



TOP 10 WAYS YOUR ACCOUNTING FIRM SHOULD BE HELPING YOU BUILD YOUR CONSTRUCTION COMPANY



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Many construction companies used their accountants as a means to meet their compliance requirements with government agencies, banks, bonding agents and various other third parties. Contractors that have been in the industry long enough have come to realize that the services provided by accountants that specialize in construction accounting can become an invaluable resource for the success, growth and continuation of their companies. The following is a list of services that your accountant should be addressing with you each and every fiscal year:

1. Internal Controls

Implementation of solid internal controls is the best way to minimize the risk of fraud, embezzlement and other improprieties within your company. No one ever hires an employee thinking that they will be dishonest; however the reality is that employee theft results in a significant amount of lost profits for companies every day. Establishing and monitoring internal controls for your company will reduce such risks and help maximize profits for your company.

2. Information Technology and Software Selection

Anyone who has ever prepared a construction in progress schedule can appreciate the benefits of a good accounting software program. Choosing a software program that meets the accounting and financial reporting needs of your company and is affordable is not always easy. Accountants that specialize in the construction industry are knowledgeable of the benefits of each system and can help you find the right one to meet your needs.

3. Bonding Advice

The requirements of your bonding agent can be reduced if you, or your accountant, have a strong working relationship with them. Bonding agents have their own set of criteria that they use to evaluate your financial statements and your company's overall financial position. Ongoing communication between your bonding agent and accountant will usually reduce issues that may arise and help to amicably resolve any issues which may delay or stop the bonding process.

4. Budgeting and Projections

The key to achieving the financial goals of your company is accountability. The first step is the creation of budgets and projections. The second step is to hold individuals accountable for maintaining those budgets and achieving the company's goals. Your accountant should help you develop budgets and projections, as well as measurable goals to insure accountability.

5. Benchmarking and Results Analysis

Many construction companies operate profitably and believe that their business methodology is the best. However, what if you found out that your competitors were operating with significantly higher gross profits, lower operating expenses and higher bottom lines? Most companies would

immediately ask *“what are we doing wrong?”* Establishing benchmarks is similar to budgeting except you identify financial goals attainable in your industry. General benchmarking information can be obtained via the Internet; however your accountant can be a key resource for specific benchmarks that apply to your industry segment and region.

6. Evaluation of Employee Benefits

Most construction contractors know that their employees are the primary reason why their companies are successful. Therefore, when the company has the opportunity to financially reward its employees, create significant write-offs for tax purposes, maximize benefits and compensation paid to its owners and increase overall employee moral, then the implementation or evaluation of an employee benefits plan is a win-win situation. Your accountant, along with the assistance of an independent pension consultant, can help you evaluate your options.

7. Succession Planning

Most business owners have a good understanding of how their company operates and are confident that they will continue to be successful for as long as they are at the helm. Not all business owners have planned for the company’s continued success after they retire. Whether your intent is to pass your business down to your own children, turn over the operations to key employees or sell your business outright to a third party, you should begin planning this transition. There are many tax saving strategies that will ensure that your company continues to operate and provide for your financial security. Since most succession planning takes time to implement, you should consult with your accountant to begin your exit strategy as soon as possible.

8. Bank Negotiations

Most businesses have a banking relationship with one or two banks. Very few business owners have established working relationship with a multitude of banks and other financiers. Even fewer have the insight to know what financing terms and deals are currently available from different sources and have the ability to acquire similar terms for their businesses. Your accountant should have established personal relationships with numerous bankers and will be able to play a key role in negotiating and acquiring the best financing terms for you.

9. Tax Planning

The old adage that *“people don’t plan to fail, they fail to plan”* is never truer than when addressing tax planning. Tax preparation and tax planning are two distinctly different things. Too many companies do not see their accountant until after the end of their fiscal year. Tax planning after the fiscal year end is similar to putting the cart before the horse. In order to be successful, the majority of tax planning needs to be implemented over the course of the year and should be monitored regularly. There are many tax planning strategies that may take years to successfully implement. Unfortunately, a lot of companies do not seek to address such tax planning strategies until it is too late.

10. Profitability Enhancement

There are three ways to enhance a company’s profitability. The first way is to increase revenues, the second is to decrease expenses and the third is to improve the quality of life of the company



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owners. When people think of profitability enhancement, they automatically think of a higher bottom line, but what if your accountant came to you and said *“I can show you how to increase your gross revenues and gross profit while reducing the number of hours you work?”* Most people would jump at such an offer. Your accountant should ask you these types of questions and help you implement solutions.

In today’s economy every resource is an opportunity for continued growth. By not making yourself accessible to such resources you are closing the door to a multitude of opportunities. If the deciding factor in how you hired your accountant was based upon price, you should remember the old saying *“you get what you pay for.”* A good certified public accountant will help you identify your goals, solve your problems and be your most trusted financial resource.

As one of the leading accounting and consulting firms for the construction industry, Cowan, Guteski & Co., P.A. understands the importance of their role in your success. Contact Bill McNamara, CPA - Director of the Construction Services Group at 732-349-6880 extension 116 or bmcnamara@cowanguteski.com for more information.

About Cowan, Guteski & Company, P.A.

As a diversified certified public accounting firm, Cowan, Guteski & Co., P.A. is committed to being an active partner in their client’s growth by delivering value driven accounting and profitability consulting services. Visit www.cowanguteski.com for more information on the services available to meet the unique needs of the construction industry.



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