

Entrepreneurialism...A Disease That Can Ruin Your Business and Life

By Monroe Porter

When you own a business, your business life and personal life can all mesh into one giant ball of string. It can be tough to tell where your business life begins and the personal life stops. If your business is messed up, your life is messed up and vice versa. I want to dedicate this article to unraveling this giant mess and using some basic business practice suggestions that I feel can help you get off this entrepreneurial treadmill.

Entrepreneurialism is a crippling disease, it may not kill you but it can destroy your life. So why do so many contractors suffer from entrepreneurialism?

Several reasons really. Let's start with ease of entry. If you have several tools, a truck and some waiting customers, you are in business. Maybe your life plan was to own a business but that is not always the case. If you lack the self-discipline to have a real job, if your old boss fires you, you can't stand authority or you are just a plain good old fashioned dreamer; off you go into the world of entrepreneurialism.

I have been amazed at the number of contractors who year after year do not improve their performance. Further investigation showed the cause to be a personal health or personality issue. Ten years of working with contractors in an intimate manner has uncovered numerous cases of sleep apnea that can cause ADD like symptoms. Others suffered from adult ADD. Some were depressed because of the years of hard work and no money. Of course you have to throw in a couple for addictive behaviors like alcoholism. Maybe even the addictive behavior of being in business and the rush of the sale. We even found a contractor who was going deaf and that was driving many of his issues. It is interesting that almost everyone has some type of issue but if you work on the assembly line at the local factory, you can hide these problems much easier than a business owner can. It is also hard to tell which came first, the chicken or the egg. Did the contractor's personality cause the entrepreneurialism or did a poor business model break the contractor down and cause the disease over time? Regardless of the cause, if you do not have your head screwed on right, you cannot expect to be successful. Welcome to entrepreneurialism.

Another scenario we see is people who are too smart for their own good. Contractors who make money one year and then get bored and buy a big shop or start a new division only to shoot themselves in the foot and create financial problems all over again. Self-discipline makes you successful in business; not the idea of the month. Being smart can be as much if not more of a curse than being dumb.

What about those guys who are so driven that they are trying to prove something? Maybe their brothers and sisters are doctors and lawyers and they are trying to prove something. Maybe he or she was dirt poor growing up and they are scared to death of poverty. We all have snakes in our head that can drive us to be entrepreneurs. I was a smart kid and athlete who grew up in a semi-rural setting with few friends and a depression era Dad who did not attend my football games because he was too busy working. I saw it as lack of support and in reality he just did not understand. It took me years to figure out that I needed to do things for me; not to seek his approval. It is important to understand that motivational seminars can help feed your issues and lack of balance. If you are not careful, motivation becomes just another form of denial and not the inspiration it was intended to be.

Having a good business structure can help with the disease but I also have customers who have spent their whole life trying to make their business successful. Suddenly they make more money than they ever dreamed possible and now they have to deal with the real problem which is themselves. With all this said and done, I have to do what I do best which is offer business advice and solutions to help cure the disease.

Do you run your business or does it run you? How is tomorrow going to get better unless you learn to change? The following tips can you help change your business and it will help change your life.

Learn your numbers: How do you control entrepreneurial enthusiasm? By knowing your numbers you know where you make or lose money. Get rid of the pieces of the business that are not profitable.

What were your numbers last year? How much money did you lose, make, etc? How much more would you like to make? Add up all your costs line-by-line and decide what costs will go up, what will go down, etc. Focus on reality and not pie in the sky. The numbers will hold your optimism in line.

Keep a time card on yourself: Entrepreneurialism is a time related disease where understanding where you invest your time is critical. Keep a time card on yourself for three days. Do it in 30-minute increments to see where you are spending your time. Put a dollar value on what you do. If you are worth \$50 an hour when you are selling or running jobs and someone else could pick out materials for \$15 an hour, you are losing \$35 an hour. If you want to make 100k a year, you cannot be an overpaid delivery person and babysitter. You must make the maximum use of your time. This is one of the first things we teach people in our networking groups. You can't be financially successful by doing the job of a laborer, babysitter or delivery person.

Raise your prices: If you are going to go broke, do it playing golf or fishing, not working on the job. I talk to contractors everyday that are absolutely convinced they can't charge more. Why are you so intent as an industry to keep rich people's houses pretty while they are on a cruise or playing golf? It can be this simple, if you do \$250,000 a year in sales and make \$40,000, raising your prices 10% generates 25k in additional salary and raises your income to 65k. What about the people you lose? Market to new people and sell the holes where people drop out. Also, the people who are the greatest pain are usually the people who want it done cheap. Stop making rich people richer and instead charge more and find the people who will gladly pay for your services.

Know your renewal and closing rates:

Track your closing ratios for quotes. What percentages of the jobs that you quote are you awarded the job?

Make sure your get the structure right. This is the absolute most important thing I want to discuss. Too many contractors try to solve their stress issues by throwing bodies and middle managers at the problem. Too many field people think all you have to do to be a manager is ride around with a cell phone and white hat. The solution to growth issues is not more middle managers. The solution to growth is better structure and control.

Your growth path should look something like this. When you get more administrative tasks than you can do as owner, you need to hire a part time office person to help you. This person should answer the phone, track costs, qualify leads on the phone, help with customer contact and scheduling, help order materials, and in general run your life. Most contractors are disorganized. If you are disorganized, accept it and hire someone to help run your life. While this might be your spouse, this can be difficult as the two of you may resent your telling each other what to do. Hire a good office person prior to hiring a salesperson or field supervisor. Get your house in order prior to growing. Again a part time person can be a huge help but pay them well. Use what you pay a craft person as a pay guideline. Later you can hire a full time person. I would rather see you have a great person at \$16 an hour for 10 hours a week, than a weak person at \$10 for 25 hours. You have a strong personality; you need someone you cannot sell or boss around, this needs to be a team effort, not a dictatorship.

Work Set Crews and Hold Foremen Accountable: Everyone knows it is difficult to find good help but you have to get a handle on the realities of field leadership prior to growth. If you are not going to be in the field making decisions, you must have someone else take your place. It is just that simple. If your plan is to ride around and babysit the crews or hire someone to do this for you, you are spending a ton of money trying to make your field people accountable. Each crew needs a leader who is held responsible for what they do. Think in terms of crew leaders, not employees.

Simplify, Don't diversify: Don't let your customers and operations drive your business plan. Slow down. Another division, more growth, another service is not going to help.

ASK YOURSELF THESE QUESTIONS PRIOR TO STARTING ANY NEW BUSINESS VENTURE:

What new skills and types of employees will I need to do this type of work?

What type of equipment and cash do I need?

Realistically, how much of this work can I do in a year and how will I market to find it?

How is this going to detract from my existing business?

Who can I run this idea by that will give me honest and independent advice?

Learn to play "what if" not "oh no". It is so much easier to stay out of financial trouble than it is to get out of trouble once you are in the red.

In summary, quit messing up your life by selling and trying to work yourself out of a financial hole. Stop the bleeding. Fix what is wrong; growth is not your friend. Never try to grow to make money, make money and then use that money to grow. Get the numbers right, get the structure right and get how you spend your time right and life will immediately get better.

Admit it, you are an entrepreneuraholic. Stop looking for the next business idea or quick fix and build a real business. Don't look for that next job to be the "fix" you need. Year after year, job after job, and soon you will find yourself one of those weather beaten, bent over, grumpy old men who hang around suppliers bitching about business. Just like a guy looking for the answer to all his problems in that next drink, that next job won't fix you either. Build a business; learn the numbers; face reality. Make your dream of owning your own business a reality, not a fantasy.

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