



Smart Moves to Grow Your DJ Business

by Bob Moffett

Short Term Purchasing Stunts Growth

Consider the case of our hero - Tommy Tunes. Faced with the chance to capture \$1,000 in new business this week, Tom buys \$900 worth of new equipment to cover the additional bookings. Let's assume Tom doesn't pay anyone to help him DJ, and that he spends no additional money on little "extras" to get his new equipment up and running.

He's now left with only \$100 in net profit for having taken on the extra work. That small amount will not go very far toward growing Tom's DJ business, and he has effectively passed up the opportunity to realize a better return.

But Tom made an investment of \$900 in his company didn't he?

Remember that the new business was *this week!* So unless his purchase is being put to good use again *next week*, and in many *more weeks* ahead, Tom will have succeeded only in freezing \$900 of his funds or credit in new equipment.



Why would renting the equipment be a better alternative?

First and foremost a dollar will rent much more than it will buy. In Tom's case, what cost him \$900 to buy might have cost less than \$50 to rent. He also may have been forced to settle on lesser quality goods to stay within his budget. The new equipment may not last, and with only \$100 net profit Tom may be strapped for cash to run his business, or pay expenses.

Renting Improves Your Cash Flow

Renting can help you grow your business faster and with better fiscal stability. If in our example Tom had rented the equipment to meet his needs he would have been much better off.



Let's assume instead that Tom spends as much as \$300 on rented equipment to capture that \$1000 worth of new business. His net profit from the extra jobs is much higher. That's \$700 in Tom's pocket right now that he can use to advertise, pay bills, or hire an assistant for the extra work. His money will not be frozen in under-utilized equipment. If he does elect to buy new equipment he can now make smaller purchases of better quality components over a longer period of time as his company grows.

By renting to meet the early demands of new business opportunities you maximize the power of every dollar you spend. New systems can be purchased after the business is in place to support them. You can also find new profits by offering rented products or services that would otherwise be too costly to own or maintain. Lighting is a perfect example.

Quality light fixtures are not only expensive to buy, but can be very costly to maintain. Replacement bulbs for truly professional fixtures range in price from \$10 - \$200, and many hidden costs arise with the hardware, cables, and accessories needed to properly operate a lighting system. Lighting effects can also become obsolete in a relatively short period of time. Renting can give you a quality edge over your competition without committing you to additional debt and antiquated equipment.



www.proformancedj.com/rentals.html