PaintBusters Australia

FREE MINI GUIDE

FINANCIAL MANAGEMENT FOR PAINTING CONTRACTORS

Know Your Numbers. Protect Your Profit.



PAINTBUSTERS AUSTRALIA | BUSINESS GUIDES

A painter can be busy and still go broke.

Painting contractors face a distinctive challenge: labour and materials must often be paid long before the customer pays the invoice. Vehicles, finance repayments, tax obligations and overheads keep coming whether the job runs to plan or not.

This mini guide is a practical introduction to the numbers and decisions that protect your business. It is written for contractors, their partners and office managers. It is not a textbook and it does not replace a qualified accountant or licensed financial adviser.

WHAT YOU WILL LEARN

- Why turnover, profit and cash are three different things
- How to spot cash-flow trouble before payroll is due
- What to compare when financing or leasing vehicles
- How overdrafts, loans and credit lines can help—or hurt
- The questions to ask before committing your business

THE PBA APPROACH

Understand the principles. Ask better questions. Seek the right professional advice. Build a business that can survive setbacks and reward its owner.

CHAPTER 01

Turnover is not profit

A painting business can be busy, well regarded and still short of money. Turnover is the value of work sold. Gross profit is what remains after the direct costs of delivering that work. Net profit is what remains after business overheads and other expenses. Cash in the bank is a different measure again.

FROM THE JOB SITE

Example: A job invoices $20,000. Direct labour, paint, materials and access cost $14,000, leaving $6,000 gross profit. If allocated overheads and other expenses are $3,500, the remaining operating profit is $2,500 before tax. That is not $20,000 available to spend.

PUT IT INTO PRACTICE

Know your numbers: record quoted price, actual direct cost, gross margin, overhead allocation and money collected. Compare each completed job with the estimate, not just the invoice total.

THE TAKEAWAY

A contractor who knows the real cost of producing a job can price with confidence, reject poor work and plan sustainable growth.

CHAPTER 02

Cash flow: when money moves

Profit does not automatically pay wages on Friday. A job can be profitable on paper while customers take weeks to pay. Meanwhile, employees, suppliers, vehicles and rent still require payment. Growth can actually increase cash pressure because larger jobs require more working capital.

FROM THE JOB SITE

Example: A contractor starts two large projects in the same week. Materials and wages are due now, but the first progress claims will not be paid for another month. Without a cash forecast, the contractor may need expensive emergency finance despite having profitable contracts.

PUT IT INTO PRACTICE

Create a rolling 13-week cash forecast: opening bank balance, expected receipts, payroll, suppliers, tax obligations, loan payments and closing balance. Update it weekly. Use agreed deposits and progress claims where lawful and appropriate; invoice promptly and follow up respectfully.

THE TAKEAWAY

A signed contract is not cash. Monitor what is owed, when it is due and what you must pay before it arrives.

CHAPTER 03

Job costing and financial controls

Every estimate makes assumptions about labour days, materials, access, preparation, travel and variations. Unless actual costs are tracked, a contractor cannot tell whether the price was right or whether the crew performed to plan.

FROM THE JOB SITE

Example: A repaint was estimated at eight painter-days but took eleven. That difference may result from underestimated preparation, poor access, weather, rework or a scope change. The cause matters more than blaming the crew.

PUT IT INTO PRACTICE

Use one job number for quotations, purchase orders, timesheets, invoices and variation records. Review labour against allowance during the job, not only at the end. Keep business and personal spending separate. Use simple software or a disciplined spreadsheet.

THE TAKEAWAY

The objective is not paperwork for its own sake; it is early warning and better decisions before the profit disappears.

CHAPTER 04

Vehicles: buy, lease or finance?

A ute or van can be essential to earning income, but the cheapest-looking monthly payment is not always the cheapest vehicle. Compare outright purchase, a secured vehicle loan, a finance lease and other leasing arrangements based on total cost, ownership and business use. Availability and tax treatment vary by country.

FROM THE JOB SITE

Example: Two offers advertise similar repayments. One has a sizeable final balloon or residual payment; the other has higher regular repayments but no large amount due at the end. Insurance, servicing, registration, mileage restrictions, early exit fees and tax treatment may change the result.

PUT IT INTO PRACTICE

Before signing, ask: What is the total amount payable? Who owns the vehicle at the end? Is there a balloon/residual? What happens if work slows or I sell early? What insurance is required? What happens if the vehicle is damaged?

THE TAKEAWAY

Have an appropriately qualified accountant and licensed finance professional explain the tax and contractual consequences for your circumstances.

CHAPTER 05

Loans, overdrafts and lines of credit

Finance can help a sound business manage timing differences or invest in productive assets. It can also hide weak pricing and make a struggling business worse. Common facilities include term loans, equipment finance, business credit cards, overdrafts and revolving lines of credit. Invoice finance may be offered in some markets.

FROM THE JOB SITE

Example: A short-term line of credit might bridge a known gap between payroll and a reliable customer payment. It is a poor long-term solution if every project loses money. Interest, establishment fees, unused-limit fees and security requirements must all be considered.

PUT IT INTO PRACTICE

Compare annual interest rates and effective total cost, repayment structure, fees, personal guarantees, collateral, drawdown rules, default conditions and exit costs. Ask whether the borrowing creates income or simply postpones an unavoidable problem.

THE TAKEAWAY

Never borrow merely because a lender offers a limit. Match the facility to a defined need and a realistic repayment plan.

CHAPTER 06

Protect the business and the owner

Unexpected events can undo years of work: an uninsured loss, injury, late-paying customer, major defect, tax bill or personal guarantee called in after business failure. Financial management includes controlling these exposures before they become emergencies.

FROM THE JOB SITE

Example: A contractor signs a large contract with a demanding payment schedule and provides a personal guarantee for credit. If the builder fails to pay, the contractor may face both a cash crisis and personal financial exposure.

PUT IT INTO PRACTICE

Review customer creditworthiness, written scope, variation procedures, insurance limits and exclusions, worker obligations, payment terms, tax reserves and business continuity. Obtain local professional advice on business structure, employment, insurance and tax.

THE TAKEAWAY

Do not confuse being insured with being adequately covered. Read policy wording and understand exclusions, excesses and contractual requirements.

CHAPTER 07

Your next 30 days

Good financial management is a habit, not a once-a-year appointment with the accountant. Start with the few numbers that change decisions, then build a system your business can actually maintain.

FROM THE JOB SITE

Week 1: list all fixed overheads, debts and finance commitments. Week 2: review three completed jobs against their original estimates. Week 3: prepare a 13-week cash forecast and identify overdue accounts. Week 4: review vehicle and equipment costs, insurance and credit facilities with suitable advisers.

PUT IT INTO PRACTICE

Put one person in charge of weekly reporting. Keep a simple dashboard: cash available, unpaid invoices, work in progress, gross margin by job, upcoming obligations and finance repayments. Discuss the results before committing to new spending.

THE TAKEAWAY

A profitable business gives its owner choices. Financial clarity is how those choices are earned.

YOUR NEXT STEP

Better numbers. Better business decisions.

Start with your three numbers

Know what each job sold for, what it actually cost and how much cash the customer has paid.

Review before borrowing

Compare the total cost and risks of loans, vehicle leases, equipment finance, overdrafts and lines of credit—not just the repayment.

Get independent advice

Use an appropriately qualified accountant, lawyer, insurance adviser or licensed finance professional for advice specific to your business and country.

HOW PAINTBUSTERS AUSTRALIA CAN HELP

PaintBusters Australia provides practical industry education, estimating and business consultancy. We can help contractors identify questions, review business processes and explore appropriate next steps. Where relevant, we may introduce you to an independent third-party provider; any referral arrangement or commission should be disclosed. Product availability and eligibility depend on the provider and your location.

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