



# ***Cash Flow is the Life Blood of Growth (Keep it Coming)***

**Cash flow** in concrete construction is absolutely going to be **vital** to your **success** going forward. Very few concrete companies go out of business due to lack of work- but all kinds of concrete construction companies go out of business because of a lack of cash coming in. [Continue >](#)



## The Income Statement Blues

An income statement summarizes your income and expenses, and then it shows the difference in a number called profit (hopefully not a loss).

An income statement can look wonderful, because the income goes on the books the minute an invoice to the customer is generated. The problem is that it can be thirty, sixty, ninety, or even more days until that invoice results in cash coming in. And it takes cash to run the business.

***You don't want to get in positions where you need "favors" to get your money.***

You can have paper earnings but no money in the bank and thus no ability to pay your bills or pay your people. Having a lot of work, being busy, running all over your metropolitan area doing lots of jobs- that's nice. But it has to be backed up by being able to get your invoice in on time and being able to collect your money in a timely fashion and orienting your business towards the customers who are going to pay you on time.





## To avoid the income statement blues follow these 5 rules:

### 1) **Keep up with your paperwork**

When your firm is growing there are an endless amount of tasks that need to be done. Absolutely do not fall behind in signing your contracts, submitting your required insurances, and submitting your invoices according to the project schedule. It's easy to get behind—the company gets so busy scheduling men, getting the right materials to the job, and putting out fires that the paperwork can be the task that you fall down on. *Don't let this happen!*

One builder explained how a concrete contractor was calling her begging to be paid, he was in a cash crunch, *yet this contractor hadn't even returned the signed contract on the project yet* (he was that far behind). It was still sitting on his desk, he admitted to her. There was no way she could pay the contractor without an executed contract even if she had wanted to.

You don't want to get in positions where you need “favors” to get your money. It casts you as an amateur and the customer starts to get an impression (a bad one) of who he is dealing with. Instead, do great jobs, have all your paperwork in tip top shape, and be matter of fact about getting paid on time. The minute the customer misses a payment schedule you need to be all over it, finding out what is happening and what is being done to correct the situation.

Listen to the Audio Version of this Guide [here](#) on the Concrete Network.





## 2) Know How to do the Paperwork

This is a close relative to #1 listed above. Be warned that as you grow and start working for a variety of different builders, each builder has little things that need to be done correctly to properly submit an invoice. *It's not easy!* So don't assign it to someone who doesn't know what they are doing and then be horrified when no money is coming in because of improperly or untimely submitted invoices.

Why is it so hard? One builder's invoice is due the 10<sup>th</sup> of each month, except when it's *ABC* lender. Those bills are due the 15<sup>th</sup> of the month. *If you miss an invoice submittal date, you wait another 30 days before your invoice can even be submitted.* Also, builder *DEF* needs their custom payment requisition form attached to all your invoices or it won't be processed. And builder *GHI* won't make any payments unless all insurance certificates are valid and in their office. Then there's builder *JKL*, who requires their project superintendent to sign off on each invoice- and he's on vacation for two weeks, etc., etc.

Get the point? Someone from your company needs to know how the game is to be played with each client so you can get your invoices in and get paid on time. Being poor at the paperwork will put you in a cash crunch in a hurry.

**The minute the customer misses a payment schedule you need to be all over it, finding out what is happening and what is being done to correct the situation.**





### 3) Have Excellent Collection Procedures

Assuming you've gotten serious about #1 and #2 listed above, your invoices are correct and have been properly submitted. Now you need to get your money in on time.

Being poor at the paperwork will put you in a cash crunch in a hurry.

Have a wall calendar that shows at a glance when a customer is due to pay. A few days before it is due call (or have your accounts receivable person call) and ask if you can pick it up on Tuesday (the due date). They will say yes or no, but you'll find out right then if there are any problems with the expected payment. If they say yes you can pick it up- then do so or say, "You know what, just go ahead and drop it in the mail." If they say no, they don't allow vendors to stop in to pick up checks, say ok and ask if it will be mailed that day.

The point is that now you have an indication that the payment is coming in as scheduled. The earlier you know of problems with payments, the sooner you can start to do something about it. *Do not be left sitting there wondering where your money is two weeks after they were supposed to mail it.*

As you get more comfortable with clients and *they prove to you they pay on time*- you can back off of this somewhat. But always vigorously go after your money— even when you reach a point of success when you don't need the money quite so bad. A very successful ready mix producer said one time, "Always collect your money like you need it to make payroll- even if you don't."





## 4) Find the Right Customers

The customers you choose to bid to and work for are integral to your success. If your job costs show you make good money on a customer's projects, but they take forever to pay, it will put your business in dire straits.

It does not do any good to have a customer who keeps loading you up with work, perhaps a substantial percentage of your work, and then have that customer drag you out on payments and then all of the sudden you're really in a bind.

Also, you need to know something about your customers, particularly ones that are loading you up on work. What happened with the last concrete contractor they were using? Did they string them out, and now after crushing them they are moving on to new blood? There are a lot of customers that will do that and they'll tear through subcontractors, including concrete contractors, like they're butter. Before you know it you have a couple hundred thousand dollars outstanding to this customer and the next thing you now you're making decisions like, "Oh, I have to go do the next job so they'll continue to pay me. If I don't work with them or keep them happy they might not pay me." You're in a real problem situation when it's at that point.

There are plenty of customers out there who want a good job and will pay you on time. Go find them. Don't get in with the losers who only want out of you what they can squeeze out.





## 5) Don't Take On Too Much Work

Rapid growth can happen to you because good contractors are hard to find. Your firm does good work, and does a good job of marketing, so customers are going to be turning to you to get the job done in more and more cases. *They don't know when you should be saying no- you are in charge of yourself.*

As your concrete company is growing, your pace of growth has to be monitored and controlled very closely. In the Concrete Sherpa report entitled [Monitoring Your Pace of Growth](#), you can read about how rapid growth can happen (sometimes growth comes too fast), and what to do to maximize the growth opportunities in front of you (making more money instead of just getting out of control doing more work).

Be patient. Those that become tremendously successful work their whole lives to be an overnight success! Go for 10-30% growth per year and build a solid foundation for your company.





## *Sherpa info*

---

### **HOW YOU CAN USE THIS DOCUMENT**

You have unlimited right to print, distribute, and use this guide. E-mail it to a friend, put it on your website, or any other ideas you see fit. You can print it and post it on a job, at your favorite coffee shop, in your office, or get creative and engrave it in concrete. Please share freely, the only things you may not do is alter it or charge for it.

### **COPYRIGHT INFORMATION**

The copyright in this work belongs to the [ConcreteNetwork.com](http://ConcreteNetwork.com). Please direct questions regarding feedback, use, permission and screw-ups to [dan@ConcreteNetwork.com](mailto:dan@ConcreteNetwork.com).

### **DOWNLOAD GUIDE**

This guide is available on line at <http://www.concretesharpa.com/cashflow>.

### **EMAIL TO A FRIEND**

Click here to pass the guide along to someone cool.  
<http://www.ConcreteSherpa.com/email/cashflow>

### **SUBSCRIBE**

Learn about the latest Sherpa Guides and other concrete information available in the Concrete Network's Newsletter. <http://www.ConcreteNetwork.com/newsletter.htm>





## Sherpa info

---

### SUMMIT DATE

This document reached the summit (was created) on January 13, 2005 and is based on the best information available to the Sherpa at that time. To check for updates please click here <http://www.ConcreteSherpa.com/cashflow>.

### NAVIGATION & USER TIPS

You can move around this guide by using your mouse or keyboard arrows. Left mouse button goes to the next page, right mouse button goes to previous page. Click on the right arrow ( → ) for the next page and the left arrow ( ← ) to go the previous page.

### KEYBOARD SHORT CUTS

	PC	MAC
Zoom in (Larger)	[Ctrl] [+]	[⌘] [+]
Zoom out	[Ctrl] [-]	[⌘] [-]
Full screen/normal screen view	[Ctrl] [L]	[⌘] [L]

### ABOUT THE CONCRETE SHERPA

The Concrete Sherpa is a team of people that represent the experience, teaching and learning of our team members and other industry leaders *on a mission to make life better for the concrete contractor*. We are an idea center striving to deliver thought provoking ideas based on “Concrete Advice for Business and Life” to stimulate you to reach new heights. As a user, you should remember to consider all information you receive, here at the Concrete Sherpa or elsewhere, not as a *cast in concrete* recommendation, but rather as an idea for you to consider and ponder.



## *Sherpa info*

---

### THE JOURNEY LEADING TO THE CONCRETE SHERPA PROJECT

The Concrete Sherpa Project (A [Sherpa](#) is a “guide”) was born at The Concrete Network in mid 2004. Here is how it happened:

The biggest surprise, or gift, since starting The Concrete Network in 1999 has been the concrete contractor friends from around the country we’ve made and witnessing the passion they have for what they do. These people include Dave Pettigrew, up in the San Francisco Bay Area, or the Verlennich brothers in Minnesota, or Bob Harris in Georgia, the list goes on and on. It’s quite inspiring.

We were once asked, “How are you so excited every day about concrete?” Well the answer is simple, it is impossible to not be excited about concrete when you have the job we do—interacting with hundreds of concrete contractors from every state in the country.

The thing we’ve learned about concrete contractors is that most are passionate *craftsmen*—they are often less passionate and experienced in the “office stuff”. Human nature channels us to do what we are most comfortable with; learning how to use a new saw-cutting tool is comfortable; learning and implementing a new estimating strategy, or job management tool, is not so comfortable.



## *Sherpa info*

---

### THE JOURNEY CONTINUES...

So Sherpa was born to provide FREE and easy to use information on topics many contractors are not too comfortable with.

- Concrete Sherpa is here to provide help to contractors who are often ‘Lone Rangers’ and don’t have anyone to get solid business advice from.
- Concrete Sherpa is here to provide help for contractors who have to work too hard and too many hours in their business, and one day realize they need to work *on their business, not in their business*.
- Have fun with Concrete Sherpa and go faster towards reaching success than you might have on your own.
- To skeptics who think something free can’t be valuable, or there must be a trick- visit Concrete Sherpa and decide for yourself.

We hope you make great use of the Concrete Sherpa and it helps you to become an awesome success for yourself, your family, your church, and your community.

### VISIT THE CONCRETE SHERPA

To visit the Concrete Sherpa click here <http://www.ConcreteSherpa.com>.