



Another great tool
for your toolbox

We are a champion of trades

ACCORDING TO a recent report commissioned by find-a-tradie platform **hipages**, Australian households spend more than \$73 billion each year on services by tradespeople. Tradies play a significant role in the economy and, as a bank, they are important to us, too.

That's why we commissioned the St.George Tradies' Report. Based on a survey of more than 500 people across Australia who identify as a tradie or work in a trades field, it reveals their business aspirations, the factors driving their success and the issues keeping them up at night.

"Tradies are passionate about providing quality to their customers, but they are so busy working in their business that they often don't have time to work on it," says Anthony Mathews, National Manager SME, St.George Banking Group.

"As a result, admin can become overwhelming and some things can slip, like keeping on top of invoices and paying themselves super."

On the following pages we summarise the survey's findings, and offer insights from case studies and industry experts, tips for success and ways to relieve common pain points.

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Anthony Mathews, National Manager SME,
St.George Banking Group

"As a bank focused on supporting family businesses, St.George is aspiring to be the champion of all trades", says Anthony.

"Our aim is to continue to gain deeper insights into the trades industry, so that we can build solutions that can make tradies' work – and lives – easier."

The big numbers:



'Trades and services' is a broad sector with fields ranging from plumbing to automotive, or landscape gardening.



We surveyed more than 500 people across Australia who identify as a tradie, or work in a trades field and found:



77% aspire to start their own business in the next 12-18 months.



56% finance their business through their own savings.



44% say finding new customers and good workers are their top pain points.



24% think about their personal finances every day.



29% are not paying themselves superannuation.

Source: St.George Tradies' Report, 2019.



How much do tradies get paid?

It's a burning question, especially as 77% of tradies aspire to start their own business in the next 12-18 months.

\$45 per hour is the average amount tradies surveyed charge for their services. A quarter of tradies surveyed charge more than \$60 an hour.



24% of respondents think about their personal finances every day. Almost 40% do so at least once a week.



11% of respondents have never seen a financial adviser before. Only half visit a financial adviser regularly to discuss their personal savings goals.

Source: St.George Tradies' Report, 2019.

How much should you pay yourself?

If you're a trades business owner, the answer depends on outgoings, such as taxes, payroll, fixed costs and overheads.

- To help calculate the magic number, ask yourself:
 - How much would a similar business pay for the work you do?
 - What do recruiters offer to pay for someone in a similar role?
 - Is your pay directly related to the amount of time you spend working?
 - Does your pay seem reasonable when compared with your employees' wages?
 - How much is your profit versus revenue?
 - Are there tax implications? Is it better to keep money 'in the business'?
- Use accounting tools to help manage cashflow
If you are the owner of a trade business, an accounting software package – such as Xero, Intuit Quickbooks or MYOB – can help you keep track of expenses, understand revenue vs outgoings and keep on top of invoicing.
- Research what your skills and experience are worth
Salary benchmarking sites like LiveSalary can also help gauge what your role is worth.



IMAGE: ISTOCK/MONOLIZAZI



Female tradies make their mark

TRADES INDUSTRIES have typically been a male domain, but it is becoming more evident that the number of female tradies is on the rise.

“There are a lot of women who are breaking down employment barriers in trades,” says Anthony Mathews.

Out-performing the blokes

Patrick Faeller, National Trades & Technical Manager at recruitment firm Adecco, says women in trades is a growing trend.

“We need more role models for young girls to enter a trade.”

**Lara Bury, owner,
Chicks On The Go**

“We’ve got female mechanics, sparkies and labourers on our books,” he says. “Employers tell us they often out-perform their male counterparts, particularly on attention to detail. More employers are open to hiring female tradies, but they have to match this with a workplace culture that’s welcoming for everyone.”

Case study: Chicks on the Go

Lara Bury founded Sydney-based cleaning business **Chicks On The Go** four years ago with the help of a \$10,000 bank loan. The business has expanded to offer lawn-mowing and pet-sitting services and now has a turnover of \$100,000.

“In the beginning, it was just me and my partner and it was pretty straightforward about where to find my first customer, because I’d worked as a cleaner before,” says Lara. “I’ve been to quite a few seminars to learn more about running a business, but finding good staff is still the biggest sticking point.”

Lara employs six people and works about 30 hours in the job and up to 20 hours on admin and HR issues each week. “I get messages at 10pm but I’m not answering them, because it chips into family time.” She’s heard that the number of women in trades is growing and is hopeful the trend will continue. “I know they’re out there - and I think it’s great. We need more role models for young girls to enter a trade.”

Chicks On The Go founder and owner, Lara Bury would love to see more female role models in trades.



IMAGE SUPPLIED



Should I start my own business?

BESA DEDA, Chief Economist at St.George notes that business credit growth is subdued right now, which could reflect weaker economic conditions.

"We expect economic growth to remain slow for the next 12-18 months and this may deter some tradies from starting their own business, but there's a stronger outlook in the longer term," she says.

"Infrastructure spending is ramping up, net export growth is firm and we have strong population growth. The main uncertainty at the moment is consumer spending."

Solutions you can bank on

The 2019/20 Federal Budget boosted the instant asset write-off to \$30,000 and extended it to businesses with a turnover of up to \$50 million.

Around 3.4 million businesses will be eligible under the expansion and can claim the write-off every time an asset under the cap is purchased until the cut-off date of 30 June 2020.

Time to make the leap?

77%
of respondents aspire to start their own businesses in the next 12-18 months.



56%
of respondents financed their business through their own savings.



33%
of respondents financed their business through a business loan or credit card.

Source: St.George Tradies' Report, 2019.



IMAGE: ISTOCK / STURTI



What keeps tradies up at night?

Regardless of the type of business, tradies share some common pain points:

Slow-paying customers: **45%**

Sourcing new customers: **44%**

Hiring good workers: **44%**

Access to cashflow: **38%**

High overheads: **36%**

No time for admin/
book keeping: **30%**

Accessing finance: **24%**

Growing too fast: **15%**

Source: St. George Tradies' Report, 2019.

"I haven't paid myself a full wage yet. Even though the business is doing great, it's still a struggle because there are so many things I've got to pay for before I can pay myself."

Lara Bury, owner,
Chicks on the Go

"Cashflow is the biggest challenge. You need a bank that's ready for you, so you can take an overdraft if it's necessary. Luckily for me I've been on top of the money side of things."

Josh Smith, owner,
JDS Electrical

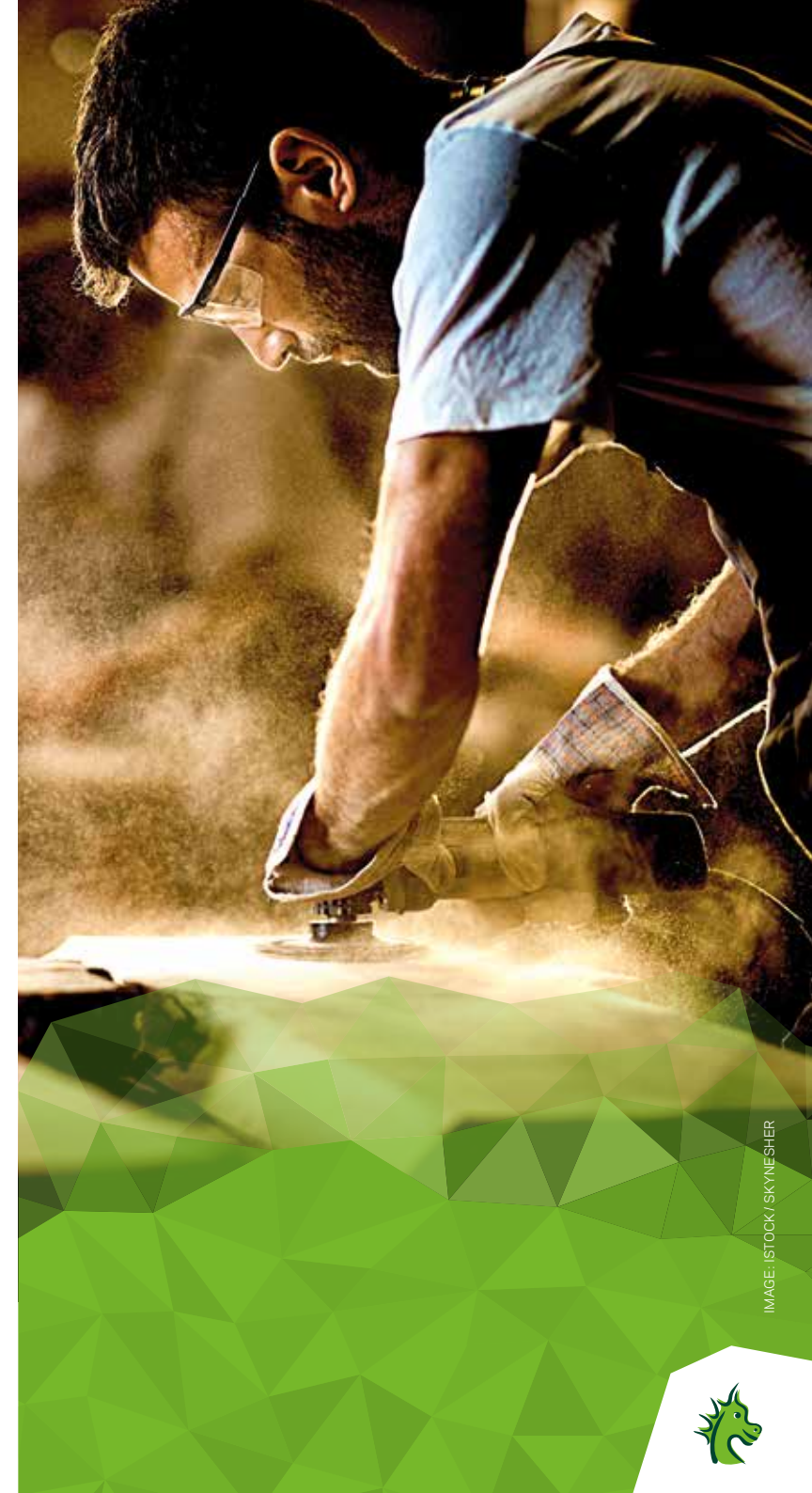


IMAGE: ISTOCK / SKYNESHER



How can I fast-track payments?

THE 2019 Paying the Price report from online accounting software company Xero found that late payments from big business to small business added up to \$115 billion a year.

“The time it takes to chase late payments is a nightmare,” says Angus Capel, Small Business Advocate at Xero. “SMEs do about \$280 billion worth of trade with big business every year. About 77% of that is on credit where the invoice payment is due after the work is complete; and 53% of those invoices are paid, on average, 23 days late.”

Counting the cost of late payments:

53%

of small business invoices are paid late.

\$115 billion

Total value of late payments from big business to small business each year.

Source: Xero, Paying the Price Report, 2019.

Tips for faster payments:

- **Reduce your payment terms**
Xero's research shows that if payment terms are 30 days, a business is paid an average of 23 days late. If you have seven or 14-day terms, payment will be about a week late.
- **Leverage online resources**
If you subscribe to an online accounting package it should ensure that reminders can be automatically sent to customers with outstanding invoices
- **Provide more payment options**
Consider adding more payment services, such as PayPal or Stripe, as Xero's research shows invoices get paid 55% faster.



How can St.George help you to get paid faster?

- **Business Connect**
Gives you direct access to a team of highly-skilled senior bankers who work directly with your business to gain a thorough understanding of its unique banking needs. It's personal, fast, effective and very easy to use. **Simply request an appointment.**
- **Business overdrafts**
Pay suppliers and wages when cashflow gets tight with the help of **secured or unsecured overdrafts.**
- **Mobile PayWay**
Accept payments on the spot - all you need is a compatible smartphone or tablet and secure card reader to take credit or debit card payments.



From little things ...

How do I grow my business?

Sourcing new customers is a major challenge for tradies.

47%
of respondents use social media to market their business.



33%
of respondents use a business website to market their business.



9%
of respondents use mainstream advertising to market their business.

Source: St. George Tradies' Report, 2019.

Case study: Sparky gets social

Sydney electrician Josh Smith started JDS Electrical in 2016 with \$20,000 of his own savings. He invested the first \$10,000 he made on flyers for a local letterbox drop.

"That generated about \$50,000 and kept me on the move," says Josh. "I've now got two tradespeople and two apprentices.

"About 80% of our work is from 20% of our clients. The other 20% is new business that generally comes from someone tagging us on Facebook."

Josh's business has about 500 followers on Instagram and 400 on Facebook. "I encourage clients to follow our page, but I plan to really ramp up the traffic by doing tool reviews, because people will share them.

"I know of a sparky in Melbourne who reviews tools and new products coming into the industry and he has 33,000 followers."

JDS Electrical founder Josh Smith uses social media to expand his customer base and has a growing following on both Facebook and Instagram.



IMAGE SUPPLIED



How do I take care of my customers?

Many tradies are turning to technology to increase efficiency and improve customer service. Our survey reveals the following needs:

Mobile banking apps for faster payments: **40%**

Automatic invoicing tools: **34%**

Technology for instant customer feedback: **30%**

Technology to take bookings on the go: **30%**

Source: St. George Tradies' Report, 2019.

"When it was just me, I used Apple Calendar to keep track of things. But when I put on my first tradesperson, I started looking into other tools to help with scheduling and now I use Asana and Spark."

Josh Smith, owner,
JDS Electrical



Handy apps for tradies*

- **Asana**
This project management tool allows you to set tasks and priorities and get job progress reports, plus there's a feedback service and a channel for communicating with different teams.
- **Tradify**
This app handles quotes, invoices and timesheets and purchase orders, scheduling and job reporting.
- **Debtor Daddy**
An automated receivables management platform for tracking overdue invoices and issuing reminders to clients.
- **iAuditor**
A handy mobile inspection checklist app for inspections and audits in the workplace.
- **Don't forget paper!**
Still a great tool for drawing and taking notes when you're on the go. On paper you can show clients your vision for a project on the spot.



How do I hire good workers?

FINDING AND RETAINING staff is a struggle for tradies, with apprenticeship numbers down since 2012.

“There’s also less loyalty,” says Patrick Faeller from recruitment specialist, Adecco. “The average tenure for tradespeople is now about two years. Everyone wants to hire a golden unicorn, but you may not get everything on your wish-list, so work out your non-negotiables and what you’re willing to compromise on,” says Faeller, who offers the following tips on attracting and retaining good staff:

Tips for hiring smarter:

- **Give them more than money**
Consider investing in career development. With skill shortages in the industry it is important to identify who in your business can be upskilled, or reskilled. This may include paying for staff to obtain additional certificates.
- **Promote work/life balance**
Consider how you can build flexibility into your business. As younger workers come through, more and more we see that they are looking for flexibility in their role. It is one of the biggest benefits that workers look for when applying for roles.

- **Give constructive feedback**
Don’t hold back on the accolades when your team over performs. Positive feedback is a key staff motivator.

44%
of respondents find hiring good workers a challenge.

Source: St. George Tradies’ Report, 2019.



Useful sites for recruitment tips*

- **Lifestyle Tradie**
lifestyletradie.com.au
- **Tradies in Business**
tradiesinbusiness.com.au
- **Tradie Accelerator**
tradieaccelerator.com.au
- **Million Dollar Tradie**
milliondollartradies.com.au



What will my retirement look like?

DR MARTIN FAHY, CEO, the **Association of Superannuation Funds of Australia (ASFA)**, says only around 10% of sole traders make concessional contributions to their super annually, and 20% have no super at all.

“Many are preoccupied with their current cashflow needs rather than looking to longterm needs and don’t realise until they go to retire how far they are tracking behind people in a similar age bracket.

“For tradies, in particular, there is a higher risk that their main asset is their skill-set, rather than business assets that they can sell down at retirement,” says Fahy.

Not-so-super tradies:

30%
of respondents are too busy running their business to seek advice or progress with their retirement plan.

29%
of respondents don’t pay themselves superannuation.

Source: St George Tradies’ Report, 2019.

Super tips for tradies:

- **Seek sound advice**
Think about the quality of life that you want in retirement and get advice from a financial planner or accountant.
- **Consider tax concessions**
Concessional super contributions (capped at \$25,000 a year) are taxed at 15% a year, making them a smart way of reducing taxable income while saving for retirement.
- **Buy commercial property through an SMSF**
Many self-employed people integrate their business into their superannuation by holding commercial property in their self-managed super fund (SMSF). “There can also be an opportunity for the self-employed to rollover any capital gain on the sale of a business into their superannuation,” says Fahy. Speak to your accountant to find out if this is a relevant option for you.



IMAGE: ISTOCK / PIXDELUXE

Creating tools for tradies

The findings of the St.George Tradie Economy Report provide a wealth of insights into this vital sector of the economy.

“We know that debt is not a high priority for tradies and their business is less capital intensive,” says Anthony Mathews, National Head of SME at St. George.

“In most cases, they need a van or ute and some tools, and we want to offer them the right solutions. Such policies may help tradies free up some of their own hard-earned cash, pay themselves a bit more, and start planning for their future,” Anthony says.

The findings will help St.George build new solutions tailored specifically for tradies, and assist our bankers in having quality conversations with our tradie customers.

We hope they also help you benchmark your own progress, reduce some of the pain points and, importantly, to enjoy growing your business.

Things you should know:

This information does not take your personal objectives, circumstances or needs into account. Consider its appropriateness to these factors before acting on it.

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IMAGE: ISTOCK/PIXDELUXE