

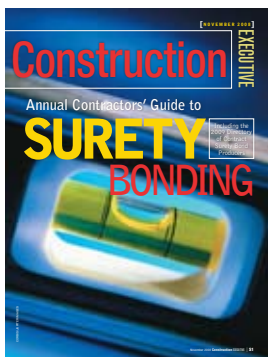
Construction

EXECUTIVE

Executive Insights

ANALYSIS AND ADVICE FROM SURETY INDUSTRY LEADERS

“ CASH IS THE BARRIER BETWEEN BEING IN OR OUT OF BUSINESS. ”



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Surety Practice Leader

Conner Strong Companies Inc. A wise contractor will focus on maintaining the net return, not the gross margin, by managing overhead vigorously, tightening cost controls and becoming even more selective about the type and size of projects the company undertakes. In addition, limiting work to known project owners, architects and engineers reduces risk and provides a greater opportunity to build one's way to a better margin.

Escalating material costs are a problem, and many contracts do not allow a contractor to recoup such costs. Nonetheless, a contractor should not shy away from try-

ing. A contractor can better manage the impact of such escalations by ensuring the contract includes very specific schedules with a fixed time to buy these materials. If the schedule slips through no fault of the contractor, the contractor needs to have contractual protection and a remedy to recover the additional costs.

Cash is the barrier between being in or out of business. Maintaining liquidity and paying bills promptly will create more surety credit, better subcontractor relationships, performance and pricing—and as a result, more work. Having liquid staying power protects the contractor from private sector financing default and becomes the means to weather difficult projects, owners and economic times.