

DEBT COLLECTION FOR TRADIES



Want To Love Your Business Again?

Hi, we're Andy and Angela Smith, co-founders of Lifestyle Tradie and Dr. DRiP Plumbing. We teach tradies in business, just like you, how to break the cycle of chaos — long hours, hiring and cash flow dramas, debt collection, and constant bickering.

When you started your trade business, it was a proud moment. You'd finally be in control. Best of all, it was your ticket to a **better lifestyle for you and your family**. More freedom. But now, the self-doubt has crept in. You had no idea how busy and lonely you'd be feeling at the same time.

How do we know this? We've been there, too.

When we started our own trade business, Dr. DRiP Plumbing in 2000, it went gangbusters. It quickly grew into a **multimillion-dollar business**. At the peak, we had a team of 17 tradies, with eight vehicles on the road. We were on top of the world, right?

Wrong. Our lives were in complete chaos.

Like flicking a switch, we went from making **\$50,000 a month to losing \$50,000 a month**. At our worst, we had \$188,000 outstanding. The dire situation was soul-destroying for both of us and it took a heavy toll on our marriage. Everything we'd worked hard for was hanging in the balance.

We had no systems. Andy kept everything in his head. BIG mistake. Before our eyes, the business was **spiralling out of control** — and we were financially, emotionally and physically spent. We had no idea how to fix it and nowhere to go to get help, which completely weighed us down.

After hitting rock bottom in business ourselves, we climbed out the hard way, learning our biggest lessons through expensive trial and error. Based on this experience, we've developed **Lifestyle Tradie's** award-winning trade business education hub and community.

Here's the thing. It's the best business people who are successful, not the best tradies. TAFE only taught you the rules and regulations. Your first boss only taught you how to swing a hammer. **You've never been taught how to become a business owner, until now.**

You don't have to reinvent the wheel.

Lifestyle Tradie Membership is for you — plumbers, electricians, builders, landscapers, painters, glaziers, air conditioning technicians, and more — if you want to **reclaim that proud moment**, where anything is possible.

To your success,

Andy & Angela Smith

Andy & Ange Smith



How did you get here?

If you feel your business debt is getting out of control, there are a few simple steps you can take to get it back on track.

The most important thing is to understand how you got in this situation, the three most likely scenarios for debt snowballing are:

1. Not invoicing fast enough
2. It's a low priority
3. No follow up

The end result = cash flow issues



Invoice NOW: Get your leverage back

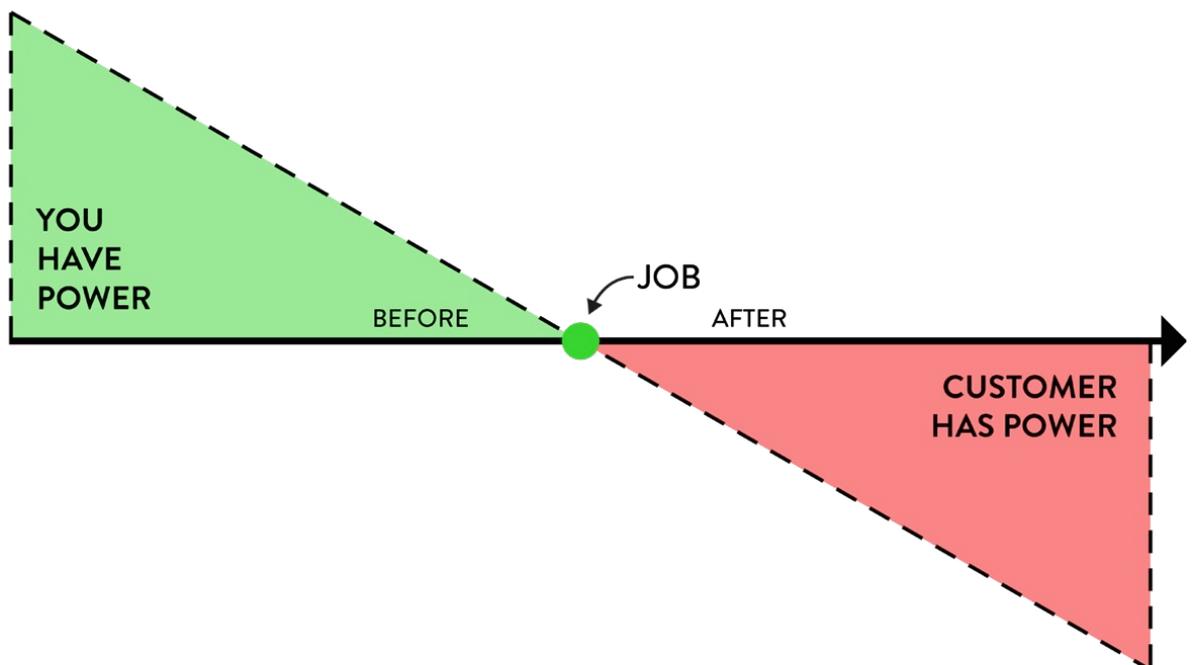
The best way to get your debt under control is to stop taking on NEW debt. Tighten up your payments using our Payment Leverage Timeline below; you can minimise or eliminate future debt from accumulating.

GREEN zone is before the job takes place – this when YOU are in control of payment being delivered on time. This zone is when you are completing the job and are on-site in front of the customer.

RED zone. In this section, the customer holds all the leverage. You have completed the job and left the site – this is not an ideal situation for you. Once the job has been completed and their issue solved, their urgency to pay is gone too.

Remember, YOU ARE NOT A BANK, so stop bankrolling your customer’s jobs!

The Payment Power Timeline



Invoice NOW: How Dr.DRiP does it

In our plumbing business Dr.DRiP, we ensure that payment is made at the end of the job before we enter the red zone.

When they accept the quote, we tell our customers that payment in full will be required at the end of the job; that way, there are no surprises. The payment is immediately tracked in our cloud accounting system and updated in our records.

This 'pay on completion' tactic is successful almost all of the time in residential work* and means you can TICK that payment box and move onto the next job.

With this method, our team carries petty cash and credit card machines or accepts direct transfers where a customer can show payment has been made.

PAY ON COMPLETION = IMMEDIATE CASH FLOW

*However, for commercial clients, you may need to action 30 or 90-day payment schedules. You will need to set yourself reminders to check for these payment updates in your cloud accounting system.



Collect debt WEEKLY with our FOUR steps

Print latest. Get all your accounts up-to-date. Print the latest aged receivable report, so it's the most up-to-date. Also, double-check with your job management system (if applicable) to ensure they match.

Call the customer. The next step is to call, email and text your customer. See our example script below and adapt it to your situation.

Update notes in one location. Keep notes on when the customer has been contacted and the outcome of that conversation so everyone knows what's going on.

Schedule weekly touchpoints. Schedule time every week, at the same time on the same day, to collect your debt.

CALL CUSTOMER

Hi <Customer name>,

It's <Caller's name> here from <Company>.

I'm calling in regards to invoice XXXX for when <Tradesman's name> was at your property.

Our accounts show that the invoice is still outstanding.

Is this something we can sort out today? OR

Could you please let me know when this will be paid?

TEXT CUSTOMER

Hi <Customer name>,
It's <Texter's name> here from <Company>.
I just tried calling in regards to invoice XXXX for when <Tradesman's name> was at your property.
Our accounts show that the invoice is still outstanding.
Can we please sort this out today?
Please call me on <Company number>.
<Your name>

EMAIL CUSTOMER

Subject line: Overdue Invoice XXXX
Body:
Hi <Customer name>,
I just tried calling in regards to invoice XXXX for when <Tradesman's name> was at your property.
Our accounts show that the invoice is still outstanding.
Can we please sort this out today?
Please call me on <Company number>.
Warm Regards,
<Your name>

FIVE steps to clearing the backlog

1. Dedicate a specific time

An hour before you start work or an hour at the end of your day, find the best time that works for you and dedicate it to clearing the backlog.

2. Schedule follow-up questions

When invoicing, more often than not, you'll have follow-up questions — whether it be with the supplier, or tradie, or even another contractor. Schedule a time to ask these questions and get the answers you need to get these invoices out.

3. Use correct details

Get the spelling of your customer's details and the general spelling and grammar of the invoice correct.

4. Celebrate the achievement

If you had outstanding invoices and have managed to clear the backlog, make sure you celebrate it — it's a big deal.

5. Be consistent

Now you've cleared your backlog of invoices, make sure you maintain doing your invoicing.



Stay debt-free

The key takeaway is that staying debt-free is your best option. To keep yourself on the right track, use the below as a checklist.

- ✓ Weekly, reprint the accounts receivable report and cross-reference who is yet to pay their debt.
- ✓ Keep the pressure on, and stick to your weekly client follow up calls / emails and texts until all your debt has been collected.
- ✓ THEN ensure all future jobs (where possible) follow the “pay on completion” method to ensure you minimise future debt collection tasks.
- ✓ Rollout to make sure your team is following your ‘pay on completion’ method so that the process is solid no matter who shows up to site.



WHAT'S NEXT?

You're the one wearing the heavy load of responsibility - and suffering major stress. Find out how we can help further...



LISTEN TO...



This podcast is about having conversations on topics that matter to tradies, tradie wives, and partners who want to be better at business. You'll hear expert tips, step-by-step trade business strategies, insights and the occasional rant!

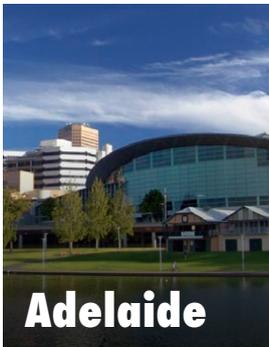
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