

## Tips For Surviving In An Uncertain Economy

**C**ontractors face and overcome challenges everyday. However, for many contractors the current economic climate represents their biggest challenge to date. In this article, we have assembled several valuable tips you can use to help your business survive and even thrive in this economy.

### Control Your Cash

As part of an industry marked by frequent ups and downs, you have learned that it is critical to set aside cash for the lean times. How do you know if you have enough cash in reserve?

Experts typically recommend that businesses keep enough cash and lines of credit in place to operate the business for one year. Make the preservation of your cash reserve a top priority.

To help with this, you can review your Sage Master Builder Cash Flow report on a daily basis and carefully consider your current situation before approving new expenses. You also can use the Sage Master Builder Executive Dashboard to give you up-to-date information regarding cash balances, cash position, profitability, and more—all from a single location.

Other reports within the software will help you identify current and projected expenses so that you can move to cut those that are now deemed unnecessary.



### A Plan For Action

The most efficient, well-managed contractors are in the best position to survive, and even thrive, during a downturn. The key to that efficiency is a deep understanding of your business that you can use to cut in the right places while continuing to invest in the most profitable activities.

If you haven't already, gather the information you need and develop a contingency plan that will help you make the right decisions

quickly. Your plan should include what you will do about manpower, equipment, pricing, overhead, cash, and expenses at differing levels of revenue and economic conditions. For example, if your revenue drops by 15 percent, where will you make cuts? Will there be layoffs? Will you need to sell or rent out equipment? What if it drops by another 10 percent? What further actions will you take?

Sage Master Builder can provide many of the underlying details you will need to

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develop your contingency plan—including past quarter and past year total labor costs, equipment costs, and materials costs. Use job cost reporting to analyze the average profitability of your jobs and know what types of projects are most profitable for your business. Go over your profit-and-loss statement carefully on a regular basis.

### Create Accurate Estimates

It is more important than ever to produce fast, accurate estimates. Material costs have changed rapidly over the past two years, first shooting through the roof and now falling back. It is nearly impossible to keep an accurate spreadsheet of all your costs.

The Standard and Extended Estimating solutions, available for Sage Master Builder, offer industry-specific material databases that are regularly updated to ensure that you are using accurate costs for your materials. By using automated estimating software, you can potentially cut the time required to produce an estimate in half—allowing you to bid on twice as many projects! A solution that is integrated with your accounting and operations software, such as Sage Master Builder Standard and Extended Estimating, significantly increases efficiency and improves accuracy.

### Monitor Your Receivables

As credit becomes more difficult to obtain, you may find that it is harder to get paid by your customers. Help ensure prompt payment by pre-qualifying customers before any work is done and by generating contracts with well-defined payment schedules.

Keep a watchful eye on your receivables. When payment is due, follow-up promptly, and preserve your company's lien and bond rights until you have been paid in full. You

don't want to find yourself at the back of the line if your customer goes into bankruptcy.

As bankruptcies increase, you also will need to verify that your subcontractors are sufficiently solvent to finish the jobs that you hire them to do.

### Improve Your Documentation

The likelihood of a lawsuit increases as the economy declines. It is critically important that you keep proper records and documentation to support the work that you perform and protect yourself from lawsuits. Whether you are forced to file suit against a defaulting client, or your company is named as the defendant, you are more likely to prevail when you have complete documentation.

An organized electronic system for keeping estimates, contracts, notices to proceed, and change orders is vital. Sage Master Builder is that electronic system, providing a secure record of the transactions and data that make up your business.

### Invest In Yourself

Companies with an adequate cash reserve can use this time to make strategic investments that will give them a jump start as the economy makes a comeback.

The cost of many items, including tools, trucks, and other heavy equipment is down from its peak, making your investment in these assets go further.

If you have not yet invested in construction-specific accounting software, such as Sage Master Builder, or an estimating solution like Sage Master Builder Estimating, this could be an excellent time to do so.

Remember, if you purchase equipment, vehicles, or software for your business in 2009, you can take advantage of tax incentives included in the new stimulus bill.

Higher limits in Section 179 allow you to fully expense up to \$250,000 of depreciable business equipment, including software, during the 2009 tax year. Or, you can enjoy 50 percent bonus depreciation on eligible assets. Of course, you should consult with your accountant for the specifics on these options.

We have even more tips to help you survive this recession. Give us a call for details. ✨

## (( Tips & Tricks ))

Customized queries that you have created by modifying an existing query are replaced with the original query during a re-index. To ensure your customized query is not overwritten during a re-index, re-create the query manually.

1. From the Query List select the query you want to customize. Click *Edit*.
2. Write down the selections on each screen. Click *Next* and *Back* to move between screens. After viewing each screen you are returned to the Query List.
3. Type the new query name in the blank field at the top of the Query List screen, and click *New*.
4. Select the appropriate fields to populate the query screens as you noted from the original query. Also include the fields as needed for your customization.
5. Click *Next* and *Back* to move between screens. After viewing each screen you are returned to the Query List. From here you can *Run* your customized query.