

## *Financial training For non financial staff*



*The financial training specialists*

### **Win the work at any cost? (profit and cashflow)**

My brother Geoff runs a cleaning business, and is starting to win some commercial contracts as well as domestic work.

One commercial contract has been a headache throughout the year Geoff has been cleaning there.

It's a very tight profit margin – even tighter than usual for commercial cleaning. And Geoff has had to employ someone to do the work (more on that in a future blog!).

The client pays very slowly. Every invoice has been paid late; some very late. As Geoff has a monthly payroll to pay, this has given him some major headaches.

When it came to renewing the contract in December, Geoff was in two minds about it. His gut feel said no, his analytical head said yes.

He renewed, but the client gave a month's notice of termination at the start of February, so Geoff gave his employee a month's notice at the same time, in accordance with his contract.

The client had decided it would be cheaper to employ an apprentice to do the cleaning, and 10 days after they'd given notice they rang Geoff and told him they didn't want his employee on site any longer. Geoff has no additional staff to run the contract, so the client had effectively terminated without notice.

Geoff still has to pay his employee over the remainder of the notice period, so he's seriously out of pocket.

The moral?

We don't want any work, we only want profitable work, where the bills are paid on time.