



**CAPRICORN**  
*...it's just easier!™*

Other resources in step 1c:

- **Template for a cash surplus calculator**
- **Video explaining the use of the calculator**

## Count the money per job, not per year

The whole idea of being in business is to make a profit, but judging by the turnover of small business in Australia, it seems that far too many would-be entrepreneurs don't exactly know where their profit is hiding.

Being skilled at what you do, in your case, being a good technician, doesn't necessarily deliver a profit.

If you run a business, no matter how small, you need to have two skills – technical and business.

If you don't understand the importance of being able to measure your technical performance in dollar terms, sorry, you might as well go back to working for somebody else or go fishing.

There are hundreds of calculations which can help evaluate your results. Some are useful, many are a complete waste of time.

One that most business owners would find useful is determining how much profit is made on a per job basis. Most people who aren't trained as a book-keeper or accountant glaze over when they try to read financial statements. They seem to lack any real meaning possibly because they relate to an entire year or month. Controlling larger numbers spooks many people. The scale of the single transaction is much easier to understand, and that makes the profit per job calculation so valuable.

Rather than calculate profit per transaction you can take it a step further and calculate your cash surplus per transaction. This is because there are number of business outgoings like business

income tax, asset repayments and principal loan repayments that are cash outgoings but not expenses in your profit and loss statements.

TaT Biz has prepared a calculation template which Capricorn members can download at [www.tatbiz.net.au/capricorn](http://www.tatbiz.net.au/capricorn) and this will help you calculate your cash surplus per transaction.

When you generate this number, you will have a better grasp of what can, and does, go wrong and why profits are so small, or even non-existent.

If costs get out of control, if technicians spend too much time on jobs, if they forget to record a part or if a business feels it has to proffer discounts to generate sales, there is little doubt profits will be eroded.

If this spiral is not stopped, the next stage is that the business will start really losing money.

When business conditions are tight, it takes only one small mistake and the simplest of jobs suddenly turns into a loss-making job.

Another benefit of this per job calculation is that it can be used to educate staff about the real costs of running a business. Many staff will see a \$1,000 job go out and they may think “That’s more than I take home in a week.”

Staff too often believe that workshop owners are rolling in cash. They have no idea about the costs incurred in producing that job.

For example, the gross profit per job might be \$300, while the average outgoings might be \$285. Once they see that the job only generates a \$15 surplus it helps them appreciate how tight things are and how delicate is the balance between a profitable job and a losing job.

So here’s the challenge. In the next four weeks, give yourself a target to adopt the cash surplus calculator and fill it in to see where you are going financially per job, not per year.

The place to start is [www.tatbiz.net.au/capricorn](http://www.tatbiz.net.au/capricorn).

*Just go for it!*