

# ARDOT Newsletter

October 2023



## SUPPORTIVE SERVICES

- Construction Management Program
- Business Development Program
- Capability Statement Design
- Business Plan Development
- Technical Assistance



## Should You Rent or Buy?

A 3-question guide for business growth & success

You have a good problem on your hands: You have several lucrative jobs running and won a bid for another that would last five to six months. While assessing your equipment needs, you realize the new job requires a mini excavator — but your unit is already in use. To complete the job, you must make a critical business decision: rent or buy?

Renting equipment has many benefits. It can increase the capabilities of your business and help it grow without the commitment that comes with purchasing equipment. Depending on the situation, renting can be a smarter long-term business decision, leading to greater profitability. And it can maximize labor power and help address skills gaps, improving jobsite productivity. While renting can be advantageous, sometimes it's hard to determine when it's better to rent or purchase equipment. To remain competitive, it's important to choose the option that is most profitable in the long run and ensures the job is done efficiently and successfully.

The following guide can help you decide between the two options.

1. Will the cost of the equipment outweigh its long-term value? One of the biggest factors when deciding whether to rent or buy is the financial impact over the life of a machine. By nature, purchasing has a larger upfront cost than renting. If the machine will see a lot of use and generate income that's greater than its monthly payment, the investment will likely be worth it. If the utilization won't generate return on investment, renting is more viable.

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## Why You Need a Full-Charge Bookkeeper

Unpacking the benefits & responsibilities of an accounting pro

Construction business owners regularly ask me what their controller's or bookkeeper's job description should include.

They know they must be able to generate an income statement (P&L), pay the bills, prepare payroll, collect receivables, and take care of other accounting tasks. But what else?

Business owners need their accounting team to add more value than just pay the bills. They must provide regular information and timely reports to help the company make more money, stay on top of weekly job costs, develop exact labor and equipment rates, assist estimating with final project costs versus estimates, provide cash-flow projections, manage and invest cash balances, provide detailed work-in-progress (WIP) and completed progress schedules, manage the line of credit, provide the bonding company with regular reports, etc.

Most company owners and presidents learned their business skills as field supervisors, estimators, or project managers. They usually don't come from the financial side of business, so they don't know exactly what they need from an accounting department. As owners are not bookkeepers in most cases, they require professional accounting and financial management to help the company grow and prosper. They need someone in charge of the numbers who can add value for the owner and management team, set up the company accounting systems the right way, manage the accounting workload and additional staff that may be necessary, and deliver reports and information on a timely basis without exception. Most growing construction companies need more than a general accounting person.

**Hire a Pro to Grow & Profit**

Contractors often start their companies with an office manager who's also tasked with the bookkeeping duties. When the company grows, the office manager/bookkeeper gets overwhelmed and stops being able to keep up with all the demands. Larger companies have more jobs and, therefore, more people to handle the additional invoices, payroll, and job reports. As the owner realizes the office manager/bookkeeper can't do it all, they then must decide how to handle the larger workload.

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## About The ARDOT

The goal of the DBE Supportive Services Program is to increase the number of DBEs participating on ARDOT contracts and facilitate the opportunity for DBEs to obtain contracts. The services are designed to:

- Assist established construction firms to move them from bidding as a subcontractor to bidding as a Prime Contractor to produce sound bids.
- Provide access to training increases DBE expertise in handling of daily business operations.



**CEI DBE Supportive Services**

**(800) 423-7058**

**[www.arbdesupport.com](http://www.arbdesupport.com)**