



IBS INDUSTRY CASE STUDY – SUBCONTRACTOR

Summary:	A lot of Work but No Cash in the Business
The Client/Sector:	Sub Contractor, Construction
Goal:	To improve cashflow in the business
Business in Profile:	Business owner had a business about three years old. It was growing at a rate of 40% each year and was employing 120 people when he sought help from IBS. He was not able to understand how he was having difficulty paying himself and his suppliers even when he was busy, growing and supposedly managing well.
The Challenges:	Once he started the program and filled in his first questionnaire, it became painfully obvious where his real problem was, he had no idea of profitable pricing and he could not turn away work. This was seen by the following symptoms:- <ul style="list-style-type: none">• never finishing jobs as he was continually moving crews from one site to another to start all the work he was getting• never able to invoice properly as he was not finishing the jobs• the quality was suspect due to inordinate pressure on his foremen to take short cuts so that they could move to the next job• no budgeting and no efficiency ratios in his pricing• from a general business point of view, he was expanding too quickly and did not have sufficient working capital to maintain the expansion.
The Strategies:	What we did with him in the first two months:- implemented new pricing models and structures to enable margins to be made on all jobs. Stopped marketing to enable a consolidation period to be implemented. Developed monthly budgets dependant upon completed work for expenses and income. Changed employees to self employed and developed payment plans for creditors and banks.
The Outcome:	The following months were spent systemising all parts of the business - operations, finance, marketing, and management so that growth and management could be managed in a planned way. The client is now on his way to achieving a sustainable 40% growth each year with a net 20% profit with positive cash in the bank. This is a great improvement on 40% growth, €150,000 overdraft, no profit, suppliers banging down the door each day, and banks threatening to close him.

Icon Business Solutions Advisors improve business' owners lives by providing step by step solutions where the business owner gets to design and implement specific business strategies to achieve financial and personal gain.



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