

ICON BUSINESS SOLUTIONS INDUSTRY CASE STUDY CONSTRUCTION FIRM

Summary: Identifying and solving constant cash flow challenges

Client sector: Construction Firm

Goals: To have a clear roadmap for continued profitability.

Business in Profile:

There were a number of directors within the firm. They felt they were doing good quality work but weren't making a lot of money. They had reached the level they could attain on their own and sought outside assistance to move things further.

The Challenges:

They were experiencing cash flow problems. The scheduling of the completion of jobs was not in line with what they needed in terms of cash flow. In other words they were not getting the houses completed in time which caused challenges in paying suppliers and fixed overheads.

They didn't take into account working capital so did not budget for office operations (fixed overheads). They were not sure about what their profitability was and whether it was worth the effort they were expending in the business.

They were having continued challenges completing projects within timescale which fuelled these constant cash flow concerns.

The Strategies:

- An approach was made to the bank regarding finance. New lines of credit were established based on projections and fixed overhead figures which were previously unknown.
- They put systems and targets in place to work more closely with auctioneers to make them accountable for the commission they were paid.
- To alleviate cash flow issues they put procedures into place to make sure they met deadlines.

Outcomes:

- Delayed new scheduling and working processes for site management which brought house completions forward by three months.
- Clarity for staff that now have clear structure on expectations and responsibilities (at Director and Employee level).
- Board meetings are occurring on a monthly basis to discuss strategy
- Future income streams are being investigated by diversifying into higher margin areas.