Nailing that project

From bathroom and kitchen installations, to landscape gardening and construction. These types of businesses face a common challenge—funding day-to-day operations and trading. The management dilemma; 'How do I pay for the stock and materials I need before my customer pays me?' Their success relies on funding the materials to allow a smooth, timely delivery of the project for the customer.

They are...

- Home designers and installers–kitchens, bathrooms and shutters/blinds
- Landscape gardeners
- Builders and small project contractors
- Construction companies

Businesses that require stock and materials to deliver the final project share a number of common challenges. These challenges include how to fund the materials and labour costs needed for the job and record this on systems so nothing is forgotten, all the way through to the ultimate aim of getting paid quickly. This guide addresses challenges head on and helps small businesses find a way through.

YOU'LL LEARN ABOUT:

1. **Funding the stock**
2. **Recording the costs**
3. **Getting paid on time**
4. **When things go wrong**

WHAT IS OUR BUSINESS FINANCE GUIDE?

Our Business Finance Guide is a collection of challenges and helpful hints from business owners and their accountants around running a high stock business, including:

- Maximising the relationship with your accountant
- Running a long-term, sustainable business
- Strengthening your balance sheet

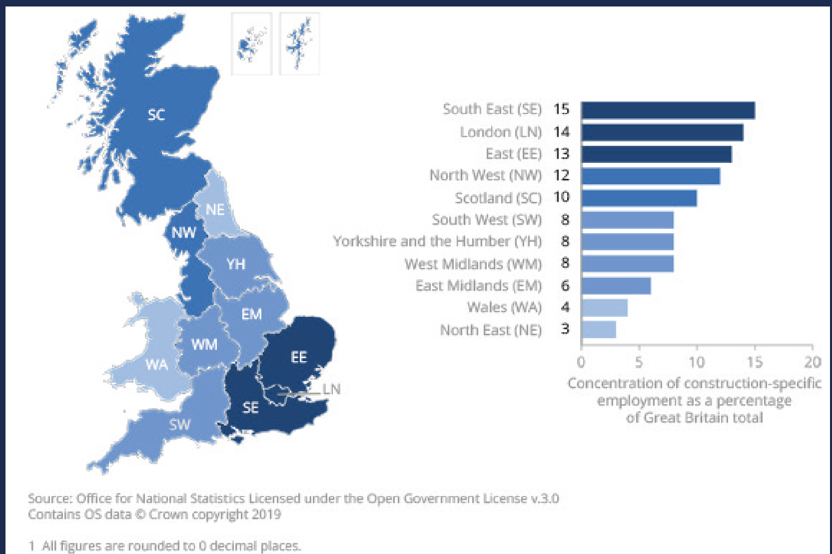
Tell us what you think of the content at raffingers.co.uk

The economic strength of project-based sectors

Project-based industries form an integral part of the UK economy, with growth in the construction and landscape sectors continuing to prosper, even in the challenging economic times we're experiencing.

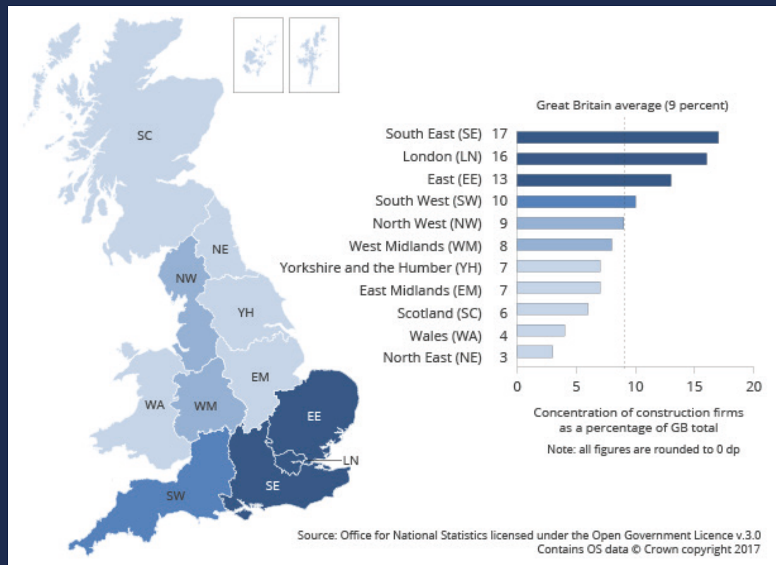
Construction

The number of construction firms operating in the construction industry has continued to rise—reaching its highest level on record—with 325,736 registered firms operating in Great Britain in 2018, increasing by 11,146 (3.5%) compared with the previous year.



Source: ONS Construction statistics, Great Britain: 2018

Construction-related employment in Great Britain increased by 2.8% in 2018, reaching the highest level on record, with the South East, London and the East of England contributing 41.1% of total employment.



Source: ONS Construction statistics, Great Britain: 2018

Landscape industry

Figures from the Ornamental Horticulture Round Table Group (OHRTG) reveal that landscape services in the UK generate a total of £11.6bn GDP contributions in 2017. In addition, landscape services, which includes domestic and commercial construction, design and private and public grounds maintenance provides £880m in direct annual tax revenue to the Exchequer. This figure increases to £2.2bn when wider landscaping activities are in account.

Landscape services also supports 278,300 jobs. Of these, 196,300 are directly employed which is 53% of the total ornamental horticulture and landscape employment market.

Source: Pro Landscaper Magazine

Nearly half of the UK's small and medium-sized enterprises (SMEs) don't know or haven't checked their credit score

1

Funding the stock

It's important to buy and hold stock before starting a project because it allows you to fully utilise your labour force. Without materials and stock, tight margins can be lost.

COMMON CHALLENGES INCLUDE:

A. Getting customers to pay as you go
B. Knowing how much and when you need stock
C. Paying for the stock you need

1. FUNDING THE STOCK

Getting customers to pay as you go

You're immersed in the delivery of the work, the last thing on your mind (or the mind of your staff and subcontractors), is whether the customer will pay.

If you're upfront with the customer about the need to have stock on site and on time, you can then negotiate ways of getting them to pay for this at the order stage of the contract.

The contractual and staged payment nature of the works that these businesses deal with is exactly why they often need financing. This is why these sectors
can be considered risky and, therefore, are higher priced than more straightforward lends when it comes to borrowing funds.

HELPFUL HINT #1

Include deposit payments in your terms and

If the stock needed to continue the project isn't purchased or turns up late, it will have a negative impact on project timescales and profitability. In this scenario, labour will become unproductive and over-runs and liquidated damages can become costly and an unnecessary drain on your profit margin.

> Ensure your terms and conditions require a deposit payment for materials–around 30% is often typical before work is started.

Resource Tools:

1. JCT suite of contracts

HELPFUL HINT #2

Give customers the option of buying the stock

When you're buying materials that are generic to a project and can be sourced easily from say a builder's merchant, why do you need to purchase the stock at all? Customers will often feel their financial risk is lowered if they buy the stock.

Go with the customer to the supplier to acquire your list of materials and agree the date they're required on site. Having the necessary stock and materials on site should be a requirement before starting the work.

> Give your customer the option to pay for the stock directly and reduce your initial outlay.

HELPFUL HINT #3

Track your business credit rating

Many suppliers will advance your credit terms if your credit status is adequate. If you can get your customers to pay you before you pay your suppliers, you'll get a positive cashflow outcome.
Know your credit rating. Ensure you work with your accountant and finance director to keep your credit status high.

These can include:

A. Timely filing of annual accounts
B. Maximising profits
C. Maximising cash balances at your year-end date

Work with your accountant to keep a good credit rating.

1. FUNDING THE STOCK

Knowing how much and when you need stock

Many small businesses don't project manage a contract from start to finish, often working just in time or based on prior personal experiences. This can lead to over purchase of stock and wastage, stock arriving too early and being damaged or lost or stock turning up too late–a lack of planning that can cause delays and inefficiency.

Having good estimating systems, buying what is needed at the right time and promoting a culture of not wasting stock all seems obvious but is often overlooked in practice. So, as projects get larger, the financial implications to cashflow and profit start to magnify.

HELPFUL HINT #1

Set aside a portion of each invoice

You often get the best buying price and terms, when you are in a position of strength. Many small businesses don't make enough profit or don't leave enough cash in the business to be in a position to fund the next project. This often results from an oversight of what outgoings are required when a project comes to an end–including tax on profits, PAYE, Construction Industry Scheme (CIS) payments and final supplier payments.

Add an amount of revenue from each invoice you raise into a deposit account–so there's cash put aside and providing working capital.

HELPFUL HINT #2

Hand over the risk to your supplier

It can be difficult to evaluate how much stock is required for a project. One way of overcoming this is to pass the stock holding risk and cashflow to your supplier.

Sale-or-return basis
Only pay when the stock is used or needed.

Call-off basis
'Reserve' stock at an agreed price based on estimated usage, but only get charged when it's called off and delivered to a project.

HELPFUL HINT #3

Keep your stock in check

Invest in stock management systems that require high-value stock items to be booked in and out of the system by authorised staff. Doing so makes them accountable for differences between project estimates and actual usage.

Speak to your accountant about potential stock management software that is suitable to your business.

Useful Tools:

1. WorkflowMax, Unleashed, industry-specific stock management software

HELPFUL HINT #4

Forecast your needs for stock

Work with your accountant to forecast your demand for stock. With these stock projections you can establish when funding will be needed to buy the required stock and materials. Consider the seasonality of the business based on prior-year sales and orders.

Work up a robust stock count process so you're aware of what stock you hold and can ensure you aren't ordering the wrong thing.

Speak to your accountant about forecasting for your business.

Useful Tools:

1. Fluidly, Float

HELPFUL HINT #5

Be prepared with invoice finance and credit facilities

Having an invoice finance line/credit facility can overcome these challenges as they are constantly on standby in the background (once set up).

INVOICE FACTORING	VS	INVOICE DISCOUNTING
When the lender collects the payment directly from your customer. The invoice financier handles the credit control directly, and could also potentially negotiate terms with your customers. This means that customers will know you are using this method of raising finance. Factoring is usually easier to secure for less established and small to medium businesses.		When you handle your own credit control. You can avoid a third party (the invoice financier) dealing directly with your customers, they will not know that you are borrowing against their invoices. Discounting is usually only available to larger, more established businesses.

Speak to your accountant about invoice finance.

1. FUNDING THE STOCK

Paying for the stock you need

Many fast-growing businesses run out of cash, often because they have adverse trading terms—suppliers and wages needing to be paid before customers pay you—or insufficient access to finance to bridge the cashflow gap. A profitable business model, with high net profit margins helps build cash reserves over time. But before you get to this position of strength, consider the following;

HELPFUL HINT #1

Ensure you have good trading terms

Develop good trading terms with key suppliers to maximise your credit limit and credit period.

Speak to your accountants to get your management accounts in order. If you've got a strong businesses, consider sharing extracts from your internal management accounts with suppliers.

Put volume through a few key suppliers and pay them to terms. Consider pitching jointly on the same payment terms on projects that require high amounts of stock in advance.

Useful Tools:

1. Xero, Quickbooks or other cloud accounting packages for recording and generating good management information

HELPFUL HINT #2

Prepare your management accounts for funding

By having good management information–including cashflow forecasts–providers of supply chain finance may be more likely to provide you with facilities. With granular management accounts they can get a clearer understanding of their lending risk and make quicker decisions.

Supply chain funding allows your suppliers to be paid on time but allows you extended credit terms—allowing you to acquire that stock you need for the customer project.

Speak to your accountant about setting up a 13-week rolling cash forecast and an annual forecast and plan.

Useful Tools:

1. Floatapp.com, Capitalise platform to identify supply chain funders

HELPFUL HINT #3

Ask your customer to pay for the stock

Asking your customers to fund the stock through advance payment may seem challenging to most SMEs–and a risk when pitching for work. However, you're often being asked to pitch for work as the customers likes you or needs you and will therefore work with you to assist cashflow if you can reduce their risk. And who is to say that your business is more risky than theirs, given the recent collapse of a number of high profile companies?

Make sure to manage your company credit score carefully so that when the customer checks you out they get a positive view on the risk and how much credit should be considered.

Consider offering an advance payment bond, an insurance policy that allows the customer to reclaim the funds if anything happens to you.

HELPFUL HINT #4

Safeguard your business with debt

Good solutions to check are credit facilities, loans, invoice finance and stocking facilities. Please consider something short term as you can pay off the debt once the stock is sold.

Ask your accountant about debt facilities.

Useful Tools:

1. Creditsafe.co.uk, Bonds-direct.com, Capitalise website

Recording the costs

How frustrating is it when your expected profit on a project never materialises?

Project profitability, when margins are tight, can turn dramatically through poor record-keeping.

USUAL REASONS FOR SMALLER THAN EXPECTED MARGINS:

- A last-minute change that wasn't recorded properly.
- A higher specification of an appliance that wasn't updated in the quote
- Increased plant-hire costs due to overruns or project delays
- Circumstances beyond your control, such as supplier internal problems (factory fire), quality issues on special

COMMON CHALLENGES:

A. Recording costs accurately and on time
B. Adequacy of change-control processes
C. Recovering the cost of plant and equipment

Recording costs accurately and on time

How often do you see an application for payment get sent out at the wrong value because a staff member forgot to tell you about the materials they'd just bought from the local builders merchant? Or how frequently does your evaluation of profitability on a project turn out to be wrong because stock has been booked to the wrong job number. Many companies face these issues daily so consider:

HELPFUL HINT #1

Coordinate your invoices with job codes

Talk to your accountant about finding the right software solution for your business to implement standardised systems across all projects–and get into the discipline of making sure that paperwork is uploaded on time. A contract manager is essential and often invaluable in helping you manage this and ensure you make a profit.

Generate job codes for all projects and make sure all relevant staff know them. Don't record an invoice without a job code—get your supplier to put the code on their invoice to you.

HELPFUL HINT #2

Put in controls for purchasing of materials

Prevent staff from buying materials without knowledge or authorisation.

Have purchasing staff who buy and source stock centrally wherever possible to secure the best price and trading terms.

Restrict your workers to only acquire materials from approved builders' merchants where you have an account.

HELPFUL HINT #3

Source the tools to handle paperwork efficiently

Implement systems where paperwork generated on site can be uploaded remotely into the accounting/stock system.

Give staff, who acquire stock when on site, the relevant apps and tools so there can be no excuses for late paperwork.

Set weekly deadlines—e.g. 3pm on Friday for all paperwork to be submitted for approval.

Speak to your accountant about the most appropriate apps and systems for your business.

Useful Tools:

1. Receipt Bank for automated bookkeeping and data entry

ReceiptBank

HELPFUL HINT #4

Look out for cashflow pinch points

Speak to your accountant about setting up a cashflow forecasting model which can be updated and flags when cash pinch points occur. That way you can target which of your specific customer invoices need to be chased to cover payments, what smaller payments can be made and what needs to be negotiated with suppliers.

Ask your accountant about forecasting.

Useful Tools:

1. Fluidly, Float

Fluidly float

Adequacy of change control processes

Variations are usual, and to some degree expected, on many building-type contracts. If properly dealt with, and in a timely manner, the risk of loss can be mitigated and (where applicable) the costs can be passed on to your customer, or in some cases your sub-contractors.

HELPFUL HINT #1

Put efficient quoting systems in place

Implement a good quoting and estimating system where the quote can be sent to the customer and, importantly, the customer can agree and 'sign off' the quote.

Variations from the quote should be immediately flagged and agreed with the customer—use your systems to keep actual cost vs estimated costs up to date.

Be clear with your customer over firm costs and provisional costs. Manage expectations when the customer can expect provisional costs to become final.

HELPFUL HINT #2

Be clear about terms and conditions

Ensure your contract has clear and defensible terms and conditions and ensure your customer knows about them and has agreed to them at the outset. Get decisions agreed in writing—verbal agreements usually end in tears for someone as they're easily misinterpreted by one of the parties.

Use standard industry contracts such as those produced by the JCT. If you produce your own contracts, get a legal review.

HELPFUL HINT #3

Factor in potential stock delays in your start dates

Where you're relying on delivery of specialist materials, particularly from overseas where border controls and shipping is out of your control, ensure your contract doesn't allow the customer to penalise you for late delivery to site.

Source locally if possible–what appears to be a higher unit cost, can often be cheaper in the long run if you can speak to or visit the supplier.

Make sure suppliers are aware of your timelines and that

Ensure your start date on site reflects the risk of stock delays.

Recovering the cost of plant and equipment

You often need a specific piece of plant—a generator, digger, cement mixer, etc. to deliver a project. But this cost is not something that the customer will specifically pay for—they'll expect you to have the right equipment available. So, you are left with the dilemma of whether to buy the equipment or hire it. For how long would you hire it? How would you recover the cost?

HELPFUL HINT #1

Include costs of new plant and equipment

Ensure your margin and pricing reflect the cost of any new plant or equipment. If you can't recover it overtly, it can often be covered in areas such as preliminaries of margin/mark-up on stock and third-party costs.

Equipment hire may come with indirect costs such as charges for delivery to site or return to hirer and consumables (petrol) so be sure to include all costs.

Allow for possible contract overruns and the need to hire equipment and plant for longer periods in your cost estimates.

HELPFUL HINT #2

Recover long term hire costs

Common equipment can be hired longer term at a reduced rate and used across many projects. This can be a good compromise to buying.

Make sure you fully recover the ongoing hire costs including an allowance for down time.

Include a provision for any additional costs at the end of a contract such as excess wear and tear or damage to plant.

HELPFUL HINT #3

Explore hiring versus buying assets

It's often better and cheaper to buy an asset (using asset financing where appropriate) than hire it for a long time, particularly if the asset can be highly utilised. However, if you have no surplus cash to acquire the asset, finance solutions might be appropriate.

Your finance team can do a cost vs hire return on investment model for any major capital costs (taking into account tax issues such as capital allowances and finance costs).

Explore asset-based lending options such as hire purchase and finance leases. Be aware, however, of the impact on areas of the business such as bank covenants, security and charges and balance sheet strength. You can also consider subcontracting

Getting paid on time

You have just done a great job for a customer and are ready to reward yourself and your staff—but the customer refuses, or forgets, to pay you on time.

In business, cash in the bank is reality, whereas turnover is vanity. Someone needs to own the business of getting paid, from quoting for work through to delivery and completion.

HOW OFTEN DO YOU HEAR THESE KINDS OF RESPONSES WHEN CHASING A LATE-PAYER:

- I've not received your invoice at all/on time and you've missed the payment run
- You've not used our purchase order number
- Application for payments are less than expected
- I'm holding back 5% retention for 2 years as specified (you were not aware of this)

COMMON CHALLENGES:

A. Knowing the amount of retention to allow and for how long
B. Understanding if your trading terms are appropriate
C. Having smart invoicing strategies in place

Knowing the amount of retention to allow and for how long

Customers often want to retain some of the contract value, in case defects arise after you've finished the project. These can often amount to 5% of the contract value and can extend for up to 24 months—a long time for a small company to wait to get paid. There are ways to overcome this including:

HELPFUL HINT #1

Account for retention

If you have sub-contractors working for you, you can minimise the impact on your cashflow by withholding a similar % retention for the same period of time—this leaves you only at risk for the incremental value you've added.

Speak to your accountant about accounting for retention to ensure your accounts, and any resulting tax charge, are correctly recorded. Keep a diarised note of when these retentions fall due and ensure you recover them.

HELPFUL HINT #2

Protect your customers against contingencies

Consider getting a retention bond in place, an insurance policy that allows the customer to reclaim the funds if anything happens to you and defects are not rectified.

Speak to a specialist insurance broker about the types of policy that may be available. Make sure you include an allowance in your sales to cover this cost.

HELPFUL HINT #3

Agree good retention terms

Speak to your customer and negotiate a reduction in the retention amount and retention period.

Have systems and processes in place to chase collection in good time and ensure the collections of retentions are not overlooked.

Ensure any retention amounts are reduced on practical completion, leaving a smaller amount for the remaining defect period—typically no more than 12 months.

Ensure retentions are only applied to the value of works done and not purchased stock (they can often be covered under manufacturer warranties).

Understanding if your trading terms are appropriate

There's a common perception that large companies don't pay SMEs on time or to term. Whilst this is often true, SMEs can take action to help themselves and protect their business in this area.

HELPFUL HINT #1

Fully understand your customer's payment

Before you raise your first invoice, speak to your customer's finance department to clarify what they need and when. Make sure you have the right purchase order number, right date on invoices and you send the invoice to the right persons to authorise.

Also, once your invoice is raised, call the customer to check they have received it and that there's no reason why it won't be paid in accordance with terms—document this conversation for future reference as well. A second call a few days before the due date is often helpful.

Enforce credit terms—many customers only pay those suppliers that shout loudest.

HELPFUL HINT #2

Be clear about your terms of trade

Well-drafted contracts are essential for the smooth running of

a contract. When quoting for work, point out your terms of trade to the customer. If the customer doesn't agree to them then negotiate at this stage, not when the invoice becomes overdue.

Also, whilst a job is in progress you have a high degree of 'leverage' particularly if your terms allow you to down tools/stop working if unpaid.

If customers can't pay the full amount then agree a part payment at least and a timetable for the arrears.

If your trading terms are 30 days, then anything more than 30 days old is in arrears. Don't issue statements which are 1, 2, and 3-month columns. Many customers only pay when they absolutely have to.

HELPFUL HINT #3

Use funding to accelerate payments

In some cases, you just may not be able to agree with the customer on trading terms. In this scenario, if cash is required, customer payments can be accelerated using funding tools such as invoice finance and invoice factoring.

Get your finance team to fully evaluate the total cost of invoice finance deals including the small print and taking into account any slippage in the customer paying.

Also understand the cost of this type of funding on the overall profitability of the project.

Speak to your accountant about suitable funding solutions

CASE STUDY: URGENT CASHFLOW ISSUE

PURPOSE

Short-term funding was needed for a construction business to cover an urgent cashflow issue. Its customers were taking a long time to pay, leaving the business with a cashflow hole. This meant they couldn't purchase materials, pay suppliers or cover their weekly payroll costs.

PRODUCT

Invoice financing was a fast way to get the SME the cash they needed. With a debt or book of £150k in the construction business, they could borrow funding against these unpaid invoices.

PROVIDER

Market Invoice provided £100k cash injection, secured against the SME's existing outstanding invoices—getting the construction business the cash they needed and passing the debt on to Market Invoice to collect.

3. GETTING PAID ON TIME

Having smart invoicing strategies in place

Similarly to payment terms, smart invoicing strategies can significantly help prevent future cashflow issues and create a smoother process.

HELPFUL HINT #1

Raise invoices straight after completion

Bill when work is complete and not at the month end or when you have time. Many accounting systems allow billing directly from the system and if they're also cloud based, customer invoices can be raised quickly and emailed direct to their accounts payable.

Carry out a weekly review of progress to determine whether an invoice can be raised. Make invoicing a regular function of your normal daily routine.

HELPFUL HINT #2

Facilitate multiple invoices to the same

Arrange your contract so you can raise multiple invoices against the customer's account—an invoice for the cost of stock, 30% on order, 30% on delivery, etc. Also, when there
are variations raise them on a separate invoice so if there is a payment query, the whole amount due isn't withheld.

Ensure proper templates are set up in your accounting system to allow for this type of invoicing.

HELPFUL HINT #3

Protect your stock

Consider using 'retention of tile' in your contracts to protect stock that you may be able to recover from the customer.

Retention of title is a complex legal field and proper advice should be taken.

HELPFUL HINT #4

Explore credit control services

Invoice lenders often offer credit control services as part of their packages.

Ask your accountant about credit control services and inform yourself of your options, if using lender credit control.

Retention of title

A 'retention of title' clause ('RoT, 'Romalpa clause' or 'reservation of title clause') allows a supplier to retain ownership of until specified conditions have been met, for example; upon delivery, upon payment or upon use.

4

When things go wrong

The best laid plans often hit bumps in the road. If you can then react and deal with the bump in an agile way, this helps to deliver the best outcome for you and your business. Taking the approach of burying your head in the sand (hoping the problem will go away), will inevitably cause delays and will negatively impact your profit and cashflow. Taking the more difficult head-on challenge of resolving the issue will almost always give you a better outcome.

COMMON CHALLENGES:

A. Having a quoting system that's fit for purpose
B. Dealing with variations
C. Mitigating risk across projects

Having a quoting system that's fit for purpose

Contract issues often happen because of a lack of time and due diligence at the quoting and estimating stage, or because of a customer misunderstanding.

To create a successful contract with the customer:

A. Invest in a good estimating system
B. Spend sufficient time planning the work
C. Explain to the customer exactly what's included and excluded

Budgets aren't just about increasing prior year or a previous job by x%; it's about appreciating the current market and the resources you have. Consider if the right team and resources are available. For a quick turnaround, consider quoting a higher price.

HELPFUL HINT #1

Talk to your customer about contingency

In all contract work unexpected things happen, some are the supplier's fault, some the customer's fault and some are unpredictable events that 'just happen'.

Don't be afraid to allow for 'contingencies' in your pricing to cover the unexpected.

Be up-front about a contingency with the customer.

HELPFUL HINT #2

Calculate your bottom-line price

Most customers will expect to negotiate on the price—this is the way business works.

If a customer asks for a reduction in the quote, get something back in return, otherwise you're just giving away your profit margin—e.g. offer cheaper stock products and components, improve your payment terms.

You may also consider whether future work opportunities from this customer merit a discount but explain this to the customer or they will always expect a lower price.

Understand your bottom-line price (i.e. the lowest point you can go while still making a profit) before you start those conversations.

HELPFUL HINT #3

Compare quoted and final costings

The best way of improving quoting systems is to learn from previous contracts. Make sure you review completed contracts to learn where things have gone wrong in the quoting process and why profit margins are not as good as expected.

Instigate a formal review process at the end of each contract to compare quoted and final costings.

Dealing with variations

In addition to the quoting point above, the consequences of variations, particularly overrunning timetables, should be addressed with the customer ASAP. If left unchecked, this is the point at which profits can be significantly eroded.

HELPFUL HINT #1

Flag variations early

It's important that when a customer asks for a variation that this should be noted (however small) and agreed as a variation.

Always flag variations quickly and get customer agreement to them and any incremental costs, in writing, to avoid future payment issues.

HELPFUL HINT #2

Claim for losses caused by supplier variations

Not all variations are the customers fault or at the customer's request.

If your suppliers contribute to a variation through late delivery, poor performance etc., you may not be able to recover this cost from the customer. So, ensure your contract with them leaves you with the ability to claim for your losses.

Speak to your accountant about your contractual clauses for client variations

HELPFUL HINT #3

Calculate the impact of project delays

Some customer contracts may include penalties for a time and cost overrun, particularly where there are other works dependent on the projects you're already carrying out.

Make sure you understand how the overrun impacts the business, both in terms of cost and time on the project.

In the case of overrunning work, minimise the impact caused by yourself particularly when there are contractual clauses relating to liquidated damages—payments due to your customer for breach of contract.

Speak to your accountant about the impact of delayed projects and running projections to scenario-plan the potential outcomes.

Mitigating risk across projects

As well as good contracts, use of insurance products can be highly effective to mitigate everyday risks—for example, who pays when that valuable stock item is dropped from a crane and breaks?

Public liability, product liability and professional indemnity insurance are all important covers to have in place for you and any subcontractors or suppliers working for you—speak to your insurance broker to find out your options.

You also have a variety of highly focused insurance products, including credit insurance which covers the risk of customers not paying you and personal guarantee insurance, which directors can take out in case there's a claim against them, against performance or funding guarantees. All insurance products need to be fully evaluated and the cost considered when pricing work.

HELPFUL HINT #1

Choose an appropriate insurance policy

Insurance products can help in risk mitigation but you need someone who understands your particular market. Don't just take out generic policies—make sure they work in your marketplace.

Your accountant will be able to refer you to the right people, whether it's a good insurance company or an insurance broker. Finding a good insurance broker who understands the market that you operate in, and can talk you through the options, is crucial.

Ask your accountant about appropriate insurance policies.

HELPFUL HINT #2

Review contracts from a risk

All contracts carry risk, the key is understanding where the risks are and putting strategies in place to mitigate the potential fallout.

Review all contracts (existing and new) from a risk perceptive and document any risks that you identify. Put risk mitigation strategies in place from the outset of any new contracts.

HELPFUL HINT #3

Encourage risk awareness with employees

Business risk mitigation can be key to business success. Try to embed it in all of your team—not just yourself. If your people are aware, your team may alert you to risk at an early stage and help you to do something about it.

Organise a team training day on risk awareness. Look for business risk courses.

What's next?

You've seen the importance of planning, organisation and forecasting in running the ideal project. With the right foresight, and the best software tools to aid you, you can nail projects, mitigate potential risks and ensure that jobs are productive and profitable for your business in the longer term.

BE PREPARED AND PLAN AHEAD:

- ☐ Have you got good estimating systems?
- ☐ Have you got current management information?
- ☐ Are your contracts robust and current?
- ☐ Are you adequately insured?
- ☐ Do you invoice quickly and smartly?

PRODUCTS TO BOOST YOUR PERFORMANCE:

- Supply chain finance
- Invoice finance
- Asset based lending
- Performance bonds
- Insurance products
- A good cloud-based accounting system
- Risk-awareness training
- Credit control solutions
- Bad-debt protection
- Credit facilities

FACILITIES THAT PROTECT YOUR CASHFLOW:

- Overdraft
- Invoice finance
- Loan