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From: [Remodeling magazine February 2010](#) | Posted on: February 10, 2010

The Daily Four

By: Les Cunningham

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When you're running a remodeling company, it's easy to get bogged down in the details of each job. However, every staff member should be aware of the bigger picture and realize that they are working toward a goal. To stay focused, there are four questions team members should know the answers to every day:

- 1. What can I do to help the company sign a profitable sale today?** This is the prime directive. Every employee *must* know the answer to this question every day they desire to continue in business. For each day of business, a company must sign and produce enough profitable work to cover direct and indirect daily break-even costs.
- 2. How much cash and/or credit does the company need to operate?** At every moment, you must have the cash and/or credit to pay the company's daily operating costs. These include labor (as well as the appropriate taxes for labor), materials, subcontractors, and indirect costs.
- 3. When will I be paid on my receivables?** You must set a schedule of the date and the amount that the client is going to pay you. Make sure it is in writing, and let the client know that if those payments are not made, you'll have to stop work on their project. Each draw amount will fund the next amount of scheduled work, including your profit and overhead.
- 4. When do I pay my payables?** You should pay the percentage of costs of the job shortly after you have been paid for the job. Specifically, within five days or less, preferably by Thursday of the week you collect your draw.

—Les Cunningham is president of Business Networks, a peer-review organization for the remodeling and insurance restoration industries. les@businessnetworks.com.

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