

## The 10 essential business planning steps for the building industry

Preparing a basic business plan will help you focus on the areas which will influence your business' health and profitability. It will help you focus on the right things and get you out of any 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, 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 you funding needs.** Track your cash flow peaks and troughs and identifying any shortfalls and whether there is a particular time of the year which is worse than others. Forecast whether you will need to update any equipment, machinery or business premises.
- 3. Review staff / subbie performance.** Know what good performance looks like compared to poor performance. Get an understanding of people who made you money and those who lost you money.
- 4. Review** the areas on site or in the office which had a positive impact on your profitability and those which cost you money. What should you have done now with the benefit of hindsight? Was there a process or procedure which could have avoided the scenario from occurring?

### The second stage is to plan the year ahead:

- 5. Reflect** on the types of jobs and clients who were great and profitable and those you wished you had never taken on and plan on how to get more of the profitable jobs in the new year.
- 6. Plan the new year.** Prepare a relevant and tailored marketing strategy which 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 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 the business** the way it should operate; the way you choose a client, fund a job, run the job and manage your teams.

10. Ensure your personal financial situation doesn't put unnecessary pressure on your business. Some ways you can achieve this is by paying the lowest interest rates you are eligible for, consolidating your personal loans, car loans or other debts into your mortgage. This often doubles your cash flow via lower repayments and access to more money.

If you are unsure on the best way to plan your financial future, contact Chocolate Money for assistance with these areas and all your lending needs.

Call 1300 137 539 or [info@chocolatemoney.com.au](mailto:info@chocolatemoney.com.au) for more information.

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