makes sense to use this for your architects, surveyors or whoever in your sector has a professional type of work profile. However, to target our ideal clients, which for us was family homeowners, we used Facebook and Instagram. We used Facebook for advertising and sharing interesting blogs or vlogs to try and generate engagement, as well as before and after photos, often accompanied by case

studies and/or testimonials. Instagram and Pinterest are primarily visual platforms, so we used these to showcase our finished products, refurbishments, extensions, kitchens and so on.

We mentioned in the last chapter how successful companies headed by the likes of Richard Branson and Jamie Oliver have been at generating a brand around their personalities. These personalities are prolific on social media and people learn to like and trust them as individuals, which encourages them to buy into their brand and the products they sell.

Vlogs are a great way to get your personality across. People get to see who is running things, which increases trust. Remember, people buy into people more than products, especially in the service industry. Try to get your personality out there by creating videos and personal blogs – you'll be amazed at the leads it can generate.

Another platform to try is Twitter. Twitter is text-based, so although you can attach pictures people have to actually click the link to see them. Often, short phrases and sentences reminding people of what challenges or customer problems you are solving can be enough to attract interest.

With all the platforms mentioned above you need followers to see your content. Resist the temptation to pay companies for a quick boost in followers, as these schemes are often worthless. They promise a thousand followers within a week, but these won't be relevant to you and you won't get many leads.

Unfortunately, slow and steady wins the race when trying to gain followers, so just persist in following relevant people in your industry in the hope that they follow you back. If you take an active role by commenting, liking and retweeting, or sharing their posts, you'll find that they do the same for you

as a courtesy. It doesn't take too long to build up a decent and, most importantly, relevant following.

The point is, you need to set yourself up on the main social media platforms and use them to their full advantage by getting your personality across. Remember, you represent your company's core values, so get out there and show people who you are.

Harness free marketing

Where most people fall down with social media is struggling to generate content. This can be a challenge at first, especially if you want to post something every day. The good news is, you can repeat a lot of your content and pictures, but you still need to get organised and prepare at least some content to get you through a month.

One thing worth doing is getting a thirty-day content calendar together. Sit down for a few hours and write content for a whole thirty days (sometimes just a few sentences) for one of your social media platforms. It's quite easy to then use software like Hootsuite to automatically post that content across all your social media channels.

Once you've got a month's worth together, try to be more specific with what you post to each channel, bearing in mind the comments in the last chapter. Your message on LinkedIn targeting professionals will likely be different to the message on Facebook targeting homeowners. Their problems will be different so your message needs to adapt accordingly.

You should also work hard to build up a portfolio of pictures that you can use and, if necessary, get some stock pictures to include in blogs and articles. There are lots of companies out there providing free or cheap stock

pictures for the construction industry. It's much better to use your own if you can, though, as you can often tell when an image is stock.

Remember to use your USP as content. Write articles about what your clients' problems or fears are and how your service solves or alleviates them. As we said, this talks to your potential clients on an emotional level and can be very powerful.

File away all your reviews and testimonials and use these as content. Reviews are crucial, as we all use them to make purchase decisions. Whether it's eBay or Amazon, we are conditioned to look at reviews before we buy. It gives you peace of mind when you see a company has four- or five-star reviews, and you begin to trust them. If they have no reviews, or very few, you'll already be suspicious.

Make sure you get your clients to post reviews across social media, any trade body websites you belong to, and of course on Google. This is so important but it amazes me how many companies produce great work and don't follow through on getting reviews from clients. It is a must. Ensure you prioritise this if nothing else.

Finally, follow some of your competitors and see if you can get some ideas from them. Don't copy them, as you want to stand out as different, but you might get some good ideas. If not, at least you'll see where they are going wrong.

The beauty in all of the above is that it's free. Social media is free marketing. It does take time, but it's absolutely essential in today's world. People will expect you to be in this space and if a client sees that you have followers, post regular content and have good reviews, you will have already eased their concerns and selling to them will prove much easier. But

the true power of social media goes even further than this – this is where it starts to cost money.

Paid digital advertising

We've already seen how much can be accomplished with free social media channels. Depending on how many leads you need to generate each month, you may need to start thinking about paid advertising on these channels.

Paid advertising on social media can put you in front of thousands of your ideal clients, even if they don't follow you. You can generate 'lookalikes' based on your client avatar and target only those people living in a certain locality. It's a powerful, targeted form of marketing and not much else can rival it.

Imagine putting a £5 note into a vending machine and it spews out £20. It would be the best vending machine in the world. If you master paid advertising, that is exactly what it can be like. You put money into advertising, and it should give you an increased return. What you don't want is to put £5 in and get nothing out, or less than £5. That's when paid advertising isn't working and you need to make changes fast.

The purpose of this section is not to give you a step by step guide to using paid advertising, as there are specialists out there who can set up campaigns bespoke to your needs. This section is intended simply to show you what can be achieved and why paid advertising should not be overlooked.

Facebook, Instagram, LinkedIn and Google Ads let you choose exactly who you want to target. You can target by sex, age, where they live, what they do for work, keywords they search for, how much they earn, if they are married, have kids, etc. The list goes on and on and means you can target specific people if that's what is required.

For some companies, paid advertising is their biggest source of lead generation. One of my clients, an electrical contractor, wanted to increase his earnings. His main service was emergency call-outs, charging an hourly rate. Often, these call-outs would only be three or four hours and, although highly profitable, he needed lots of leads each day to keep his workers busy. We first analysed his profit and loss in detail to see what cuts could be made. We realised he was running a tight ship, but his workers were not at full capacity, they had plenty of unfilled hours in the day. We then looked at how much work he generated from paid advertising – it was over 80%. As we'd been tracking how much he'd been spending on paid adverts, we knew exactly what the return on investment was. He was spending £15 for every lead he generated (in this example, a phone call or email received). On average, he was converting 25% of his leads, meaning it cost him £60 to win a single job. The average job value was £270. He was making a gross profit of £135 on average per job, which meant that after the £60 spent on advertising, he had £75 left over to pay overheads.

It was clear how powerful paid advertising was for him. All he needed to do to increase his income was to increase his advertising spend on Google Ads. This would max out his workers and increase his earnings without having any effect on his fixed overheads. A no-brainer. But he was only able to make this decision because he understood his numbers.

We'll look at this in more detail in the section on profit and loss, but for now the lesson is: if you are going to use paid advertising, you have to analyse the numbers. Learn how much you are spending to get a lead, how many leads on average you convert, and how much profit this generates. That way, you can turn the tap of paid advertising on and off as required and know exactly what returns you'll get on average. This sort of analysis and confidence in figures doesn't come overnight. Paid advertising can be frustrating, as some campaigns work and some don't. Often, much trial and

error is needed to finetune it. Be persistent and hire a great digital marketing expert who specialises in paid advertising and you could see great returns from this strategy. Just be sure to set a budget and keep monitoring it. It's not uncommon for newbies to let a budget slide and spend hundreds of pounds on ads within a short space of time, with no results.

Certain types of paid ads may not be the answer. Sometimes, certain media channels just will not work at all for your product and you need to turn off the paid adverts. For our company, we knew Facebook ads worked, but Google Ads were becoming too expensive for our lead generation so we killed it off. Once you find something that works, stick with it and don't be afraid to increase the spending budget in line with increased growth.

Paid advertising is also a great way of moving people into your funnel and onto your landing pages, where you can start tracking them with cookies for re-marketing. Cookies are great. Once a cookie is placed on the browser of someone who has visited your website or clicked on a Facebook post, it will follow them all around the internet; you can re-market back to that client again and again. For example, they may be reading an online news website and then, all of a sudden, your advert pops up in the corner of the page. The beauty is it will happen again and again for a very low cost. You can also re-market advertise on Facebook itself, so you keep popping up on their feed. You've probably experienced it yourself. You go on a website to buy a tent, then all of a sudden you see that company selling tents all over the internet. That's the power of cookies and re-marketing.

Another strategy to keep in mind is SEO (search engine optimisation). This helps you to be organically found on Google. The aim is that you appear near the top of the list when someone types in a keyword related to the service you offer. For example, if someone needs an emergency plumber

they may type ‘plumber, London, same day’ into Google, or one of many other variations of those terms. If you have optimised your site to show up strongly on Google for those keywords and any other variation, you will appear higher up the list of search results.

An organic Google search is an extremely important way for cold leads to find you and it’s important that you rank on the first page of Google. If you’re not, then you may as well be on the last page – your clients are not going to find you:

‘The best place to hide a dead body is page two of Google.’¹²

You’ll need to find and pay for an SEO specialist who can help you climb the Google rankings and, although this is a free form of advertising (you’re not paying per click), you will have to pay for SEO on an ongoing basis, so I generally consider this a marketing and advertising expense. The beauty of SEO is that once you are ranked highly, it’s relatively easy and cheap to stay there. Once you get there, all the clicks you get from then on have already been paid for by the previous SEO work. Google loves newness and ranks websites higher if they produce new and original content, so ensure you are uploading videos and blogs that relate to your keywords. This is a great way to rank higher for free.

Collateral branding

Not to be dismissed are the old-school forms of branding. It’s not all about going digital. Having company uniforms, branded hardhats or hi-vis tops for all your workers gives a professional impression. One of my clients insists on his workers having clean overalls, which is a challenge in the construction industry and requires paying for regular replacements, but it does make his company stand out from others. Remember, your brand and

USP is represented by you, your staff and your sub-contractors, so try to get everyone to buy into it and be proud to wear your uniform and present a favourable image of your company.

Other ways of getting your brand out there are having things like sign-written vans, all the same colour and style if possible. When we first started out we had two identical vans sign-written and we had clients tell us they saw us everywhere; they thought we were a much bigger firm because they saw our 'fleet of vans', even though we only had two.

If possible, ensure billboard signs are put up outside your jobs if you will be there for a while. These are cheap to buy, but again show local residents that you are in the area when they walk or drive by. If you're working in an area, put flyers through the doors of the local streets. It's a cheap way of generating interest. If you have offices, these also need to have high quality signwriting and brand logos. Spend a bit more on this than on your other signs, as this is where clients will visit you and needs to reflect the highest standard of professionalism.

There are other forms of branding you could try, if they fit with your brand promise. One client of mine owns a general building company and his USP is based around serving his local community. If anyone local needs a builder, he is the first person who springs to mind and has saturated his local market. He decided he wanted to give back to the community and sponsor the local football team. This proved to be a great brand strategy, as it meant every time the team played and all the local residents watched, his brand logo was on the front of their shirts. This created loyalty and an emotional connection with the local residents who supported the football club, and they would recommend him to all their friends and relatives. It was a great way of getting his brand out there while doing some good for the local community and it fit perfectly with his USP.

Other basic things you need as branding collateral are high quality brochures and business cards. Don't underestimate the power of sending out a beautifully coloured glossy brochure. These are the small, inexpensive things that can make a psychological difference when a client is about to make a purchase. The key is to do whatever it takes to give yourself the edge over your competition.

We have gone through a lot of information in the last two sections. Ensure you've grasped the importance of it and refer back to it regularly. Underline and highlight the bits that you want to focus on first. Don't be disheartened if you do not have much of it in place yet. It's a good thing if you don't, as your business has a greater chance of making a fantastic transformation. You will find that many construction business owners aren't doing half of this and so, once you've implemented the advice in this section, you will already be miles ahead of the competition. It takes time to implement these things, so first pick one section or task and focus on seeing it through; the next week, pick another. One by one you'll eventually get everything in place. It then becomes like a snowball gathering pace and you'll find that your sales naturally start increasing without too much effort.

ACTION POINT CHECKLIST

1. Create a brand guideline document
 2. Register for an account on the relevant social media platforms – Facebook is generally most important
 3. Plan thirty days' worth of social media content
 4. Find an SEO and possibly a paid advertising specialist
 5. Get branded clothing for your staff and your vans sign-written
 6. Get a quality brochure printed
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11 <https://en.wikipedia.org/wiki/Brand>

12 Pollitt, C (2017) 'The Best Place to Hide a Dead Body Is Page Two of Google'.
www.huffpost.com/entry/the-best-place-to-hide-a_b_5168714

5

End Of Month Reports

What gets measured gets managed

Hopefully, at this stage you've seen the value and wisdom in fully implementing the first three parts of the DEVELOP strategy. Once you do, I guarantee you'll start seeing results and growth fast. This is great and what you wanted, otherwise why would you have picked up this book? However, the speed at which you grow can start to cause problems if you are not measuring things correctly.

As you grow quickly you may start to feel out of control. Work is coming in fast, but can you cope with the capacity? You are taking on new staff, but are they performing effectively? You've invested money in advertising but are not sure which channel is delivering the best ROI. You are invoicing more money than ever before, but are you profitable?

Ask yourself these questions; if you don't know the answers, you will become stressed. Now you've grown so fast, with so much on your plate at any one time, how can you cope with the added work coming in and keep on top of it all?

The answer is: good reporting. Receiving regular reports – which is why we call this strategy 'end of month' reporting – will be crucial for you to retain

your sanity and continue to grow at a fast pace. There is a saying that I'm a big believer in:

'What gets measured gets managed.' [13](#)

— Peter Drucker

Let that sink in for a moment. If you are measuring something by way of regular reports, you can then manage that problem or, in the case of a positive thing, continue doing it.

If you're not measuring things, you have no clue what's working and what isn't. You will be running the business based on your gut and intuition, which may work for a while, but not when you get to £1m. Be aware, though, that it is possible to go over the top with reporting. If you're a perfectionist it can be easy to fall into the trap of measuring everything, even the small details. This wastes a lot of time, and your focus can then be diverted to fixing small things that have no significant effect on growth. The key is to measure the right things consistently. Throughout this section we will review why reports are so valuable and what exactly you should be measuring to help your growth.

The value of reports

Imagine knowing the answer to these questions at the click of a button:

- Who is your best salesperson?
- What is your most profitable product?
- How much profit will you make this month?
- What is your best advertising channel?
- How do your customers feel about your service?

- What are you doing well?
- What problem needs to be solved immediately?

If you asked yourself those questions now, would you honestly know the answers? You may have an idea based on intuition, but could you back that up with statistics so you know you are right?

When you grow rapidly and your attention is diverted, your intuition can become distorted. You thought Bill was the best salesman, but you haven't realised that his performance over the last three months has been shocking. He has a problem in his personal life that you knew nothing about. You thought your customers loved your service, what you hadn't realised is that they can't stand one of your subcontractors and he never gets good reviews.

Can you see the problem? As you grow you can naturally lose touch with different parts of your company, but it's absolutely crucial at this phase that you know exactly what is going on. Your finger needs to stay on the pulse at all times, so consistent reporting is vital. Reporting will give you all the answers to the above questions. Think of the power that gives you over your competitors. If you know exactly what social media channel is delivering the best results, you know where to allocate your advertising budget. If you know someone is underperforming, you can nip the problem in the bud early, before it starts affecting profits. If you know how much money you will make this month, you can forecast whether you need to cut back for lean times, or plough ahead with investment.

Having these answers gives you great power. This is why all the big companies are obsessed with gathering data. The more data they collect, the quicker they can react when they spot trends. You can do exactly the same on a smaller scale.

I've emphasised end of month reporting in this section. When you grow bigger you may find you want daily or weekly reports, and there is nothing wrong with this. For now, though, as you approach £1m and are just starting to implement the strategies, focus on monthly reports. You'll find it easier to stick with, it's not too much of a burden for employees, and it's still regular enough to spot trends and dangers. Not too much can get out of control in four weeks.

The key is to be consistent and start creating an archive of data that you can look back on and analyse. When you receive these reports, ensure you block out some time to analyse them properly. In my own business, I receive a report at the beginning of each month showing me last month's results. I spend about fifteen to thirty minutes looking over them and highlighting the good and bad, then I hold separate meetings with each department – sales, marketing, operations and finance – to discuss the reports in detail. It's vitally important that you share the information with your employees and help them interpret the data too. That way, they can also be alert to problems and advise you quicker. It also holds them accountable when they can see that everyone can review performances (especially sales staff).

These monthly meetings have proved extremely valuable and give us all an hour each month to reflect on what has gone well, and then to focus on what went wrong and the steps required to stop that happening again. Employees can also come out with great suggestions and new ideas in these meetings – listen to them, you'll be amazed at the gems you'll pick up.

When you keep doing this month on month, before long you will have a finely tuned machine. Not only that, your personal stress levels will drop dramatically as nothing will take you by surprise and you'll feel in control.

Let's look at what should be measured and included in these reports.

How to measure marketing

We'll start with learning how to measure the lifeblood of a company: marketing. Without marketing, you have no leads; without leads no sales; no sales, no profit.

How effective is your current marketing strategy? Do you have more leads coming in than you can handle? Are they quality leads that your sales team find easy to convert? If your answer is no to any of those questions, you need to review your strategy. Something is not working.

If you've fully implemented exceptional service and visual branding then you should have noticed leads increasing naturally, and sales conversion should also be up. But where are your leads coming from? What lead source is the most effective? You need to find this out, so you know where to find more.

This is why reporting is so vital; you need to know the answers to these questions and to quantify your leads. That way, if you see a dip in lead numbers, you'll know exactly why and what steps need to be taken to resolve it.

Lead source report

Have a look at the simple chart below that we use in my company (numbers altered for confidentiality).

Inbound

These are the enquiries that come into your business. Every time you receive a new lead from a telephone call, email, social media enquiry, or completed website form, it should be tracked on your CRM system (see the section on operating systems, which discusses this in detail). Don't use spreadsheets for

this, as they are not advanced enough and take too much time to create. CRM systems will track that enquiry all the way through the sale process, so when you win a sale you know exactly what lead source it came from.

It's vital that the staff who answer your phones or respond to emails are trained to always ask: 'How did you hear about us?' Make sure you also do the same on your web form enquiries. Have a drop-down menu with multiple possible answers. Over time, this will paint a clear picture that will prove invaluable.

Lead Source Report

<i>Lead Source</i>	<i>January</i>	<i>February</i>	<i>March</i>	<i>April</i>	<i>May</i>	<i>June</i>	<i>July</i>	<i>August</i>	<i>September</i>	<i>October</i>	<i>November</i>	<i>December</i>	<i>Total</i>
<i>Council Work</i>	13	12	10	14	8	7	13	6	3	3	1	2	92
<i>Recommendations</i>	7	4	7	5	6	3	6	8	5	12	14	11	88
<i>Google Organic</i>	7	7	3	2	8	7	9	6	10	14	11	3	87
<i>Facebook Organic</i>	1	2	3	7	4	3	4	3	2	3	7	6	45
<i>Google AdWords</i>		2		3		5	4	4	3	6	2	4	33
<i>Not Stated/Unknown</i>	2		4	1	2	3	1	7	2	6	3	2	33
<i>Facebook Ads</i>		1		1	1		2	3	8	4	5	3	28
<i>Signage</i>	2	3		1	1		4	3	3	6		4	27
<i>Which?</i>	1	3	1		1	2	1	3	1		2	1	16
<i>Other</i>	2	2		1	1		3	1		2			12
<i>LinkedIn</i>		1				2			2		1	3	9
<i>Federation of Master Builders</i>		1			1	1	1		1		2	1	8
<i>Flyers</i>								3	1	1	2	1	8
<i>Check A Trade</i>	1				1			1		1			4
<i>Employee Referral</i>				2						1	1		4
<i>Instagram</i>								1			2	1	4
Total	36	38	28	37	34	33	48	49	41	59	53	42	498

It was clear from our charts that one of our biggest lead sources was recommendations. This is what we would expect, as our goal has always been to deliver exceptional service. But imagine if we noticed over time that this lead source had gradually declined. This would be an indicator of a wider issue that needed to be investigated. If you didn't have this info, how

would you know your customer service was declining? Knowing what our biggest lead source is helps us plan loyalty schemes and recommend-a-friend campaigns to harness this powerful source of new business.

Another point we noticed from our chart was that our council (local authority) leads were dropping significantly. This was a cause for concern, so efforts were made to reach out to our contacts there to see if we had upset them or done something wrong. We were told that public sector funding had been dramatically cut to meet government targets and would last for the entire financial year. Although not good news for us initially, this was vital information, and we could plan a strategy to take on different work and not be so reliant on this lead source.

Can you see, then, how powerful and valuable this simple lead source chart is? It can help you make informed decisions and analyse your strengths and weaknesses, as well as raising red flags that need further investigation every now and then.

Social media

You also need to measure how effective your social media is. A lot of time can be spent – and wasted – on social media. Just because you're busy and active on it, doesn't mean it's working as an effective marketing strategy. Fortunately, Facebook, YouTube and the like provide easy access to reporting. These reports can be as detailed as you need, but keep it simple, as you are only after information on a few things. Are people looking at your posts, sharing them, engaging with you, liking your pages? Are followers increasing? Ultimately, your lead source report will also show you how effective your social media strategy is, but the platform reports do help drill down into it a bit further when needed.

ROI

Another vital report to see each month is your return on investment. Most of your marketing channels will incur expense and it's important that you track what each channel is costing you each month. This can be straightforward with things like AdWords, but a bit trickier with others. For us, even though recommendations are generally a free lead source, we still add a figure to this chart each month as we spend out regularly on client gifts and sometimes recommend-a-friend vouchers. Each month's accounts provide a combined figure for these items and we add that into the chart (see the ROI report opposite).

ROI Report

<i>Lead Source</i>	<i>Marketing Spend</i>	<i>Quotes</i>	<i>Cost Per Quote</i>	<i>Won</i>	<i>Undecided</i>	<i>% Q to W</i>	<i>Job Value Average</i>	<i>Job Value Total Won</i>	<i>ROI</i>
<i>Google Organic</i>	£15,115	87	£173.74	19	1	22%	£37,027	£703,507	46.54
<i>Google AdWords</i>	£13,075	33	£396.21	2		6%	£24,487	£48,973	3.75
<i>Facebook Ads</i>	£6,351	45	£141.13	6		13%	£20,939	£125,632	19.78
<i>Recommendations</i>	£4,250	88	£48.30	26	1	30%	£43,214	£1,123,560	264.37
<i>Instagram</i>	£1,500	4	£375.00			0%	0%	0%	0.00
<i>LinkedIn</i>	£1,350	9	£150.00			0%	0%	0%	0.00
<i>Facebook Organic</i>	£1,280	45	£28.44	9	1	20%	£41,003	£369,025	288.30
<i>Signage</i>	£725	27	£26.85	5		19%	£56,110	£280,550	386.97
<i>Flyers</i>	£675	8	£84.38	1		13%	£35,750	£35,750	52.96

Once you have input your costs, your CRM system should make it easy to track which lead source generated which sale. For us, this is one of the most valuable reports because it tells us exactly where we should be allocating our marketing spend. We were able to see instantly that it is quite expensive to gain a lead – and therefore a job – through AdWords, so we cut back on this. We are now testing new ads to refine the campaign, or we'll drop it altogether. On the other hand, we know that our signage delivers great ROI, so we ensure all our jobs have banners and signs erected. The sales we generate with our signage far outweigh the initial outlay.

Once you've run this report for six to twelve months, you'll start to build up a clear picture of what's working and what's not, and can divert your budget accordingly. Don't be afraid to discontinue investing in a channel if it's not paying off. Once you have accurate ROI reports you can see clearly where your leads are coming from, but how successful are your sales team in converting these leads?

We'll find out how to measure that in the next chapter.

How to measure sales

The larger you grow, the more the pressure to keep up with sales intensifies. If sales dry up, you're on a quick path to negative cashflow and going out of business. Your overheads are higher than ever before and you need the sales just to stay afloat.

By applying all the principles we've discussed, eventually you'll be in the enviable position of having a full order book and turning work away. Until then, you need to measure how your sales team are performing and keep a close eye on what can be improved.

Look at the chart below to see some of the sales metrics that can be measured.

First, you need to be able to distinguish not just the sales in general but how each individual salesperson is performing. This is especially important if you are linking performance to commission or bonuses. In the chart below, we track in each quarter how many appointments have been visited, how many quotes sent, and the value of the combined quotes. We can also see the win rate, which helps when analysing trends.

We go even further than this. In an effort to constantly improve, we also measure the time it takes from visiting an appointment to when the quote is received. When this figure is too high, we know the salesperson is either overloaded with work, or is not prioritising sending out quotes. We know from experience that the longer a quote takes to be sent, the less chance we have of winning the sale, so it's important we monitor this.

Sales Analysis

Potential Type	Leads	Appointments	% Lead to Appointment	L to A days	Quotes	A to Q days	Amount Quoted	Chased	% Quote to Chase	Q to C days	Won	Undecided	% Quote to Win	Lead to Win days	Amount Average	Amount Total
Direct	373	261	70%	7	215	5	£10,202,152	201	93%	7	52	3	24%	27	£35,617	£1,852,063
Tender	125	85	68%	10	72	7	£8,156,252	65	90%	10	16		22%	41	£52,183	£834,934
Total	498	346	69%	8.5	287	6	£18,358,404	266	92%	8.5	68	3	23%	34	£43,900	£2,686,997

Another important thing to constantly measure is your pipeline. A pipeline segments each phase of the sales process so you can see at a glance the progress of a client or many clients. This can be found in any CRM system and will show exactly where people are in the sales funnel; the lower down the funnel they are, the closer you are to landing the sale. The pipeline is helpful because if you see a lot of clients stuck in a particular part of the funnel, you can make a special effort to move them to the next stage. Our pipeline is configured to show us how many leads we have, how many have had an appointment, or a quote, how many have been chased up, how many are in negotiation or review (this is close to being a sale), and how many have been won. If you see a bottleneck in your pipeline, eg lots of people stuck in the quote stage, you know that you need the sales team to prioritise chasing them up for a decision or trying to move them towards a negotiation.

The pipeline is also a great way of forecasting future sales. By combining the sales chart with the pipeline, you can measure the win rate and the average time taken from sending a quotation to closing a sale. In the example given, it took an average of fifty-two days (L to A column) to close the sale, and the win rate was 23%. This information is fantastic for

forecasting because if there is £1m sitting in the pipeline, the company knows that within the next fifty-two days, they should close approx. £230k of sales.

When the pipeline is monitored closely you can react as needed. If you notice the pipeline is looking empty you know you need to focus on leads coming in and quotes being sent. The other good thing about a pipeline is it breaks down the sales process into manageable chunks. Rather than panicking if sales are looking slow, you can focus on where the bottleneck is and concentrate on that one part of the sales funnel.

How to measure operations

Once you have your marketing and sales under control, it's time to consider how effectively your operations are running. As you grow, it's easy to lose control of operations; this is where a lot of internal waste can occur, eating into your precious profits. Operations will be responsible for delivering the service or product once the sales team have won the work. The first thing you need to be able to measure is how much work the operations team are managing at any point. This can be done with simple spreadsheets showing what jobs are running and what stage they are at. For complex and long projects, it may be helpful to use Gantt charts to monitor progress and timelines.

It's also important to know your invoicing forecast for the future months, which your operations team will be responsible for delivering. You could again use a spreadsheet to track current projects for the month and then note down weekly how much you expect to invoice per week per project. This will give you an end of month forecast of whether you'll hit your target.

Depending on your service and product, your spreadsheets may need to be different, and more complex, but the important point is you must develop an

internal system that tracks how well operations are performing and if they are delivering enough of your service.

When you have a good system in place you should easily be able to generate a forecast report for the next month and use this to see if you're going to meet your invoice and revenue targets. If you see a low revenue figure forecast, you know that you either need more sales to bring in more work fast, or, if you have a full order book, you need to bring jobs forward and start more work.

You should also run operations reports each month to see how profitable your completed individual jobs have been. This means tracking the profitability of each job. See the section on operating systems for further details on this. When you run this report, you get a general overview of which jobs are profitable and which are not. If some jobs are less profitable than others, this report lets you delve deeper into why. Were they priced poorly by sales? Did the team overspend? You can react accordingly. This is vital information that can save you a small fortune every month; all these small improvements add up.

David Brailsford was knighted for his services to British cycling. He transformed the sport and the teams he managed won many gold medals and competitions. He pioneered the strategy of marginal gains, where you break down large processes into minute details. David theorised that if you continually focused on a 1% improvement in different processes, over time, this would add up to a huge improvement. He concentrated on the small things, like ensuring riders had the right pillows and mattresses to get a good night's sleep. That may seem like it would make a minor difference, but when you add all those 1% improvements together, collectively it transformed British cycling and allowed the team to dominate the sport under his leadership.

Use the marginal gains strategy when you analyse your reports. Don't spend all your time analysing to the point that it becomes unproductive, but if you can see easy ways of making small improvements to some of your feedback data, put those into action and you'll be surprised at how all the 1% improvements will transform your business further down the line.

How to measure client care

We've already highlighted the importance of exceptional service, but the bigger you grow the easier it is to let your standards drop. To maintain a high standard, performance must be monitored.

One of the best ways to do this is by simply asking your clients how you did each time you've completed some work; this can be done via a feedback form. Ask them which employee performed the best and get them to give you a score. Don't be afraid to ask if there is anything to improve. The answers to these questions are like gold dust; you'll learn of things that you may not even have realised were happening. These could be things your clients are telling their friends, which could result in a sale or a lost opportunity. Each month, these forms can be compiled; if there are lots, get the team to filter out the most important ones for you to review – the good, the bad and the ugly.

To keep track of a general score, use the average of your ratings. For example, if you ask the question, 'How would you rate our overall performance?' (between one and ten), take the average score to monitor how exceptional your service really is. Have some fun with it and put the current score somewhere visible in the office and make it your aim each month to beat the last month's score. If you beat a target, take the team out to celebrate or get some pizzas in. This is a great way of getting the team customer focused and maintaining exceptional service.

When you do receive poor reports, try not to be disheartened. It will happen; you can't please everyone. Use it as an opportunity to learn and change. Don't be so focused on the other areas of your business that you lose touch with your clients. Receiving these regular reports is a great way of keeping your finger on the pulse.

We've only briefly covered reports in this section, as each report needs to be tailored to your business. The important lesson to learn is that, as you grow, you must stay in control, even though you can't be involved in every aspect of the business at all times. The beauty of reports is that you get a snapshot of how healthy the business is looking. Although they are just snapshots, they should provide enough detail to raise red flags when something is going against the norm. Ensure you take the time to set up templates for these reports; these will pay dividends. More importantly, once you start receiving them, make sure you take some time out at least once per month to review them carefully.

ACTION POINT CHECKLIST

1. Set up a lead source report via your CRM or MS Excel
 2. Look at social media reports monthly
 3. Set up ROI reports on MS Excel
 4. Look at your pipeline via your CRM
 5. If you have sales staff, set up a sales performance chart
 6. Ensure all projects can be analysed for profitability, and review each month
 7. Set up a client care report
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[13](#) Drucker, P (1954) *The Practice of Management*. New York: Harper & Row.

6

Loyal People

Get the right people on the bus

One of the big barriers to growth is hiring the wrong staff. When you grow at a rapid pace and struggle to keep up with the workload, you can seem desperate to get anyone at all on board, even if they are not the right fit. I've done this many times throughout my business journey and, when I look back, it's a huge regret. So much time and money are wasted training someone up if they were never the right person in the first place. If you start having doubts about someone, your gut instinct is probably right – maybe it's time for them to go.

Your business isn't a charity, and you cannot carry people. Although it can feel ruthless, if someone isn't working out you will be doing yourself and them a favour to part ways and move on. It would be much easier, though, if you didn't put yourself in that position in the first place. Who enjoys firing people? It's an awful position to be in. How much better would it be to get the hire right in the first instance?

The challenge doesn't stop there. What about when you have found exactly the right person? They are fantastic, better than you could have hoped for – now you start to panic that they may leave you. They are a hugely valuable member of staff now, how would you cope if they left?

This section is designed as a guide to both attracting and retaining the best staff. Paying attention to the next chapters could save you thousands of pounds and months of pain and frustration. I stress the could because, despite your best efforts, some may slip through the net; you only know 100% if someone is the right fit once they start work and you can monitor them over a few months. Some have a gift for presenting themselves in an amazing way and breezing through an interview. It's only further down the line, when the cracks start to appear, that you realise they are not the right fit. That's OK, I'll show you how to deal with those situations.

Let's find out now how you can protect yourself and your business as you grow, and how to find loyal people.

The cost of a bad hire

The first thing to understand is why it's so important that the recruitment process is successful. You may think, 'I'll just sack them if they don't work out and hire a replacement'. Well, yes, you could, but you don't want to be carrying people if they're not right for your business. Letting people come and go from the business can be extremely damaging. Why?

First, it can damage staff morale. People generally don't like change. If a member of your staff has got used to working with someone closely, maybe even becoming good friends with them, and then, all of a sudden, they are out of the door, how do you think that will make them feel? The staff member who stays won't be thinking about what's best for the business, they will be focusing on how it has affected them emotionally. They've just lost a good friend. This could make them resentful of the business, and you as its leader.

Additionally, if you have a high turnover of staff, this could make some within the company anxious. ‘Am I going to be next?’ they may ask. Staff worrying like this will damage morale and their performance will be affected.

What’s the answer? Should you try to retain poor staff as long as possible, in the hope that they might improve? No, certainly not. If you know someone isn’t working out, you’ve addressed the issue with them and provided training and they still haven’t improved sufficiently, you need to take some advice from an HR consultant and let them go without delay. Allowing someone who is underperforming to stay on can damage the morale of the existing staff. When they are working hard, beavering away at their jobs and the person working next to them is getting away with murder, this will be extremely frustrating for them.

Even though it’s you paying the wages, they will start to think, ‘Why am I putting in all this effort, when he/she clearly isn’t?’ The attitude and work habits of a bad employee can gradually infect the entire staff. Are you starting to see how damaging it can be when the wrong person is brought, and kept, on board?

It’s not only damaging for morale, it’s extremely bad news for your profits. You may think working out how much a bad hire costs a business is straightforward: John was paid £2,500 per month and was kept on for three months = £7,500. In fact, it works out to be much more than that.

First, you’ll need to pay for an ad or a recruitment consultant to find that member of staff for you. For a mid-level employee like John, this might cost £2,500 in recruitment fees. Then, as the business owner you will take a day to review all the CVs and select three for an interview. Next come the telephone interviews, then the formal interviews, which will take up another day of your time. References then need to be checked and a job offer made.

You have a new employee – hooray! So far, it's cost you over £3,000 to make the hire.

Next comes the onboarding. You need to show your new employee the ropes, how your systems work, how you do things. There may be an element of training needed to get them up to scratch. It can take anywhere between two and four weeks before a new employee is fully up to speed. That's another £2,500 spent, without much productivity to show for it. One month in, and the new employee has cost you £5,500.

They start getting on with the work in earnest and you expect great things, but it soon becomes evident that they are not cut out for the task. Now it's costing you in productivity. Only you will know how best to measure this for your business but it could be thousands each month. If you sack the hire in month three, they've already cost you £10,500, and that's without factoring in the productivity losses. I learned this the hard way in my own business when we were growing rapidly. Although I've now got a fantastic team around me, who I would re-hire in a heartbeat, I've previously had bad hires who have lost me contracts worth hundreds of thousands, stolen money from me, and damaged company vehicles, among other things. I even had an employee who was absolutely amazing at interview but turned up on the first day drunk as a sack – and then was arrested by the police for attempting to drive home. As you might have guessed, they were fired immediately. You can see that I've certainly experienced the pain of a bad hire.

Getting it wrong can have a huge cost, far more than the employee's wages. The lesson: take your time and recruit carefully. Don't take on a risky hire just to fill a seat when you are growing quickly and can't keep up with the workload.

Attract and retain the best

We know now that we need to avoid bad hires like the plague, so how do you attract the right people to come and work for your business? You only want A-players – ideally, you want to employ people who are more skilled than you in certain areas; this way, you get a well-rounded mix of talent throughout your organisation. How do you attract people like this? Why would they want to come and work for you?

This is where we revert back to visual branding. In that section we discussed how to market effectively, communicate your USP, and get ahead of the competition. Marketing isn't only useful for winning clients; you can also use it to help you hire.

Think about it. If you go for an interview, what's the first thing you do before you turn up? You'll check out the website, read reviews of the company, look at their social media pages and so on. If this is non-existent or shabby, you'll immediately form a negative opinion of the company. This greatly hinders the company's chances of hiring you, or anyone else, as an A-player. On the other hand, if you browse around the net and find a strong social media page with a large following, great reviews, and a solid website highlighting the USP, you immediately begin to trust that the company is run well and is going places. This is the sort of thing that will help attract the A-players and get them to interview.

Company culture

What is company culture, and why is it so important to have it written down? Your company culture is what defines who you are as an organisation. It's the DNA of your company. It's the internal values that all your staff believe in and strive to work towards.

We looked at the company Zappos in the section on exceptional service, as they are world-renowned for delivering an amazing customer experience. The reason they can do this consistently is because this is a value that runs through their company DNA and is part of their culture. Their values are listed on their website:¹⁴

1. Deliver WOW through service
2. Embrace and drive change
3. Create fun and a little weirdness
4. Be adventurous, creative, and open-minded
5. Pursue growth and learning
6. Build open and honest relationships with communication
7. Build a positive team and family spirit
8. Do more with less
9. Be passionate and determined
10. Be humble

You'll notice that the number one value is customer service. It's drummed into all the staff as the top priority, which is why they are so successful in this area. You'll also notice that, in addition to number one, numbers three, six, eight and nine are also closely linked to how the company delivers amazing customer service. These values are available for all to see on their website; this is why Zappos is able to attract A-players, and anyone who wants to work at the organisation knows they will be working to these values. Zappos has a huge advantage over other companies when interviewing, as people want to work for them.

Try creating your own company culture. Think about what values are important to you, and how your organisation can be summed up. Once you've decided on what you want your culture to be, ensure everyone in your organisation knows about it. Write it down and put it up in the office and, even better, add it to your website. Doing this will greatly assist you in attracting new hires and, most importantly, the right kind of hires. Not only that, you'll see a positive effect on your existing staff as they all start to rally round and work towards a common goal.

Retain the best

Let's presume you've managed to hire an A-player. They've bought into your company culture, they've been working for you for a good few months, and you can see they are working wonders for your business. Though things are going great, you start to panic, thinking, 'What if they decide to leave? I'm so reliant on this person, I couldn't cope.' This is a common fear once you start hiring great people and things are going well, but that kind of thinking is wrong for two reasons.

First, you should never become so reliant on one person that losing them would significantly damage the business. Ensure that others know how to do elements of the role, so that if that person did leave or get knocked down by a bus (you never know) you could carry on without it destroying the business.

Second, why would they want to leave? You need to create an environment that encourages people to stay because they love their job. A-players generally want a few things to be satisfied where they are:

- Given praise and recognition
- Able to work with other A-players

- Able to grow
- Rewarded for their efforts

This is the sort of environment that needs to be created to keep the best people. Some of these things are relatively simple to do, like giving praise and recognition, but when you're busy and growing fast it can be easy to forget to take the time to thank someone for a job well done. There is nothing worse than feeling unappreciated. Ensure you have a huddle with the team at least weekly, and let people know publicly when they have done a great job. Everyone loves a bit of genuine praise and recognition.

Point two is something Steve Jobs noticed when he formed his A-player team that created the Apple Mac. The best employees get frustrated working with people who are lousy at their job, so this needs to be managed carefully. Even so, you won't be able to get an entire organisation made up of the absolute best; you always get one or two who quietly get on with their job but are not exactly setting the world on fire. A-players may find it frustrating working with people like this. It's not always possible, but where you can, get them working alongside other A-players. If you have no one else, then on occasion you should work directly with them on a project, this can help keep their spirits high.

Point three is important as A-players are never standing still and feel a constant need to grow and improve their abilities, or to see that they are directly involved in the business growing – if you're reading this book, that shouldn't be a problem. One way to help them grow is through a training plan that's reviewed every six months to a year. When you have your staff appraisals, ensure that training is discussed and ask the staff directly what they feel they need or would like training in. Investing in the growth of your staff is money well spent and will pay dividends, so ensure you have some kind of training planned for all your staff, but especially your A-players.

Point four is the tricky one. When you discuss rewarding someone, a pay rise is what immediately comes to mind. But as you grow, and with the challenges you will face with increased overheads, etc, a pay rise isn't always a viable option. You need to make sure that rewards are varied and not always in monetary form. There are lots of ways you can reward your staff for a job well done. It could be as simple as getting a pizza and/or some beers in the office on a Friday afternoon if a weekly target is reached, or letting staff leave an hour or two early. Maybe tickets to a concert or event if a particular employee has performed well.

If you have an A-player who is vital to the business and is helping you grow it significantly, the above may not be enough; they may want a stake in the business. If this is the case and they deserve it, then don't panic at this. It can be a good thing – if they are sharing in the profits then it's in their interests to work harder and help you grow. However, don't be giving away shares willy-nilly. You've taken on all the risk and worked long and hard hours to get your business off the ground and sometimes people expect to get a share of the business while taking a regular salary, working nine to five with no risk. If you are thinking of giving shares away just to retain an A-player, I would suggest trying to offer them a profit share first. That way, you keep 100% ownership of the business but still reward the employee for their efforts.

If that's not enough and you feel you need to part with actual shares and dilute your ownership, how about suggesting an option agreement? This is where, at the end of the year, if certain targets are met the employee has an option to purchase a stake in the business. For example, let's imagine John the A-player has a sales target of £500k for the year. You offer John a £10k bonus if he hits that target; or, he can choose to use the £10k he would have received to buy an equivalent stake in the business. If the business was valued at £500k, he would get a 2% stake by forgoing his £10k bonus.

Options can be a powerful incentive if used well, as it can keep the A-players motivated to perform and also gives them a small stake in the business, which ties them to you and minimises the risk of them leaving. Note: before you arrange option agreements, ensure you take legal advice and have them drafted correctly to protect you and enable you to take ownership back if the employee leaves or is fired.

The above is a headache that may be worth having if you've managed to get an A-player on board. But going back one step, how do we find these A-players in the first place? With all the CVs you get sent when hiring, how can you pick one out? Read on for some great tips in the next chapter.

Resumes and interviews

Hiring new staff can be time-consuming, painful and frustrating. But it's a necessary pain to get the right person on board. We've already looked at the huge costs involved if you get it wrong, but there are huge benefits if you manage to land an A-player. So, how can you get it right?

Being completely honest, after interviewing and subsequently hiring and firing many people, I can tell you there isn't an exact science behind it. I've brought people in who have had amazing CVs, ticked all the boxes, and gave a great interview, but once they started working were a disaster. There is no substitute for seeing how people perform in the workplace, that's the true test, but the cases of mistaken hires slipping through the net are rare if you put some robust procedures in place before you make the job offer. This starts with how to find your ideal candidate.

Where do you start? Some ask around among friends, family and other work colleagues. This is a start and you may get lucky, but often it doesn't yield results. Friends will recommend people they like and get on with.

That doesn't mean they are a good fit for your company culture. However, if an A-player recommends someone they have previously worked with, this may be worth pursuing. Remember what we said earlier: A-players like to work with other A-players.

Where else can you look apart from a narrow circle of family and friends? Well, why not harness that great social media presence you've now built up? Facebook can be an extremely good platform for posting job availability and posts can be shared by others to give you greater outreach. Look to post in local construction-related Facebook community groups, as this doesn't cost anything. In addition, you could even boost your post with paid Facebook advertising, which can specifically and accurately target your target demographic, skillset, interests and area. Failing that, if you have no time or desire to hunt around, you could approach specialist recruitment agents. There are some agencies that let you post paid adverts on their internet boards. This can be useful if they have a high reach of candidates on subscription, and it doesn't cost too much.

If you want to take a complete backseat in the entire process, then you can offer the position out to a construction recruitment consultant to fill. They have years of experience in finding people specifically for your sector and can give you guidance on the right salary and other advice. If you have a good consultant they should be able to screen out anyone you don't want to see, so you are not wasting your time viewing endless CVs and interviewing the wrong kinds of people. They will also sell your company to the candidate, making them more likely to accept an offer. A specialist recruitment consultant like this will cost you more, but it may be worthwhile in the long run if it lands you the right candidate.

Whether you choose to use a consultant or find a candidate by yourself, you will have to read through a number of CVs. This is a boring task, but it's

vital you go through these in detail, as a CV can contain clues about the character of the person you may be about to hire. One of the key things to look out for is gaps in employment dates. If there are gaps, it might be worth asking why in the interview, as some candidates may be deliberately missing out positions they have had where things didn't work out well.

Another important thing to look for is how many previous jobs they have had, and how frequently they tend to move around. If you notice the person moves to a different company every year or so, then it's more than likely they'll do the same with you. Do you really want to be hiring and then training someone who is probably only going to stick around for a year?

Also look out for how they portray themselves in their CV. Are they claiming a lot of credit and boasting amazing achievements? This could be an indicator that someone isn't a team player and is only out for themselves.

Yet a CV only gives away small clues about the person, and more often than not most people get professional CVs written, or they are heavily edited by recruitment agents, which means it can be difficult to work out what's genuine or not. The true test comes when you conduct an interview. I personally prefer a phone interview prior to the face to face. A five- to ten-minute call gives me a good indication of who I am dealing with. Are they personable? Can they hold a conversation? Are they interesting? It's also a good chance for me to write copious notes, which I can then refer back to in the main interview to see if everything still lines up.

Once the CVs have been reviewed and candidates whittled down via phone interviews, you are then ready for the formal face to face interviews. This can be just as nerve-racking for you as it is the candidate, especially if you really want them on board. Take your time and let the candidate do most of the talking; try to keep the atmosphere relaxed and informal, you want them to open up and be honest. Don't be afraid to ask them to expand on their

answers if they haven't been clear enough. You want to ensure all your doubts are dispelled; this is a big commitment for you both.

Once you have got all the technical questions answered and you are satisfied they have the capability to fulfil the role, it's then time to understand the psychology of the candidate. Try asking them questions like:

- If we were sitting here a year from now reviewing your performance, what would make it a successful year for us both?
- When have you been most satisfied in your life?
- Who is your role model, and why?
- What things do you not like to do?
- What is your biggest talent?
- What is your biggest weakness?
- What decisions do you find easy to make?
- What decisions do you find it hard to make?
- What's your most significant and proudest accomplishment in a previous company?

These types of questions, or a variation on them, can prove vital in understanding what makes someone tick. They could also reveal some major flaws. For example, if you asked someone what their biggest weakness was, and they said 'working in a team', you would need to think carefully about whether they would fit with your company culture and dynamics.

Once you've got through the interviews, it is absolutely essential that you get and check references. If someone cannot provide any references, or makes excuses, alarm bells should be ringing. Try to call the references

rather than email, because you want their gut reaction, not a pre-prepared, carefully thought through statement.

Once you've read the CVs, carried out both phone and face to face interviews, and checked out the references, what next? You are not quite ready to hire. First, I suggest you offer the person a trial. A trial period is the true test of whether a person is compatible with your company, and should ideally be around three months. This is a great way of ensuring that a candidate is suitable before you make a long-term commitment. This is enough time for them to get to grips with the role and long enough for you to truly get to know them as a person. Within this period you should find out if they are full of hot air or are delivering on what they promised in the interview.

If the candidate is not keen on a trial and you don't want to risk losing them, I suggest that you have a three- to six-month termination clause built into their contract, so that if things don't seem to be working out you can let them go immediately. If it's not working out you want to be able to cut that person out as quickly and cleanly as possible.

Invest in your people

You've finally found the right candidate, you've got them onboard and things are going well. It's important now that this person grows as your company does. How is that achieved? Well, you need to invest in your people. You want them to grow and develop so that they can perform at their absolute best in their position. Some companies hold back on training for fear the person may leave and they would have wasted valuable time and money. The reality is, the odds of the person leaving dramatically increase if you don't bother helping them grow, as they will quickly lose

interest. As we outlined in Section 6.2, it's more costly to replace someone than it is to spend on development and training.

We mentioned in the last chapter the importance of having regular appraisals and discussing with your staff how they would like to grow. Rather than just telling your staff what you want them to improve on, try to get them to buy into it too. What would they like to work on to help them advance their career, or increase success within the company? As long as it aligns with your goals, try to let them run with their idea so it feels like it's coming from them. This also holds them more accountable – after all, they suggested it.

You don't have to invest fortunes in training courses, as many of these can be done online, but you do need to give your staff time to complete them and then let them have a go at putting their new skills into practice. Sure, they'll make a few mistakes to begin with, but before long they'll have added another skill to their skillset and be an even more valuable member of staff. Most importantly, this keeps them interested in their job and the company, as they can see that they are personally growing through their work.

Apprentices

I'm a big believer in hiring apprentices and have had many over the years. Although apprentices can be extremely frustrating to work with at the beginning, as it seems they are useless at everything, it doesn't take long before they start finding their feet.

Most apprentices will be stepping into the workplace for the first time and will be completely 'green' to how things work and the way they should conduct themselves. Rather than getting frustrated, view them like a piece of clay. They are your responsibility to mould and adjust. In the end, if you

spend enough time on them, you can create a work of art. You can mould them to work in the exact way you want and expect, as they will not have had the chance to develop bad habits with previous companies. Apprentices are also loyal. They usually have to stick with you throughout their college or university courses, which is a great way of retaining them for a few years. Even after that, I've found that, on the whole, they stay with the company a lot longer than other staff.

One of my best decisions was hiring an apprentice architect. I saw a gap in our company where we needed a design team, but I couldn't afford to go out and hire a full-time architect at that point. I also knew it would take a couple of years before this side of the business grew into a substantial revenue earner, as we hadn't marketed design services to any of our clients yet.

My apprentice came on board, enrolled in a one day a week course, and within six months was sketching plans that we could use. Granted, they were basic at first and needed much input and oversight, but within two years they were of a very high standard. We could start to market this side of the business aggressively, and had already started to build up a market for it over the previous months. This was a fantastic return on investment and I ended up with a loyal and valuable member of the team who I could grow another section of the business around.

Invest in apprentices and their training and you will see a great return on investment in the years to come. Their wages generally stay low during the training period, which makes up for the amount of time you or other members of staff spend training them. Once they are fully qualified you will have a valuable member of staff that will be working in the exact way you've trained them to and have come to expect.

In summary, you've now found the right candidate, you've managed to convince them to work for you and you know how to keep hold of them and train them for future growth. Once you've got a team of these people in place you'll be setting the foundations to finally be able to step away from the day-to-day firefighting and have the free time to go and play a round of golf, or whatever else takes your fancy. Actually, no golf just yet, we still have a bit more work to do to get this company running like a well-oiled machine. Next up, operating systems.

ACTION POINT CHECKLIST

1. **Write down your ideal company culture**
 2. **Follow the guidelines for reviewing CVs and interview questions**
 3. **Ensure you have a training plan for your staff, especially A-players**
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7

Operating Systems

Embrace your systems

One of the biggest objections I come across from the construction owners I work with is that they are not tech-savvy. They prefer to be more hands-on and work with pen and paper rather than spreadsheets. This is not true in all cases, as many embrace technology and see the obvious benefits, but far too often there is an automatic rejection and an immediate barrier is put up.

If this is true in your case, you need to get over this limiting belief immediately. Embracing technology, especially putting systems in place, is absolutely essential for the successful growth of your company. If you are serious about scaling and ensuring your company runs like a well-oiled machine, it's time to learn to become tech-savvy. I know people in their seventies comfortably using iPads and the like, as they've pushed away their limiting beliefs and embraced a new challenge. It's time for you to do the same, as you will need to implement technological operating systems in your business.

Operating systems are not purely about technology. What is an operating system? We are not talking about Microsoft Windows or Mac iOS here. Here we are focusing on how you operate at work, on the methods and

systems you put in place that can be repeated again and again for a specific task. It's the way you do what you do.

When you are a one-man band, or an owner-worker, you will often have these systems in your own head. For example, when quoting for work you may have booked an appointment in your diary, visited the client, typed the estimate and then sent it out. A week later you remember you haven't followed it up so you give them a call or drop them an email. This is a system of working, it's just all in your own head. You may not realise it yet, but you will have a way of operating or a system of work for almost every task you carry out: estimating, invoicing, paying bills, carrying out the work, etc. Whether these operating systems are effective or not is another matter.

One important question to ask yourself is: if I had a bad accident and was laid up in bed for a few months, could a new hire come in and immediately understand the way I do things? If you answer that honestly, it's probably a no – so you can start to see the problem and understand why it's so important to systemise everything you do.

One of the best examples of a company who systemise everything they do is McDonald's. You'll notice the same system every time you walk into one of their restaurants anywhere around the world:

'[Greets customer] May I take your order, please?'

'Is there anything else, or will that be all?'

'Let me repeat that.'

'That's [total price], thank you.'

This simple four-step process is one that every employee who takes orders has to follow. It cuts down on mistakes, increases the order value, and speeds up the delivery. That is just one small system out of hundreds that

McDonald's have perfected. It's this obsession with systemisation that has led them to be worth over \$100bn.¹⁵

The importance of operating systems in your business is vital as you start to grow. The danger is that many owners are so busy working and expanding that they don't have time to think about analysing and documenting their systems. A word of warning: if you try to expand your business without putting systems in place, you will be in for a painful ride. You'll be stressed, overworked and exhausted. The whole purpose of growing is to give you more time and less stress. This can only be achieved if you have excellent systems in place. Let's find out why.

Why you'll come to love your systems

One of my clients, John, was growing his facilities management company rapidly. He had more work than ever before but was starting to lose money hand over fist. He couldn't understand why or how, as he knew his jobs were running at a good profit. After looking at the cash he had in the bank and the debt he was owed from invoicing, it took only a few moments to realise that someone was stealing from him. He had a rogue employee. John was so busy focusing on growth and getting the contracts completed that he had put too much trust in others and hadn't developed robust operating systems. This rogue employee had worked out that he could invoice for jobs that he hadn't actually completed, receive his wages for carrying out the work and then go back into the computer system and delete the invoice so that the client wouldn't be chased for the money. He knew it would only be a matter of time before he was caught, but he got away with it for nearly six months. Not only that, the systems in place for invoicing and tracking work were so weak that there was no way of proving what he had done.

Once the penny dropped, John was fuming – but he was mostly angry at himself for being so naïve. When he was growing fast and cash was coming in left, right and centre, all was well. But now someone had exploited him, and he had lost thousands of pounds with little hope of recovering any of it. Having a good operating system in place would have prevented this; if the rogue employee had tried to steal, it would have been noticed within a week rather than six months.

In my own business I saw the wisdom of having strong systems early on. At one point, I had over thirty subcontractors out on different sites all on a daily wage. It used to frustrate me each morning that we had to ring around every single subcontractor to see if they had turned up on time. It was such an easy system for the subcontractor to manipulate; they'd just not answer their phone or call back later saying it was on silent, and I would have no way of knowing whether I was being played or not. This caused no end of stress and I became distrustful.

So I put a simple operating system in place. Each employee had to log in when they arrived on the site and when they left. The login on their mobile was GPS-enabled so they couldn't do it while lying in bed. This was a simple system that saved me about thirty minutes each morning that I'd previously spent calling everyone. It paid for itself within a month. Less stress for me, giving me more control and more time to focus on more important things. Now, I'm not saying that this system wasn't also open to manipulation. It was, and if you get a rogue employee who is determined to cheat the system then you will suffer a momentary loss. What the system will do is reduce how long it takes to work out who these people are.

As we've said, systems are crucial as you start to expand. They don't always need to be complicated and involve software. Sometimes a simple Word document or spreadsheet/flowchart is all you need to define a process.

The important thing is actually defining it. The beauty of an operating system is that you can onboard a new employee and, after some training, they should be following a documented system that enables them to perform a task perfectly and exactly the same way every single time.

Charlie Mullins of Pimlico Plumbing (turnover of £43m in 2018¹⁶) calls his operating system the Pimlico Bible, which sets out precisely how all engineers should work, dress and conduct themselves. Nothing is left to chance. Although this may sound controlling, it's how he has been able to expand so efficiently and with huge profitability.

Think of a name for your new 'bible' and let's now look at the fundamental things you need to be developing systems for.

Fundamentals first

The fundamental systems you need to have in place can be broken down into three main areas:

1. Operations
2. Sales and marketing
3. Finance/accounting

Of course, there are other areas that need systems, like HR and IT, but the above are probably the most important to focus on for now.

Operations

Here we need to create systems to track whether our operations are running smoothly and consistently. You can use simple spreadsheets to do this, or cheap off-the-shelf software. The important thing is that you have something in place to track the following for each project:

- Job description and category
- Original cost
- Extra costs requested by the client
- Running cost of labour
- Description of the work subcontractors/workers are assigned
- Running cost of materials
- Materials having a unique order number
- Length of project – predicted and actual
- Overall profitability

The above may sound basic but I notice that almost all of my new clients are missing some or most of these fundamentals. I'll ask them the question: what is your most profitable category of work? They will stare at me blankly, not having a clue. But this is one of the most important questions you should be asking yourself. If you know what service category generates you the most profit you should be spending all of your time trying to win that type of work. Conversely, what's your least profitable category of work? Is it time to ditch that offering if it's not bringing in a decent profit? These questions can only be answered accurately if you have the relevant data available, which you collect by tracking each project.

When you're preparing a tender or pitch for a new sale, you should know exactly what sort of profit margin you are going to have before you even start the project. By tracking all projects consistently you'll end up with valuable data that can tell you instantly what the average cost of labour and materials should be, how long the project should take, and what profit you will likely earn. Not only that, the above system helps with tracking your suppliers. Are they overcharging on certain items? Are you being billed for

stock that you haven't received? When you assign unique order numbers to each project and every order that is made, it's easy to reconcile this when the supplier invoice arrives. If you receive a bill without an order number, you can reject it or investigate further what it relates to rather than blindly paying it and assuming someone must have ordered it.

Sales and marketing

We briefly discussed the benefits of a CRM (customer relationship management) system in Section 5.3. A CRM system will keep track of the data for every person who has ever contacted you; all your interactions, phone calls and emails that you have with that person will be stored and tracked. Every time you speak to a client (potential or existing), you can learn something new and potentially that could be of value. A CRM system will store that information. If a sales employee dealing with a client leaves the company, anyone can pick the sale back up and continue to nurture the client, as all the information is stored.

There are lots of companies that provide off-the-shelf CRM systems, and they are not difficult to use. The current market leaders are Salesforce, but there are many out there to choose from. They will also offer lots of add-on products that may be useful, like marketing and accounting, but for now we'll just focus on the standard models.

Here is a brief summary of what a CRM system can do for you:

- Stores all customer data
- Notes how a client originally found you (useful for analysing marketing)
- Stores all interactions
- Defines the sales process

- Books appointments
- Provides reminders to follow up on sales calls/appointments
- Analyses opportunities and forecasts future sales
- Provides reports and dashboards

This is only scratching the surface, but as you can see, having all this data to hand and a systemised process for tracking sales is extremely valuable. If you haven't got one yet, sign up to some software right now as without a doubt you will be missing out on sales.

Not only do you need a process for tracking sales, you should also have one for simple things like taking a sales call. Provide your receptionists with a sales script and flow chart for calls so they can qualify leads efficiently and have a variety of answers and scenarios prepared.

Accounting

It goes without saying that you need a robust system in place for accounting; this goes for a person with £100k turnover let alone someone who is trying to break the £1m barrier. Time and time again I've had business owners tell me how much money they think they are earning, only to be shocked at the end of the year when a huge tax bill or VAT bill catches them completely off guard and messes up their cashflow.

There is no need for this; with all the software available now, you should be able to see a snapshot of the health of your business and liabilities owed at any time. We'll discuss this more in the next section on how to analyse profit and loss reports. Fortunately, there is an abundance of cheap software out there that can track your invoices and accounts. One I've used for many years is Xero. It's completely cloud-based, which means you can create

invoices, see what bills you owe, and view reports on the go wherever you are in the world.

It's not enough, though, just to have decent accounting software. You need a written system of how it should be used. Asking yourself these questions can help you write a clear system that anyone in your company can follow:

- When will I invoice for a project stage?
- How will I mark off that I have invoiced a project? (You would be surprised how many jobs get done for free because this gets forgotten)
- What payment terms will be given to clients?
- When will we chase overdue invoices?
- What is the procedure for chasing debt? When is it escalated to legal letters?
- When will suppliers be paid?
- How do we reconcile supplier order numbers to ensure we have received the correct goods?

This is not an exhaustive list, but by working through these questions and formulating your own answers, you should get a decent accounting system in place.

Even with all the systems discussed in this section in place, you will still notice mistakes creeping in, which can be extremely frustrating. Use these mistakes as opportunities to re-analyse and improve the systems and eventually you'll have something watertight.

Advanced systems – worth the investment?

We've looked at some of the basic systems needed, but as you start to grow and put these systems in place, you'll realise how valuable and successful they have become. It can almost become an addiction as you start to look at more ways you can improve efficiency. As your business grows bigger, you'll soon notice that the off-the-shelf software has limitations. Sometimes they just don't do quite what you want them to, and specific features needed for your industry may be missing. It's tempting in this scenario to look at custom-building a system specifically designed for you. In principle this is a great idea, but you need to be aware of what you are embarking on in terms of both time and cost.

I have successfully designed and built (with the aid of a brilliant software developer) a fantastic operating system that tracks every job, every order and where every worker is. No invoice or extra for the client is ever missed and I have accurate data that enables me to analyse what job types are most profitable, meaning I can forecast where I should focus my efforts. I've linked it to my accounting software (Xero) and to my contract software (DocuSign) for increased speed and efficiency. This system is fantastic and completely bespoke to me, but it did not come cheap. Over the years I have spent about £30k on the system and hundreds of hours designing, developing and testing it. However, when I look at the off-the-shelf software that is available now, most seem to do exactly the same thing. This software wasn't around for me at the time, which is why I went bespoke, but with a bit of searching around and undertaking a few trials, you can usually find something that fits the bill. This will obviously save you a huge amount of time and money.

Although this operating system was a success, I've also had a big failure with developing a custom-made app. I spent almost three years and nearly £15k designing and developing it. The first place I went wrong was when I picked a programmer who promised the world but couldn't deliver. A

second developer then came along who tore the first one apart and started almost from scratch. He left before the project was completed and I was left with a half-built app that had been tinkered with by two developers, and which was pretty useless. Very frustrating. It started out as a great idea but, on reflection, it diverted time and resources that could have been spent developing the business in other areas.

As I've mentioned, failure isn't all bad; you learn lessons and move on, wiser for it. As Henry Ford said, 'Failure is simply the opportunity to begin again, this time more intelligently.' With that quote in mind, if I was to begin again I would have doubled my initial budget and used a respected company that could have delivered the app first time around.

In summary, I do think there is a place for bespoke software, but if you embark on this task, know that you are in for a long and expensive ride. Often, you can find software with similar features already out there at a fraction of the cost. For those features the off-the-shelf software doesn't have, you can normally think of a workaround, so think carefully before you commit. Whatever you decide, whether you go bespoke or not, ensure you have some operating systems in place as this will transform the speed and ease of your growth. It will also give you time to step away from the business and ease your stress levels, as you can be confident things are running exactly as you want and expect them to be.

ACTION POINT CHECKLIST

Develop your company bible and write out (or record a video with) step by step instructions for your core tasks in:

- 1. Operations**
- 2. Sales and marketing**
- 3. Finance/accounting**

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8

Profit and Loss

Learn to love your numbers

This may have been a chapter you were tempted to skip. Branding, marketing and so on are so much more fun than discussing a profit and loss (P&L) report. Although this chapter comes last, it's by no means the least important. According to the Small Business Association, over 50% of businesses fail within the first five years. Some manage to get through the early hard years, but then fail as they start to grow. A good understanding of the profit and loss report would greatly reduce the likelihood of failure. Not only that, if you want to grow past £1m turnover, you have to know this stuff, it's absolutely crucial to success. Don't rely on a quarterly or biannual meeting with your accountant. You need to know where you are every single month. Three to six months is too long a period if you're bleeding money and you could well be about to fail without even knowing it.

When you understand your P&L you can sense when danger is on its way. You'll see if sales are starting to slow, when the cost of products is increasing and your margins are being squeezed. You'll fully understand what your overheads are and how much you need to make each month before you make a penny in profit. You'll know how much tax to set aside and what you can draw in dividends/salary. During a growth phase you will see your cashflow at its tightest. You may start feeling like you are making

no money and there is hardly any spare cash in the bank – but you could still be profitable. Your P&L will show you this and give you a sanity check in those difficult times; understanding it gives you reassurance and helps you make informed decisions.

Business owners trying to grow without fully understanding their P&L are like blindfolded captains of a ship that is heading for the rocks. If you don't understand your P&L you are blind to whether your business is navigating well or about to be sunk by a rock. When you hit that rock, it will be sudden and unexpected; not being prepared, you will not survive.

It's not a coincidence that some of the world's richest people love their numbers. Warren Buffet, who was worth \$87bn in 2018,¹⁷ is numbers-obsessed. As an investor, he spends all day reading financial reports and pouring over the numbers. His understanding of these reports has helped him invest in the right companies over the last fifty years and propelled the growth of his fortune. John D Rockefeller is argued to be the richest man who ever lived. As an oil magnate he was worth \$1.2bn in 1918 – the equivalent of \$340bn in 2018.¹⁸ Rockefeller was an accountant and bookkeeper when he started out; he loved numbers. He kept a strict accounting of his finances in ledgers. Even when he was ridiculously wealthy he still poured over the ledgers himself, correcting the smallest errors that would save cents or dollars.

There is a lesson to be learned here from some of the richest men in history: learn to love your numbers. Even if you absolutely detest numbers I urge you to spend a good amount of time re-reading this chapter until you fully understand how to interpret your P&L. It's not difficult once you know the basics, but it's surprising how many business owners will never take the time to do this.

What is a P&L?

What does a P&L report look like, and how can you interpret it? It's an important question, as it's not enough to look only at the figure shown at the bottom of the report. Although the profit figure is a summary of the whole report, you still need to fully understand each section to be able to pull the right levers as and when needed; to tighten up or spend on expansion.

In this section, we will analyse a typical P&L report. Although the format may vary slightly to the one you or your accountant produces, you'll see the relationship with the figures and sections you have in your own. Take some time to have a good look at the example P&L report here, we'll refer back to this throughout the chapter.

You'll notice the report is split into these main categories:

1. Turnover
2. Cost of sales
3. Gross profit
4. Administrative costs
5. Operating profit

Profit and Loss

Turnover	March
Interest Income	1.81
Sales	177,847.90
Sales - Architecture	10,300.00
Total Turnover	188,149.71

Cost of Sales

Architecture & Consulting (CoS)	16,503.13
CIS Labour Expense	74,490.84
CIS Materials Purchased	17,318.31
Council planning fees (CoS)	310.83
Equipment hire	2,327.33
Materials	12,533.88
Subcontractors No CIS	12,546.00
Total Cost of Sales	136,030.32

Gross Profit	52,119.39	28%
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Administrative Costs

Advertising & Marketing	3,044.89
Amortisation	250.00
Audit & Accountancy fees	530.00
Bank Fees	12.73
Cleaning	122.90
Depreciation Expense	72.93
Directors Remuneration	7,500.00

Employers National Insurance	2,265.93	
Estimating - QS	1,055.00	
Goodwill	500.00	
Insurance	1,940.49	
Light, Power, Heating	424.63	
Motor Vehicle - Fuel	829.65	
Motor Vehicle - Parking	44.11	
Motor Vehicle Expenses	140.00	
Motor Vehicle Insurance	183.06	
Motor Vehicle Lease	125.03	
Payroll costs	45.00	
Pension	97.14	
Postage, courier	16.80	
Printing, stationery and office equipment	43.47	
Rent and storage	1,720.85	
Software	1,057.69	
Staff - IT support	1,425.00	
Staff - Marketing	725.00	
Staff - Salaries PAYE (gross)	14,715.80	
Staff welfare and office supplies	43.47	
Subsistence	13.09	
Telephone - mobiles	131.91	
Telephone - office line & broadband	299.71	
Travel - director & staff	544.65	
Website	250.70	
Total Administrative Costs	40,171.63	
Operating Profit Before Tax	11,947.76	6%

Turnover

This is simply the total of the invoices you generate per month, the amount of work you can bill for. In this example, the business (a design and build construction company) has two types of chargeable service he is tracking under the same company, so the turnover is split into ‘sales’ (main building company) and ‘sales – architecture’ (secondary design and architecture business). This could be good to do if you have multiple products or services and you want to keep an eye on what each is generating. For example, if you have a plumbing business but also an electrical division, you may want to separate those out for better analysis. Also under this section is interest earned on money in the bank. Usually not of note, but any income generated needs to be included in this section.

Cost of sales

This section should include all the costs associated with providing the service(s) or product(s) directly. It will not include overhead costs, which we will cover shortly. Using this construction company report as an example, you’ll note it is split into further categories:

1. Architecture costs: the fees paid to architects and other related professional services.
2. CIS labour: CIS is a UK tax in construction. This labour category is the cost of subcontractor labouring services.
3. CIS materials: the cost of subcontractor materials purchases.

(The above could be lumped together under the category of ‘subcontractor costs’, but splitting them up lets you see if further profits can be gained by removing the material purchases from the subcontractors. They will be making a markup on these material costs,

so you need to weigh up if it's worth taking these costs on yourself. It's often a choice between hassle/practicalities and extra profit.)

4. Council planning fees: local authority fees related to the architecture service.
5. Equipment hire: cost of hiring in plant to perform certain services.
6. Materials: purchase of materials related to carrying out a job.
7. Subcontractors no CIS: again, this could be lumped together with subcontractor costs, but in this case it specifically relates to specialist subcontractors who are exempt from CIS tax.

The above combined give you the total cost of sales.

Gross profit

Once we know the total cost of sales, we can work out the gross profit. This isn't the total profit that you're left with in your back pocket, you still need to deduct overheads. Gross profit is the difference between invoiced revenue minus direct costs. Gross profit is a vital figure to keep track of and can also be expressed as a percentage. You'll note that the gross profit in this example is about 28% (£52k of £188k). This figure can be used to set targets, which we will look at in further detail in the next section.

Administrative costs

Once you know your gross profit, you can look at your overheads or administrative costs. In our example case, we are left with £52k per month to play with. Out of this we must pay a multitude of overhead costs, which eat away at that figure until we're left with our total profit before tax, or operating profit. The aim is to keep your regular monthly overheads as low as possible to stop it eating up your overall profit.

The overhead costs should be pretty self-explanatory but below are some of the less common ones that you may not be as familiar with:

1. Amortisation: this is commonly used to show the regular monthly decrease in the value of an intangible asset. For example, it may refer to a bank loan that is decreasing by a set amount each month.
2. Depreciation: this refers to tangible assets decreasing in value, like a truck or van.
3. Employees national insurance: a UK tax due to be paid by employers.
4. Goodwill purchase: this covers the regular cost of a payment made when purchasing a company for a higher cost than its assets. The example we have used is paying for the brand name (the goodwill) purchase of a company it had previously bought out.

Operating profit

Simply put, the operating profit is what remains after the total overhead and administrative costs are deducted from the gross profit. This isn't quite what's left for you to go spending, though – we can't forget the dreaded taxes. Tax rates vary from country to country, so I've deliberately left that out, but the tax deduction should always be included in your P&L to see exactly what you are left with in your back pocket at the end of the month.

Now you should understand your own P&L report. If you haven't got one yet, use one like this example to start tracking your figures – without it, you are running your business completely blind. The real power of a P&L comes not just from understanding it, but having the ability to interpret the figures and then set targets. Once you start doing this, significant changes can start to occur within your business.

Set growth targets

Now you understand the P&L, it's time to use it to maximum effect. Don't let the report become something you only look back on month by month. If you do this, you are like a driver on the lookout for hazards, but only looking in your rear-view mirror. Looking back is great for understanding how and why things have happened, but the real success comes when you use it to look ahead and affect future events.

The first thing you want to do is set some realistic targets. You can do this as soon as you have gathered three to six months' figures, as by that point you can generally take a reliable average of trends. Some of the key figures you want to be setting targets for are:

- Sales revenue/turnover
- Gross profit percentage
- Operating profit percentage

Sales revenue

It's good to set a regular monthly target for your sales team, and this can generally be reviewed quarterly depending on the speed of your growth. Often, this number is derived from a figure you need to hit to cover overheads, but this isn't ideal. The target needs to be realistic and may be different for each sales person you employ. It may not need to be a monetary figure at all; it could be more motivating to set a target for the number of jobs you want your sales team to win each month.

Whatever you decide the metric should be, ensure you track this like a dog with a bone. If you want to smash through the £1m turnover barrier and

beyond, you must set sales goals every single month and ensure everyone knows what they are.

Gross profit percentage

This is one of the most important figures to track, because without good markup and profit, your turnover will be pure vanity. You'll end up a busy fool if you do not have a decent gross profit (GP) figure. In my companies, I've always aimed for around 30% GP. In your service industry it may well be higher, especially if you do lots of small jobs, or reactive call-out work.

This figure is a good one to track because the higher you can get it, the easier it makes things for your sales team. For example, in our sample P&L the company had a GP of 28%, working out at £52k. This was on a sales turnover of £188k. If they could have increased the GP to 33% (a 5% increase) they would only have needed to generate about £160k per month. That would certainly take some pressure off the sales team. Or, you could keep the pressure on; if you achieved £190k sales with 33% GP, you would have nearly £10k per month extra GP. That's £120k per year, for the same volume of sales, by increasing gross profit by just 5%. That is the power of improving gross profit even slightly, and it can make a big difference further down the road.

How do you improve GP? Either by increasing your sales prices, or by cutting the cost of delivering the product (ie getting cheaper suppliers or materials). Or, a combination of both. Could you realistically increase your prices to get an extra 2.5% profit, and drive down the cost of your suppliers by 2.5%? I'm sure most could, and that simple strategy could make you tens of thousands of additional profit each year.

Operating profit

This is not the easiest figure to manipulate, as often your overheads will be fixed – although we will look into how we can decrease them in a later section. However, it's still good to set some targets for this metric. You don't want this percentage to be too low otherwise you won't have a buffer for when times get difficult. You also have to consider the winter months, which in construction generally mean a downturn. If you have low OP throughout the year, one month where you lose money could wipe out the entire year's profit gains. You'll notice in our example P&L that the company had an OP of 6.4% (£12k /£188k)

In the book *Scaling Up*, Verne Harnish gives some valuable metrics to track the health of your Operating Profit:

- At 5% pre-tax profit, your business is in the danger zone.
- At 10%, the business is doing well but has untapped potential.
- At 15%, your business is very healthy.
- Anything above 15% indicates you should earn it while you can, until the market works out you are onto something good and the competition shows up.¹⁹

Ensure you set yourself a realistic but robust OP target, as this is the money you will potentially have access to at the end of the year – to spend on yourself, re-invest in the company, or buy out other businesses. Achieving an OP of 15% or more may seem impossible right now, but it can be achieved when you apply the DEVELOP strategy. As you are growing, you will need to invest money through additional overheads, even if you are not yet at 15% OP. Can you afford to make a new hire or take out that new lease on the office? This is what we will look at next when we learn how to set budgets.

Setting a budget

Now you've got this far through the book, I'm sure you can visualise and get excited about the rapid growth of your company. What can be scary, though, is not controlling that growth from a financial perspective. If you don't control your growth and keep a firm tab on the figures, you could grow yourself broke even if you are profitable. Let me repeat that: you can grow yourself broke even if you are in profit.

It's not uncommon for high-growth companies to simply run out of cash as they focus purely on profits rather than cashflow and budgets. We are not going to discuss cashflow analysis in detail here, but it can be done by keeping a simple spreadsheet of your monthly outgoings in cash (by date) and your expected income (by date), spanning three months. This should ideally show whether you are in positive or negative cashflow and help you take action accordingly, eg by calling in payments faster, or agreeing longer creditor payment terms.

Before you worry about the above, the first step is to ensure you are growing profitably to start with. If you're not growing profitably, you won't be able to sustain the losses for long at all and will eventually go bust. The key to growing profitably is to set a budget P&L. What's that? A budget P&L is simply a realistic and ideal P&L report that you think you can sustain each month. If you are in a growth phase, the figures may change each month as you set higher revenue targets. If you have a seasonal business, it may be worth plotting an entire year's budgeted P&L so you can set aside profits for the leaner months.

Whatever phase your business is currently in, a budget P&L will help greatly as you plan to grow. It can tell you instantly if you can afford to push up your overheads and, if you can't, how much you need to increase your sales revenue by to enable that to happen. For instance, in our example

P&L you will notice the company had an OP of about 6%. They wanted to maintain at least 5% OP as they grew and would not let it drop below this (remember, a figure lower than this and the company is in the danger zone). They also wanted to grow and take on another salesperson but could not yet afford it. An additional salesperson would have added £5k per month to the wages overhead, reducing OP to £7k – only 3%. The only way they could afford a new salesperson was by either cutting other overheads, which in this instance was not possible, as they were mostly fixed, or increasing sales revenue. But how would they do this with the sales team already stretched? They would have to either:

- Increase their prices; or,
- Save money on the materials from their suppliers; or,
- A combination of both.

By adjusting their budget manipulating the above levers, they could increase their OP each month by an extra £5k, which would give them the budget needed for the extra salesperson. Once they had the extra sales person, this would enable another growth spurt and budgets can be readjusted again.

Sticking to a budget is not easy; no one likes it. Maybe you've had to do it with your personal finances to save for a holiday or a new car. It's a pain and it often results in some sacrifice on your part. Your business is no different, but the consequences are more severe. A lack of a budget in this instance can mean complete failure in many cases. In terms of sacrifice, you may have to hold off on buying that new Apple Mac until you've got sufficient profit. That new spacious office may need to wait until your margins improve.

Business can be a slog at times, especially when going through growth phases, but setting and sticking to a budget will remove a tremendous amount of stress and pressure. You will know exactly what your outgoings are each month and what your sales targets should be. Don't delay, create your P&L templates, set a budget and stick to it.

Waste not, want not

The bigger your business becomes, the more waste you produce. It can't be avoided. Staff will over-order supplies or get orders wrong. Subcontractors will waste materials. It's extremely frustrating as, when you were a one-person outfit, you were in complete control.

Waste cannot be avoided, but it can be controlled. The P&L can help with this. Periodically, maybe every quarter, sit down with your accountant and have a good look at your overheads. Not just at the high-level figures, drill down into each transaction under the main headings. Ask yourself, do I really need that direct debit coming out each month? Sometimes you can find that you're still paying for an old mobile telephone contract or insurance product that you no longer need.

Can you get on a better tariff? Get someone to shop around for your IT software solutions. Can you move to a different package for broadband, or software for your Cloud storage?

Can you bring services in-house? You may be paying for a consultant or marketing expert. Are they still delivering value, or do you have a team member who could take this on in-house without being too stretched?

Have you asked for a discount? When was the last time you looked at your lease or rent? Why not ask for a reduction, as a loyal customer? What about your suppliers, could you agree fresh terms?

Can you buy in bulk? Are there certain items or materials you purchase a lot of throughout the year? You may be able to negotiate a better rate if you bought in bulk. Although, also ask, what's your inventory? Although sometimes it's worth buying in bulk, keep a close eye on your inventory – this can ruin a company's cashflow. You don't want your money tied up in long-term assets. Try to order only what you need and keep your inventory as low as practically possible if cashflow is tight.

Are all staff members still performing? Some of the biggest waste can be produced through staff not performing. Analyse this, and if a staff member is not performing like they used to, get to the bottom of the issue quickly and, if needed, let them go. Loyalty to staff who don't deserve it or who are not pulling their weight can bleed you dry. Sometimes you need to be ruthless and cut the waste.

Keeping your business lean will greatly help in an economic downturn, as your margins might shrink and it may not be possible to increase your prices. At times, the only way to maintain your OP is by cutting your overheads, and although it's difficult, you'll be surprised what you can find to cut when you need to.

Save during the good times

You may have heard the Biblical story or watched the theatre production of Joseph. In the story, Joseph had a dream that there would be seven years of plenty followed by seven years of famine. Today's economy goes through similar cycles of booms and recessions (although the recessions hopefully won't last seven years). In Joseph's story, he was put in charge of storing up supplies for seven years to prepare for the famine. When the famine arrived, everyone went to Joseph to buy grain and he greatly expanded the pharaoh's wealth.

The same principle should be applied in your business. You will go through periods when things are flying; you will be making great profits and it will seem as if it's never going to end. But trust me, it will.

At some point, whether it's triggered by a recession, or a new competitor entering the market, you will suffer a lean period. It can be tempting to spend profits on dividends or a new company car, but it's so important that when you have those great periods, you set some money aside to prepare for the lean times. It's true that when things are going well you do need to reward yourself in some way, otherwise what's the point of it all? But be mindful when rewarding that you need to keep something aside. Don't withdraw all of your profit, leaving yourself exposed.

Going back to the Joseph story, you'll note that when the famine came, Joseph was the only one who had stored up grain, so he became the go-to person and created huge wealth even in the famine. The same can be true for you in a recession. If you future-proof yourself during the good times, you will see companies left, right and centre falling at the wayside and you may be one of the few companies in your niche still standing when the recession passes. While everyone else is cutting their marketing costs and slashing staff, you will be there to pick up the pieces. At that point, if you play it right, you could greatly increase your market share and poach some good talent from other companies. The only way you can do that is if you have a buffer built up before the hard times hit. Once you've done this, if you've still got plenty of profit left over, why not go and buy yourself that new car. You've put in the hard work, you deserve it.

ACTION POINT CHECKLIST

1. Ensure you have online accounting software, such as Xero
2. Set up (or get your accountant to set up) P&L subheadings

3. Ensure you fully understand them all
 4. Create your budget P&L
 5. Set your growth target
 6. Review every month
 7. Analyse your overheads and cut back where possible
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Conclusion

If you've managed to get to the end of this book, you deserve huge congratulations. You clearly have a thirst for knowledge and the mindset to run a growth business. I'm sure you've found numerous ways in which you can go out and 'smash it' with your business. The future will look exciting for you now and I'm confident that if you apply the principles found here you will easily break through the £1m barrier, and will have built a fantastic foundation to take it way beyond that. Be sure to go through the action point summaries at the end of each chapter and implement them. You now have the knowledge, but that's meaningless without positive action to go with it.

If you've gone through the DEVELOP principles and realised you still need some help implementing some of them, don't worry. Some of us thrive on our own, whereas others work better in a group or with a coach. Ensure you follow me on Facebook for weekly tips and updates: www.facebook.com/developcoach/

Bill Gates famously said in the opening words to a TED talk, 'Everyone needs a coach'.²⁰ I've had consultants and coaches throughout my business life, and the payoff has always been huge. It's saved me from making awful mistakes, and sometimes it's just nice to have someone to bounce ideas off and give a different perspective. A coach can often see things that you can't, or they might have worked with another company who has experienced something you haven't. They can be brutally honest when your employees and friends won't.

Different coaches will help with different phases. Some are best for start-ups, whereas a coach like myself is more suited to established businesses looking to grow. Other coaches have the skillset to help you transition into a large organisation. Whatever phase you are currently in, consider using a coach to keep you accountable and take you to that next level. You will experience faster growth with a coach than without one. Even if you decide to go on this journey alone, I wish you all the best for the future. By applying the DEVELOP principles you will stand out from the rest, and that will give you a tremendous advantage. I hope you achieve the life you deserve, with less stress, more time for yourself and your family, and greater financial rewards. Go out there and build your future!

20 Gates, B (2013) 'Teachers Need Real Feedback' [TED talk].
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The Author



Greg Wilkes is a business owner and entrepreneur. He has over 20 years' experience running construction companies from the ground up. He has successfully created multiple businesses that have achieved over £1m turnover using his DEVELOP principles.

Greg is willing to share the DEVELOP principles to enable other business owners to grow their companies profitably. His valuable experience and success within the construction industry makes this honest and informative book a must-read for anyone aiming to run a successful construction company.

Greg now works as a coach and consultant assisting business owners who wish to fast-track their results or require assistance putting the systems in

place to run an effective and profitable company.

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