

NewsWire

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HELPING ENTREPRENEURS AND BUSINESSES GROW AND SUCCEED

A joint program of UMD's Labovitz School of Business and Economics, Natural Resources Research Institute and the Swenson College of Science and Engineering

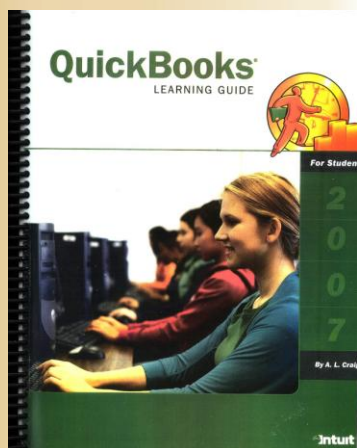
BONUS TIPS

Simplify your payroll processes. There are better ways to manage your payroll in house than using spreadsheets or outsourcing services.

Accept credit and debit cards quickly and easily. Giving your clients additional payment options can be a simple way to get your money faster.

Take control of your inventory. Consider a point of sale system to automatically track inventory, sales and customers if you use a register.

Stop the handwriting. Printing checks instead of writing them out can save valuable time throughout your work week, and it looks more professional as well.



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20 TIPS Every Contractor Should Know

1 GETTING THE JOB

Standing out as a contractor in your industry isn't easy. Here are some quick tips to get you the job.

- **Get Legit.** Even if your state doesn't require contractors to be licensed, bonded and insured, doing so will instill trust in your clients. Knowing that you care enough about your business to be official goes a long way to getting the job.
- **Get a Website.** Don't overlook the importance of a website. Whether you do commercial or residential work, someone will be checking up on you to see how professional you are. A website can help potential clients learn what services you offer and hear from other satisfied customers.
- **Get a Budget.** Remember: there will always be a competitor who spends more on marketing than you, so it's important to create a marketing budget and plan.

2 GROW YOUR BUSINESS WITH A LOAN

The Small Business Administration offers several loan programs you can take advantage of when your contracting business starts to grow.

- **The SBA 7(a) Loan Program** helps small businesses that might not otherwise qualify. It's a flexible loan you can use for equipment and machinery, working capital, land and building, and more.
- **The 504 Loan Program** provides long-term, fixed-rate financing for real estate, machinery or equipment if you're currently expanding.
- **The Microloan, 7(m) Loan Program** covers up to \$35,000 for inventory, supplies, furniture, fixtures, machinery and equipment.

3 WHY RECYCLE?

Everyone's "going green" these days. Here are some good reasons you should jump on the recycle bandwagon.

- Used or recycled building products can be more affordable than new ones.
- Recycling can be a great public relations tool to build awareness of your involvement in environmentally friendly activities.
- Your experience with recycling materials can qualify you for projects looking for eco experts.
- Recycling materials reduces our dependency on natural resources like trees and oil.

- The more we recycle the less pollution we emit.
- Recycling may reduce your disposal fees on a project.

4 PROJECT MANAGEMENT 101

Every contractor needs a good project manager to oversee a job. That might be you, but if you're not highly organized and able to manage both the big picture and daily tasks, consider hiring one.

The project manager should be able to manage all aspects of the project, from estimates and supply costs to coordinating labor and providing customer service. He or she should be the point of contact to your client, and be able to answer any questions or concerns the client has.

Overall, the project manager should ensure each job runs smoothly. He or she should visit the site daily and provide you with a report on the status of the project.

5 WHY CONTRACTORS NEED A BUSINESS PLAN

Where will your contracting business be in one year? Five? Ten? Creating a solid plan can help guide you to answer these questions, as well as give you a way to get there.

1. A business plan makes you professional. You've put a lot into your business, investing the time and money it takes to become a professional contractor. Creating a plan gets you organized, and potential clients will notice.

2. A business plan keeps you from overspending. A key part of your business plan is the budget. If you looked at your financials from last year and wondered where all the money went, a budgeting tool can help keep you on track, and show you where you need to allocate your funds. As a **QuickBooks** customer, you have one built in.

3. A business plan attracts investors. Whether you're currently looking for financing or may need money down the road, having a solid plan impresses investors and banks alike.

6 EMPLOYEE OR SUBCONTRACTOR?

Considering a worker as either an employee or a subcontractor will have an impact on how you handle their payroll taxes. If you work with subcontractors, you don't withhold their taxes, and you provide them a 1099 at the end of the year.

To make tax time easy, have each subcontractor fill out a W9 as soon as they start working for you. Make sure you send them their 1099s by January 31st. **QuickBooks** can help you process your 1099 forms at the end of the year with Payroll services.

7 DO I NEED WORKERS' COMP?

Most states require contractors to have workers' compensation insurance for their employees. Workers' comp covers injuries that occur on the job, whether they're hurt on the work site or elsewhere. Not carrying workers' comp may cost you in more ways than one: you may not be eligible for certification and licenses, you'll have to pay for an injury out-of-pocket, and many clients will refuse to work with you.

Regulations in every state vary on:

- Amount and duration of lost income benefits
- Provision of medical and rehabilitation services
- How the system is administered

Make sure you are familiar with the regulations in your state.

8 DEFY THE ECONOMY AND STAY OUT OF A SALES SLUMP

Everyone in contracting is down when the economy is down. Don't let that affect your own sales. Here's how to keep business rolling:

- **Advertise.** A slow period is the perfect time to advertise to get your numbers up.
- **Get Press.** If you have something newsworthy, get it in a press release and send it to the media.

- **Network.** Join a networking group (or three) in your community to build relationships with potential clients.
- **Look at Pricing.** Consider cutting prices or offering promotional pricing.
- **Get New and Improved.** Take this time to make your company better able to compete in a saturated market. See if you can cut costs or offer better service.

9 DEDICATED TO SALES

Hiring a dedicated salesperson to develop commercial or residential business may be the smartest thing you ever do. If you're not a salesperson, why are you the one trying to close deals? Help your salespeople succeed with these tips:

- **Educate.** Your salesperson needs to know what you do and what products you use in order to sell your services. Take time to train your salesperson on what your services are, what the features are, and how they can help your customers.
- **Question.** Make sure your salesperson asks potential customers the right questions. He or she should focus on asking questions about the problems a potential client has that your services can fulfill. Ask questions to get "yes," not "no."
- **Objectives.** Your salesperson should have an objective with each call made, whether it's getting an appointment or closing the sale.
- **Commit.** Your salesperson should ask for a commitment from each person who shows interest in your services.

10 LEAD YOUR TEAM TO SUCCESS

A contractor relies on employees to build success. Without workers, there is no job. Help your employees or subcontractors be the best at what they do.

- **Keep Tabs.** Whether you're on the job daily or not, know what's going on. Assist with issues immediately, and hold regular staff meetings.
- **Delegate.** If you're a hands-on type of contractor, consider stepping back. You hired capable people to get the job done right, so let them do their work.
- **Manage Yourself.** Your business will be fine, even if you work less than 50 hours a week. Make sure you're not overworking yourself.

11 THE BENEFITS OF HIRING A RECEPTIONIST

If you're a small operation, you may be answering your company phone line on your cell phone in the middle of a construction site. By hiring a receptionist to take your calls (and help clean that stack of papers off your desk) you add a level of professionalism that your clients will appreciate.

- A receptionist is the spokesperson for your company. Because he or she answers the phone in a warm and friendly manner, callers will instantly associate your company with positive feelings.
- If you tend to forget to return calls and lose numbers, a receptionist will help you keep track so you don't miss a potential sale.
- Not having to answer calls when you're on the job will free you up to do what you do best!

12 INCREASE PROFIT WITH BETTER ESTIMATING

If you're still estimating projects on the back of an envelope, you may be losing revenue. A better way to get a more accurate estimate is to use estimate software. There are dozens of companies that sell software to help you determine job cost, labor hours and material quantity.

Don't buy more than you need! Many programs offer too many bells and whistles, and may be more difficult to learn. Keep it simple, and buy the software that best addresses your needs. You'll likely see your margins increase as a result. Many programs integrate easily with **QuickBooks** software.

13 TECHNOLOGY FOR CONTRACTORS

Technology is constantly evolving to help improve business. Contractors have so many tools at their disposal, and just about everything you do can be done by a computer (except build a house or do electrical work).

1. Estimating. There is software available that helps you manage your estimates, making them more exact. You can determine material costs and job costs easily.

2. Project Management. There are programs that keep you on track and on time on any project you have. You can run reports and analyze each project.

3. Accounting. You already know how useful **QuickBooks** is when it comes to accounts payable and receivable. But did you know you can also take advantage of training, supplies and other services?

14 USING BUYERS' GUIDES

Competition in your industry is tough. It's hard to stand out in front of your competitors without spending all your revenue on marketing and advertising. But an affordable tool that can get you in front of the right clients is available: buyers' guides.

Most industries have buyers' guides, such as The Blue Book® of Building and Construction, which are essentially a listing of all the providers in that field. Typically, you can get a free listing that includes your company name and contact information, as well as a brief overview of what services you offer. You can also pay for enhanced ads that may draw the reader's eye your way.

15 DRUG-FREE FOR YOUR COMPANY

Keeping your contracting business drug-free is the key to a successful business. Not only does it keep workers more productive, but some states even have laws that state that contractors who bid or work on state projects must be drug-free. Here are a few steps you should take to ensure your team is drug-free:

- Insist on pre-employment drug screens for all new hires.
- Implement random testing for all employees.
- Good worker or not — no employee is worth keeping on staff to risk your company's reputation.

16 STAYING CURRENT WITH YOUR INDUSTRY

There are several resources where you can find out about new trends in your industry and information that can help you improve your company's offerings.

You likely have a handful of industry publications in that stack on your desk. Make it a habit to flip through one each day, stopping to read the articles that interest you.

The internet is virtually limitless when it comes to useful information. It takes some work to find the sites that offer you the best resource for what you do. This can help you learn about upcoming events, webinars and podcasts available to you as a contractor.

17 CREATE REPEAT BUSINESS WITH BETTER CUSTOMER SERVICE

Top-notch customer service isn't always the first priority for some contractors. The good news for you is that providing excellent customer service can differentiate your company and drive business.

- Always have project or sales managers introduce themselves to new clients. They should be the point of contact for questions or concerns.
- Before a project begins, supply the client with marketing material and information on your company.
- Update the customer with the status of the project regularly.
- After the project is completed, send a thank-you card along with the reassurance that you will be available for any issues that may arise after the job. Keep your word!

18 MAKING PRESS RELEASES WORK FOR YOU

Not marketing could cost you thousands of dollars in business you could have had if you had taken the time to develop a marketing and PR campaign. Press releases are a good way for contractors to make their way into the limelight.

- **What do I write about?** There are many things you can cover, including a new project secured or completed, a new employee, or an award won.

- **Who do I send it to?** The construction industry has dozens of trade publications that are hankering for news. Many have pages on their websites for companies to submit their projects. Additionally, your local newspaper or business journal likely has an announcement section where you can send your news. Read carefully to find out who handles press releases in your field.

19 WHERE TO MEET YOUR NEXT CLIENT

Business is everywhere if you know where to look. Because you're in an industry where a project or job involves a hefty investment on the client's part, it's important to build relationships with them before they even hire you.

Every city has networking groups where business-minded people meet to share their services and products with others. Email is also a great way to find new clients. Email providers like Constant Contact can help you leverage your address book and send regular emails. Include company news, useful articles on home renovation, and specials or discounts. As a contractor, there are probably a few big players you'd love to land as clients. Call or stop by their offices and introduce yourself. Bring a brochure and be able to tell them quickly how you can help them.

20 DOT YOUR I's AND CROSS YOUR T's

If you've decided to create your company communications internally, here are some areas to look out for. Not being thorough might cost you that next contracting job.

1. **Grammar mistakes:** Many clients find poor spelling reason enough to look elsewhere for a contractor.
2. **Putting your audience to sleep:** Keep content brief and informative!
3. **Giving false information:** With inaccurate information, you will run off potential customers, and lose the trust of your current clients.
4. **Looking unprofessional:** If a website or brochure doesn't look professional, chances are prospects will move on and find what they need elsewhere.

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The University of Minnesota Duluth Center for Economic Development offers numerous workshops to help entrepreneurs and employees operate more efficiently. All workshops are held at the Duluth Technology Village, 11 E. Superior Street, Suite 210 unless otherwise noted. **To register call: 218-726-7298, 888-387-4594 or register online at www.umdced.com/workshops.**

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