

How to establish a **FINANCIALLY** **HEALTHY**

Construction Business

For small construction
companies and
solo contractors.



Build Like No One Else.



If you are looking to start or continue building your own construction business, having a firm understanding of your finances is critical to your success. This guide will cover what a financially healthy construction company looks like and the steps you can take to achieve your goals.





What does a
FINANCIALLY
HEALTHY
construction
company
look like?

What does a **FINANCIALLY *HEALTHY*** construction company look like?



THERE IS *MONEY* IN THE BANK

- ✓ **The bills are paid.**
This includes payments to your subcontractors, vendors, and employees.
- ✓ **You have savings and an emergency fund established and available.**
Create a three-month financial cushion for your business to fall back on if things ever go wrong.



When each project is all said and done, you need to have made a profit after you have settled all of your expenses and paid yourself, that is **"money in the bank."**



YOU HAVE A *LIFE* OUTSIDE OF WORK

- ✓ **There is a margin for you to have personal hobbies & freedom.**
You will be able to do and be more than just your business.



YOU RUN YOUR BUSINESS, *IT DOESN'T RUN YOU.*

- ✓ **You don't always have to be there.**
If you need a vacation or day off, you can afford it.



STEPS TO *BUILDING*

a Financially Healthy
Construction
Company

STEPS TO BUILDING a Financially Healthy Construction Company

DEFINE THE *VISION*

✓ **Why Are You In Business?**

Take time to consider why you started your own business in the first place. Did you want more flexible hours, higher pay, and the ability to call the shots? Continually refocus yourself around why you started your business as you begin casting a vision for where you want to go.

✓ **5 Year Plan**

What goals or markers do you want to reach over the next five years? Take some time to create more in-depth goals than just how much money you want to make. Consider your profit margin, work hours, time spent on the job vs. in the office, and other personal goals.

✓ **Core Values**

Core values guide behaviors and decision-making. In your business, having clearly defined core values can bring a clear sense of purpose and provide a framework for actions and decisions, helping everyone to understand your goals and priorities.



Steps to Building a Financially Healthy Construction Company

BUILD A *PLAN*

1.



Set overhead goals

2.



Add markups to bids to cover your costs. What percentage is it for your business?

3.



Set a target profit margin for each project

4.



Create a budget

5.



Create an exit plan so you don't have to work forever

6.



Set rules for when to invest vs. save



TIP:

Add detail to your plan.

Yes, it is going to change, but without a plan you have no direction. The more markers you have, the more likely you will be to stay on track and own a financially healthy business.

Steps to Building a Financially Healthy Construction Company

BE *DISCIPLINED*

Accountability and discipline are required to create a healthy business that is built to last. This means having a clear understanding of your finances, including your income and expenses, and making informed decisions based on that information.

Disciplines to consider:

- ✓ Be selective about the jobs, customers, and projects you take on.
- ✓ Focus on your ideal clientele or project type.
- ✓ Minimize overhead costs.
- ✓ Communicate value and worth to retain customers.
- ✓ Weigh the cost-benefit of investments such as new equipment or staff.

Accountability

A large portion of discipline is personal accountability. If you have a business partner or mentor, consider looping them into your business decisions. With another set of eyes, ears, and strategy directed towards your plans and visions, you are more likely to succeed.

If you have an established vision, an actionable and trackable plan, and a commitment to personal discipline, your business will be well on its way to fulfilling your dream.



TIP:

Surround yourself with people who tell you what you **NEED** to hear, not necessarily what you **WANT** to hear.

Healthy Construction Business WORKSHEET

STEP 1: VISION

Why did you start your business?	5 Year Plan (Where do you want to be in 5 years?)	Core Values

STEP 2: BUILD A PLAN

<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____
<input type="checkbox"/> _____	<input type="checkbox"/> _____

Healthy Construction Business

WORKSHEET

STEP 3: BE DISCIPLINED	
Disciplines	Accountability (People or Processes)
1.	1.
2.	2.
3.	3.
4.	4.
5.	5.

The background of the entire image is a solid orange color. Overlaid on this is a faint, semi-transparent image of two construction workers. They are wearing hard hats and safety vests, and are standing on what appears to be a construction site. The worker on the left is slightly behind the one on the right, and they both appear to be looking towards the right side of the frame. The overall mood is professional and industrial.

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