

## 5 Tips to help manage a construction company in this environment

As the economy is operating in an increasing interest rate environment with rising cost of living pressures hitting you at home and at work, it's time to take five steps to future-proof your business' success.

These are some steps you can consider:

1. Review your business strategy and business plan paying particular attention to deciding:
  - a. Whether your traditional customers are the best ones to focus on in this market, i.e., should you be doing bigger/smaller jobs, new builds/renovations, etc.
  - b. The cash flow implications of your target market
  - c. Your business' revised forecasts, targets and objectives and pass them to your team
  - d. Your team strategy to retain competent staff, attract performers and move on non-performers.
2. Your Supplier / Subcontractor strategy
  - a. Review the competitiveness of your suppliers & subbies
  - b. Review the terms and conditions of your subcontractors & suppliers
  - c. Consider consolidating your work to less suppliers and subbies if they commit to better terms, prices or reliability
3. Develop a Cost-control culture
  - a. Review your processes and procedures to ensure they are focussed on spending only what's critical
  - b. Create / refresh the budgets of each area with clear reporting and accountability for managers and the team
  - c. Identify Gross Profit vs Net Profit targets to highlight cost burdening functions which don't have a 'Return on Investment' focus.
  - d. Review the business' fixed costs and overheads with a view to run leaner for a period if it doesn't impact the production, sales or ability to deliver projects
  - e. Consider roles the company can do without if they don't impact project delivery
4. Focus on the financials
  - a. Ensure financial reporting disciplines are introduced / developed within the business
  - b. Share the financial focus objectives with the management team
  - c. Set up financial safety nets now, in case these be required in the future, e.g., overdrafts, lines of credit, etc.
  - d. Look to free up cash flows by consolidating debts – at work and at home.

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5. Your own wellbeing – are you OK?

Are you able to think clearly, focus on the tasks at hand, are calm and know this is merely a period which you will get through? If so, you may also want to consider running workshops to help your team also stay focussed on the task at hand and continue performing at their best.

But, if you are becoming more and more irritable, less focussed, suffering stress, anxiety, unable to sleep or feel like an elephant is constantly sitting on your chest, it may be time to seek professional help.

Consider that these are very challenging times but you have assistance available from your association as well as from industry experts like Chocolate Money.

Your first point of call can be to contact Chocolate Money on 1300 137 530 or the Director (Harry Pontikis) via email on [harry@chocolatemoney.com.au](mailto:harry@chocolatemoney.com.au) for guidance on the next steps and you may be eligible for free business and finance health checks by Chocolate Money for HIA members\*.