

Accounting Sucks...But You Gotta Have It

How to remove accounting from YOUR plate, yet improve profitability

Do any of you tend to dread the several days every month where you have to dive deep into accounting, budgets, invoices, reports and more?

It is sort of a day of reckoning every month. Not always a day that produces the best of news! There is all kinds of money flying in and out of most homebuilding companies every single month. It is absolutely crucial to have accurate, updated accounting reports to run your business. Without accurate accounting and reports, profit suffers and cash is always tight!

The problem is that most of us builders are not accountants. We've maybe had an accounting or finance course or two along the way, but many are self taught.

I can tell you that when I finally embraced a true accounting plan, and hired the right people, that everything changed in my building business forever! We replaced confusion with organization. We replaced lost margins with increasing margins. We gained clarity in our cash position, both current and future projections.

It's time to embrace accounting! Build the systems, hire the right people and reap the rewards!

What can accounting help provide

Profitability

You can't improve what you don't measure. Build accounting reports that focus on net profit.

Cashflow

Understand cash sources, cash needs and monthly overhead. Understand and project cash continually.

Control

With the right accounting reports, you will be empowered to plan successfully for your business.



BONUS BENEFIT

DON'T FORGET THIS ONE!! When we finally took control of our accounting, not only did we see increased profitability and stronger cashflow, but our banking relationships improved immediately!

Within one year of improved accounting systems, we immediately started to see banking lines of credit go up, giving us the fuel we needed for additional growth and development of our company!

Banks LOVE organized accounting!!

5 Immediate Steps You Can Take Now

- ✓ **Stop pretending to be an accountant**
 - Find the right people (accountants) to join your team
- ✓ **Align with NAHB**
 - Align your QB Chart of Accounts with NAHB
 - Creates consistent measuring stick for accounting practices
- ✓ **Develop Accounting Reports**
 - What information is most important to run the business?
 - Develop consistent monthly reports to share this information
- ✓ **Establish Scorecard Measurables**
 - What are the key accounting targets that determine success?
 - Develop a weekly scorecard to review these numbers
- ✓ **Routine Accounting Meetings**
 - Begin RIGHT NOW to hold weekly accounting meetings
 - Review reports and data. Discuss and make adjustments.



Accounting Practices

A few questions to consider:

What grade would you give yourself on your current accounting practices? In what ways could you most improve these practices? What steps can you take today to begin this improvement?

What accounting information is most important to you? How does this information affect decision making in your company? What reports would help you have all of the information you need to improve this decision making?

Brainstorm and list 5 individuals or networks you could engage in to find a new accounting team member. Already have one? List 5 ways that this individual could help improve your current accounting practices.



What was your gross profit and net profit percentages for each of the last 3 years? Note here the improvement that you believe you can achieve through improved accounting practices?

What day and time will you commit to holding an accounting meeting? Who will attend this meeting?

What scorecard measurables will you add and faithfully review every single week in this meeting? How will you communicate these scorecard measurables with your team members and set them up for success?



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- NOTES -

