

10 essential business planning steps for the building industry

Preparing a basic business plan helps you focus on the areas that have the greatest influence on your business' health and profitability. It helps you focus on the right things and break with unproductive habits.

The first stage of business planning is to review the year:

1. Know your numbers. This includes cash flow peaks and troughs, turn-over, and gross and net profit. Get to know which jobs are good for cash flow and which are good for profitability. Identifying the ones which are good for both is the key!
2. Estimate your funding needs. Track your cash flow peaks and troughs; identify any shortfalls and determine whether there is a particular time of the year that is worse than others. Forecast whether you will need to update any equipment, machinery or business premises.
3. Review staff and subcontractor performance. Decide what good performance looks like compared to poor performance. Develop an understanding of the people who made you money and those who lost you money.
4. Reflect on the types of jobs and clients who were great and profitable versus those you wished you had never taken on.
5. Review the areas on site or in the office that had a positive impact on your profitability and those which cost you money. With the benefit of hindsight, what should you have done? Was there a process or procedure that could have avoided the scenario from occurring?

Plan the new year

6. Prepare a relevant and tailored marketing strategy that focusses on the types of clients and jobs which made you money. Don't waste your money on fads, fashions or trends. Ensure your marketing spend is both tailored for your business objectives and relevant to your target market.
7. Have a professional, targeted and relevant 'people' strategy to find the best people and trades. Provide them with the framework and performance objectives to focus them on your desired outcomes.
8. Knowing your actual financial performance and requirements will allow you to plan with your finance broker on the best way to access funds for the business. Your accountant may look at minimising your taxable income, which conflicts with your need to borrow money. Establish reports for each project and for your business, which can identify your weekly cash flow performance and financial results. Run your business with your eyes on the road ahead, not on the rear-vision mirror!
9. Implement the processes and procedures to run your business the way it should operate-- the way you choose a client, fund a job, run the job and manage your teams.
10. If you are unsure on the best way to plan your financial future, contact Chocolate Money for assistance with these areas.

Call 1300 137 539, 0411 258 058 or harry@chocolatemoney.com.au for tailored advice.