



Crash Course on Cash

by Bill Brockway



The Remodeler's Guide to Making and Managing Money by Linda Case (Remodeling Consulting Services, 1996; 301/588-8172). Paperback, 6x9, 140 pages. \$25.

When Linda Case asks remodelers how healthy their businesses are, most will show her a positive checkbook balance and smile confidently. But this is one of the worst ways to monitor a business, according to Case. She likens it to flying a passenger jet stripped of all its instrumentation and relying instead on just one big red light on the dashboard. If the light starts flashing, the plane is at

1,000 feet and falling fast.

If you'd like to increase the number of ways your business can signal you, get a copy of Case's new book, *The Remodeler's Guide to Making and Managing Money*. It's one of the best books of financial advice for builders that I've ever read.

Because this is a book about money, Case starts out talking about how much you should pay yourself. She offers a formula to calculate your minimum pay from annual business volume or from a top lead carpenter's pay. Case finds that most remodelers don't pay themselves enough, which leads to stress and unhappiness, which in turn is bad for the business.

Next comes an explanation of all the different types of financial reports you

need to keep track of your money. I've read this same discussion of P&L statements, balance sheets, and cash vs. accrual accounting methods in many other books, but never has the information been presented so clearly. All of the examples shown are from real companies Case has worked with.

The author next turns to job-costing, forecasting cash flow, and the role of budgeting in a profitable company. She stresses both prior planning and a thorough review process to learn from what actually happened on each job. The book wraps up with examples of how to use all the financial reports to make good business decisions, plus a list of benchmark numbers.

Case really knows her stuff. She's obviously seen what can happen to a remodeler who hires the wrong financial team. Her advice includes what to look for in bookkeepers and accountants as well as the simple precautions you can take to guard against embezzlement.

I think you'll find enough guidance in this book to follow her main advice: Take control of your own financial future. ■