

49

GUTSY SURVIVAL TIPS

in 49 Minutes

By Steve Hayes

The Economy is in a different place than it was a few years ago. We are rapidly approaching a 90% employment rate in the US. Things have shifted, it is time to shift your business to meet today's economy.

Sponsored by:



*Changing the Way Custom
Installers do Business*



1. Metrics

- Review your P/L weekly to see where your money is going.
- Know your percentages.
- Ask for help to manage the numbers to a balance that makes sense

2. Labor

- Know labor standards and manage your install crew to meet or beat the standards.
- Manage each technician individually
- Train, manage or terminate.

3. Hiring

- Don't Interview, but TEST for aptitude.
- If they say they can install, have them prove it
- Same with designing, accounting, etc...

4. Firing

- Biggest mistake reported by business owners is that they kept the wrong people too long
- Think about that one person that you know you could fire tomorrow and you wouldn't miss them

5. Market Opportunities

- Stuck in residential?
- House of worship, light commercial, casinos, amusement parks....

6. Expand Operations

- Ever thought about hanging holiday decorations?
- UPS Shipping point
- Network provider for your building
- E-Bay selling station

7. Rethink Hours

- Move install staff to 4, 10 hour days.
- Better able to get the work completed by staying on the jobs longer each day

8. Manage Employee Behavior

- Get specific about what is expected

9. Create revenue generating opportunities

- Give everyone in your company an incentive to increase sales

10. Compensation

- Move folks to incentive based pay systems
- Tie Incentives to people's personal interests

11. Surprise Incentives

- Catch people doing the right thing
- Make them unpredictable

12. Bonuses

- Tie them directly to profitability

13. Lead Generation

- Offer incentives to everyone to find customers
- Pay either a finders fee or a percentage of the equipment sold
- Pay in store credit if cash is tight
- Approach related professionals for leads

14. Referrals

- Put a formal process in place for your company
- Make it attractive and available to anyone, not just past customers
- Get it in the hands of every electrician you know

15. Cash Flow

- Liquidate stale inventory
- Discount the video to acquire a steady stream of sales (sell the rest at good margin)
- Manage deposits as liabilities
- Use mechanics liens when necessary
- Make deposits daily
- Pay bills at the last minute
- Offer early pay discounts to customers
- Negotiate pre-pay discounts with vendors
- If you don't need it, don't buy it!
- Inventory weekly, control loss
- Charge for design time (even if it's only a few dollars)

16. Expenses

- Evaluate EVERYTHING
- Aggressively change your habits
- Leases and mortgages
- Express shipment charges
- Pre-pay discounts (don't let them escape)
- Office supplies

17. Refinancing

- Interest rates have not been lower
- Banks are nervous
- Bundle debt where possible at lowest rates

18. Lease Renegotiating

- Commercial landlords are most nervous about losing tenants in this economy
- Negotiate up front to secure your future and continue to pay the rent....
- They want to see you succeed!

19. Billing

- Bill for all of your time (biggest lost opportunity in our industry)
- Schedule payments so that all phases are pre-paid
- Invoice and collect in timely fashion

20. Collections

- Mechanics liens are in place to allow you control as a service provider
- Create a form letter for collections and send it early
- Give people specific payment due dates

21. Smart Discounting

- Discount those things that people price shop on Google (televisions, DVD's)

22. Pre-pay discounts

- Offer cash discounts for pre-payments
- Manage your pre-pay discounts tightly

23. Rebates

- Rebates are a cool way to use someone else's money for a while and then give it back later...
- Avoid buying this way...
- If you can figure out a way to sell this way, go at it!

24. Vehicle Management

- Check your leases, if buy-outs are less costly, then buy them out
- Watch the gas card charges – make sure they are real and for work only
- Lease (or donate the use of) idle vehicles to charitable organizations, take the tax break

25. Purchasing

- Remember that cash is king....for everyone.
- If you can pay cash, then negotiate big discounts with your vendors
- Buy from suppliers that offer great margins
- Buy only what you need

26. Bulk Purchases

- 'C' stock items – wire ties, work boxes, screws, bolts...you are going to need them so buy big and negotiate hard.
- \$30 per week still adds up to \$1500 yr...put it in your pocket

27. Understand the cost of convenience

- Avoid the retail purchases each day, put the extra 30-50% in your pocket

28. Discounts

- Ask EVERYBODY for one

29. Service vs. Installation

- You make more money when new equipment is being installed than if you are just servicing old systems

30. Pre-Kitting

- Build the system entirely in your shop
- Burn it in and fix it before you get to the customer's house
- Better image
- Better profits

31. Rack Use

- Put every system in a rack
- If you are not in this category, check it out

32. Use Velcro

- When dressing a rack use Velcro straps (at least initially)
- If you really want to finish with zip ties, then complete the job with them and then remove the Velcro straps

33. Standard Systems

- Sell the same system over and over again

34. Big Margin Manufacturers

- There is a new type of manufacturer
 - 90's and 2000's saw manufacturing moved off-shore
 - Most manufacturers kept that extra profit for themselves (dealers cost and MSRP stayed the same)
 - Examine the business models and profit margins of some of the new breed....Things are changing

35. Cash Pre-Pay Discounts

- I get lots of questions on this one...
 - Manufacturers need cash too
 - Many dealers in our industry don't pay their bills on time
 - If you have the cash, negotiate a severe discount with your vendors
 - If you don't have the cash, examine how you are billing your customers and GET the cash

36. Recycling

- Copper prices
- Scrap metal prices
- Not as profitable as it used to be
- But will likely pay for tools over the course of a year

37. Change Orders

- Create the form
- Manage them aggressively
- DON'T do any extra work without one signed and pre-paid if possible

38. Invoice changes daily

- If you can't get it prepaid, then send out an invoice at the end of the day to have them pay it now....don't wait until the job is complete or you will likely not collect on all of the changes

39. 4 – 10 hour days

- Briefly discussed earlier
 - Typical installer day is 25-30% travel and set-up
 - Moving to 4-10's reduces that to 10-20% and the rest of the time is spent installing stuff
 - On average, crews gain 2-5 hours extra per person per work week to do the installation.... (that's only 25 minutes to an hour per day gained for a 5 day work week)
 - Think about it...

40. Aggressive outreach program

- Best one we have heard about is 10% of equipment cost paid (in check) for any system sold
- Everyone is welcome to participate
- Top referral source is the postal carrier
- Tough times demand tough choices...

41. New Markets

- Light commercial is doing fine (hair salons, day spas, doctor's offices, etc...)
- Hospitality industry is re-tooling while travel is down
- Bar business is doing well and many are upgrading

42. Avoid Express Ship

- The average CI dealer is spending 2-3% in materials costs with unnecessary shipping costs.
 - Plan your business
 - Plan your purchases
 - Stop paying the shipping company your kids college tuition money

43. Stocking Bins

- Keep your installers on the job to get it done in a single trip
- Give them everything they will need in a bin
- Trips back to the shop cost a lot more than gas money

44. NO Free Designs

- Once you hand a person a free design, their assumption is that they need to check your prices next
- I hope you are the cheapest or you will never hear from them again
- Charge a nominal fee for your time AT LEAST!

45. Existing Equipment

- Sure you should install it. If you don't then someone else will
- Charge a percentage premium over what they paid for the equipment to inherit the headaches of the warranty
- Up-sell like crazy since you are already in their home

46. Hand Tools

- Installers should buy their own hand tools.
- You need to provide the big stuff like hole-hogs, ladders, etc...

47. Vinyl Cutter

- Do you have friends that could use vinyl signs?
- Go in with them on a cutter (about \$800) and stop paying the long dollar for signage
- Get your logo out there everywhere!

48. Travel Time

- Charge for it
- Average cost of a van roll is about \$47 per person per hour.... Figure 1 hour per day, per van (over \$12,000 year)
- Can you afford to give that away?

49. Pack a lunch

- Subway foot longs are \$5 bucks... plus chips, plus drink. Typically about \$7 for lunch
- Packing your own lunch averages less than \$2
- \$5 per day = \$1300 per year (sounds like a vacation to me)



**Changing the Way Custom
Installers do Business**

About SnapAV

Established in 2005 by Jay Faison, the owner of Zobo.tv, a custom integration company based in Charlotte, North Carolina, SnapAV is the manufacturer and exclusive distributor of over 500 high-quality products for the custom A/V channel, covering a wide breadth of categories, serving both the US and Canada.

From the outset, SnapAV's business model has been focused on enabling custom audio / video installers to increase profitability in 3 distinct ways:

1. Saving dealers money by providing comparably performing products across key custom A/V categories that significantly reduce dealer's cost of goods.
2. Protecting dealer margins by implementing price-protection policies and zero-tolerance Internet sales policies.
3. Simplifying dealers operations through best-in-class online ordering, installer-friendly product designs and customer service policies.

Current SnapAV product brands include Episode™ (Speakers & Electronics); Dragonfly™ (Film Screens); Strong™ (Mounts & Racks); Binary™ (Cables, Baluns & Bulk Wire); Old Camden™ (CineCabinets) and Wirepath™ (Structured Wiring).

1.866.424.4489 **www.snapav.com**