

8.3 Profitability

Revenue - All Expenses = Profit

In order for your company to succeed it will have to be profitable. This can sometimes be difficult to balance as you will want to be competitive, but also make sure you can support your financial obligations. Some industries work on small margins, but fortunately the graffiti industry typically has very large margins. This is by no means a guarantee that your company will flourish just because there is good money to be made, but if you stay busy and follow the points below, you should be on track to owning a successful graffiti removal company.

The following list is not a guarantee or a complete list, but it does meet many of the suggestions that top business people suggest for new or small businesses to follow in order to be profitable.

1. Keep Track Of Your Time: How much time you spend on a job can mean the difference between making \$60 or \$6/hour. If you don't know this answer at the end of a job, then it will be hard to analyze your business model and know how profitable you are until the end of year. If you are making \$400 on a job and it takes 10 hours, which would be calculated with travel, prep, actual on-site work, follow up time, and any other time you spend specifically on that job, then you are making \$40 per hour on that job (minus expenses). Your hourly rate will rise to \$200 instead of \$40 if you spend 2 hours on the same job instead of 10.

Know how much money you are making per job/hour/week/etcetera and how much time everything requires. This will help you quote jobs more accurately and keep the business sustainable. You will then know your minimum price on each specific job, which is a good starting point when building a quote. Don't ever quote a job that will cost you money.

2. Analyze Your Expenses: Know what everything costs from your phone bills, vehicle maintenance, software subscription, wages, taxes, advertising, and so on. If you know what it takes to run your business you will be able to set sales goals and make appropriate budgetary adjustments.

3. Analyze Your Advertising Budget: Once your company has begun and you have some months behind you as a business, start to track where your business is coming from. You should know if your paid advertisements are working for you; however, don't discount the fact that general brand awareness has a value as well. Even if an advertisement isn't bringing you the exact number of customers that you want, but it is bringing you customers, try to look at the awareness it is bringing your brand in your area as well. Not everyone is going to have graffiti today, but if they see your name enough they will remember it and have a connection to your company when they are searching for graffiti removal in the future. A good way to keep track of this is to ask your customers who call you where they saw your name or how they found you. If everyone is saying the same source, this could mean your other ads aren't in the right place and it might help you find out where you need to increase your expenses and decrease them accordingly. Remember, advertising plans need time to work. Before you commit to a campaign, make sure you are prepared to see it through, even if the first few months don't give you the large return you were hoping for.

4. Make Customer Service Your Top Priority: If you don't make them your top priority, your competition will. If personal connections and cold calls aren't your strong suit, you will need to work on this because sales is what makes a company work. When talking to customers, at any level, let them know they can trust you, quality is your number one goal, and reassure them

that their property is in good hands. Arguing or rudeness will never help your business, so treat them like you are on a first date and build the relationship.

5. Prevent Waste: Similar to your other budgets, you should know the details within your costs that can be prevented. For example, if you use a paintbrush for applying Graffiti Syrup, it will take you an extra 30 seconds to clean that brush at the job-site instead of throwing it out. 30 seconds of work to save a \$10 item is much smarter than throwing it out, as 10 jobs with the same brush, just saved you \$90 on 9 new brushes. You can calculate it a few different ways (\$10 on a \$250 job is 4% added to the expenses), but they all lead back to saving your company money. Waste is seldom more profitable than reusing items if possible. Let your employees share this task and find ways to motivate this as part of your company culture. It will also go a long ways with the image of your company if you are working towards helping the environment as much as possible.

6. Find Reoccurring Revenue: Your GPP is the best model for reoccurring revenue, so make sure you offer this to every customer, if their property will work within your program (geography and graffiti frequency can be the main 2 limits). Graffiti often happens in cycles, so there will be months that are typically slower than others and highs and lows within those cycles too. Work at building a business model that is bulletproof, so if graffiti slows down for a month or 2, you will have your expenses covered. Know what your expenses are and then match that number as your minimum for GPP customer dollars per month. This can sustain a company for many years and the larger you grow it, the more secure your company will become. For example, if you have \$11,000 in monthly expenses, then you would want to have \$11,000 of GPP monthly customers. The larger you grow above \$11,000 per month, the more resilient your company will be.

Other reoccurring revenue can be found by checking on buildings that you have done work on before and the owners/mangers accept your quotes quickly. It is a good habit to look after these buildings as if they were on your GPP. A simple call or email from a building could have you working on it immediately. Not everyone will go on your GPP even if it could financially benefit them, but many customers will use your services and appreciate you keeping an eye on their buildings. If you are at a building and find other maintenance issues that don't seem to be addressed, or need addressing quickly, call the owner or manager and let them know you happened to see an issue they might want to have looked at. Even if it isn't your service they will hire, it's a good opportunity to let them know you're keeping an eye on their investment and you'll contact them even if you aren't making a financial gain. Don't ignore an opportunity to build trust and grow your business relationships with something as quick and easy as a phone call.

7. Stay Focussed: Avoid distractions and know what is making you money. If you try to expand your services, you should know if it is more profitable than what you are sacrificing to make that expansion. Graffiti removal is a niche market without being flooded like many mainstream trades. Be the expert in your area and grow your business. Following new trends rarely works for everyone and it isn't a solid long term plan.

8. Incentivize Salespeople: If someone is selling your services, make them work for it and reward them accordingly. You won't get the same drive and quality out of people who receive their paycheques regardless of their sales like you will with people who are making bonuses or commission on their work. If someone is going to make \$20/hour regardless of what they do in a day, they are less likely to make the same amount of sales as someone who has the power to make \$50/hour after commission. You should want to pay people more money in the second scenario as they are only making more money because your company is too.

9. Follow Your Mission Statement: Your mission statement should be designed to make everything in your company, including customers, work together and grow. Success is made through nurturing a small business, new customers, and encouraged employees. Try to not lose the excitement once the “honeymoon” stage is over. You are the leader of the company, so lead by example and stay focussed on your long term goals.

10. Customer Feedback: If you think everything is good, your profits should reflect that you are correct. If your customers aren’t happy, you need to know why sooner than later. You don’t want to notice bad ratings on Google to find out what people think of your service. Be proactive and ask them if everything met their standards and if there is anything else you can do for them after every job. It’s an easy way to get repeat business instead of wondering why a customer is now using your competition.



Start with these practices and grow your business with confidence that you are doing everything you can. Take a look at your business plan and dig deep into sections that you feel will make a difference in the direction you want to go. Your investment was earned by hard work, so make sure you nurture and grow it like everything else you take pride in.

+ MODULE 8 EXERCISES

1. Create your photo database to keep your graffiti photos organized.
2. Work through the Practice Quote Sheets.
3. Add a GPP outline to your Marketing Plan.

+ ATTACHMENTS

Practice Quote Sheets

Remove My Graffiti Shield Program (GPP)