

Good accounting can save sub-contractors

COMPANY MATTERS

QUESTION

I own a building company that works mainly as a sub-contractor to bigger firms. However, the slowdown in the construction sector is causing a fall-off in business. What should I be doing to help my company get through this tough period?

ANSWER

As a sub-contractor, it is very important to keep proper records and keep track of all important paperwork.

Sub-contractors can often be under a lot of pressure to get work done on time, with property developers keen to get sites finished and show-houses open. Developers often ask their sub-contractors for overtime and lots of other extras, and sometimes the administration side of things can slip.

On many occasions, companies simply don't have the paperwork to prove that they did the extra work to get the job



This week's expert is **Neil Hughes**, managing partner of Hughes Blake chartered accountants and business advisers

finished. While you may be under pressure as a sub-contractor, there is absolutely no point in doing the work unless you can prove you did it. Otherwise, the chances are slim that you will get paid for it.

It is fairly clear that certain sub-contractors simply don't have their systems right. If they don't have their act together in

the final meetings with architects, quality surveyors and project managers, they will not stand a chance of coming out on top.

My advice for those sub-contractors would be – don't try and wing it and do the deal on the back of an envelope at the end. Get the advice during the job, and have all your work signed off and certified. In particular, if you are asked to do extras, get it signed off and documented before you start – otherwise, you might never get paid for it.

While some parts of the construction sector have clearly slowed down, there may be other opportunities for your business. House starts are down 22 per cent on this time last year, but there is a large untapped market for home improvements.

A lot of Irish households have done well financially in the last few years, and have expanding families. This brings up a question: if they are not buying new houses, are they choosing to modify and extend the ones that are already there?

A lot of sub-contractors and building businesses, such as yours, should be able to replace house building projects with work on existing houses. How-

ever, this may mean having to put a bit more time and effort into marketing and advertising – something a lot of builders simply haven't had to think of in the last few years.

The National Development Plan envisages some huge infrastructure projects, which should provide jobs for construction firms that come free from the housing development sites around the country. However, you may have to travel further for work in the future.

The construction sector is in a period of transition from years of high growth, but the sector should return to a more normal level.

As activity slows down, a lot of overseas workers in the construction sector may decide to leave Ireland – being unemployed in one of the most expensive states in the EU could be difficult.

Each week, financial, legal and business advisers will answer your questions on a range of small business issues. If you are facing a business dilemma or simply need a sounding board, contact Company Matters. Questions should be sent to: Company Matters, The Sunday Business Post, 80 Harcourt Street, Dublin 2. E-mail: companymatters@sbpost.ie