

# THE ABCD CUSTOMER MIX

HOW TO PREPARE FOR,  
AND SURVIVE, ANYTHING



# 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*



## STEP 1: SORT YOUR CUSTOMERS

The first step in improving your customer mix is to understand what it is today. To do this use the general questions below to help you rank each customer. You may need to pull data from your Job Management System or Cloud Accounting Software to help you in this process.

**1. What different market segments do you work with today? (Commercial, residential, strata etc)**

**2. Who has spent the most money within the year?**

**3. Who has the highest average \$ sale? (Total jobs within a period eg. 3 months, divided by the total number of jobs in the same period)**

**4. Who is the easiest to deal with?**

**5. Who is the easiest to sell to?**

**6. Who do you really want to work with and why?**

## STEP 2: IMPLEMENT PLAN

It is usually the case that having reviewed your current Customer Mix, you have discovered you have more C/D Grade customers than your ideal A/B Grade customers.

Because very few of us can afford to turn a customer away, where you have repeat business from existing customers, who you have classified as C or D, it is important to do all you can to improve the relationship (move them to A or B) before you decide to 'break up' with them.

### MOVE THEM TO A OR B

#### Tactic 1: Agree mutual expectations

In the majority of cases when a relationship, in any area of life is not working, it is usually the result of unmet expectations. The trick is to understand and acknowledge the expectations of the other party, and to voice your own.

It is essential to open the dialogue about whether those expectations held by each of you is **reasonable and achievable**.

#### Tactic 2: Reframe the Terms of Service

Ultimately you want to keep as many of your customers as possible, even the ones who are currently in your C/D Category, but only if they agree to improve and hence you will soon classify them A/B.

As your business grows you will have finessed your terms of service and implemented policies better geared to manage the cash flow of your business. You have likely increased your prices and potentially also changed the services you offer.

Have your current terms of service been agreed to by your C/D customers?

Is your debt collection process in order and on track?

Have you had a conversation with them about the best way forward so you can continue working together?

## REFUSE ONGOING SERVICES

### Tactic 3: Refuse ongoing service

This tactic is your last resort when you decide you no longer want to work with a particular customer. At this point you have simply decided 'no more', or perhaps you have taken the time to meet with them to discuss expectations to no avail. Either way its time to move them on.

Before you simply stop working for this customer, its important to understand what they are currently worth to your business. In the previous exercises we have already discovered they are perhaps not profitable, but is the volume of work currently supporting a tradesperson or two?

What impact will dropping this customer have on the business?

The reality is, you may need to consider replacing this work FIRST, before you drop the customer.

Or, perhaps you are simply going to be left with the capacity to say YES to work you actually want. Ultimately, if you decide you cannot continue to work with this customer any longer, manage the process of exiting the relationship professionally. You may wish to explain the reason you can no longer continue to work for this customer based on the impact on the business.

Exiting a relationship can have unseen effects on your business. Keep in mind whether:

- This customer likely to impact the income from other customers ie; are they well connected?
- There are any broader impacts this customer relationship may have on your trade business?

# 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!

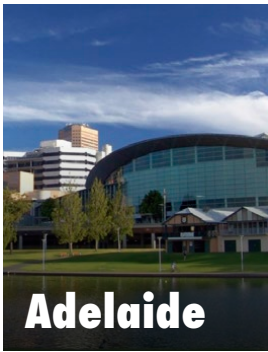
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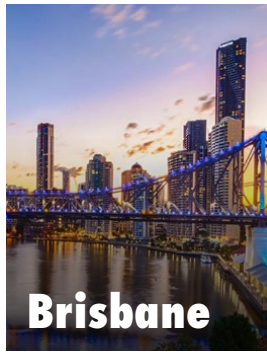
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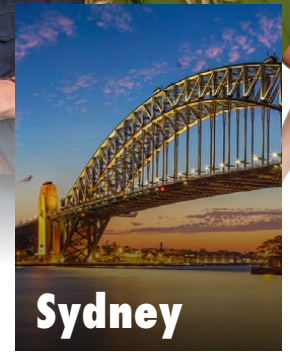
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Book in for a FREE Gameplan call, where we give you the clarity and direction needed to help you create the lifestyle and freedom you deserve.

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