

Top five construction cash leaks

Keeping track of cashflow in busy periods is complex and time-consuming, and cash leaks are common. But there are ways to stop them happening.

Construction firms are always busy. And when things get hectic, cashflow gets difficult to track. There are five main ways cash can leak out of the business – and five key things companies can do to stop this happening.



1 BLOWN BUDGETS

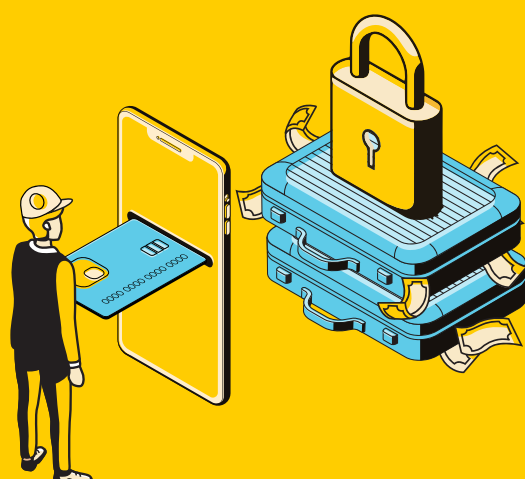
Construction is unpredictable and it's rare to work on a project without unexpected costs. Teams might need to buy more materials than expected, or there might be unforeseen extra work required, leading to higher labour costs.

Paying cash for these extra costs can quickly drain bank accounts, potentially leading to short-term issues with cashflow. Instead, companies should use a flexible line of credit, freeing up cash in the short-term and giving them more flexibility. Not only will this help firms stay in control of their cash, it will enable the finance team to plan for those bigger outlays.

2 FRAUD

Most construction firms have multiple teams on multiple sites, with staff either on the road or in a range of locations. With so many variables, it's next to impossible to keep a close eye on what everyone is spending – and every so often, fraudulent payments could slip through.

Companies can stop this happening by putting controls in place over what people can spend and the types of places they can spend it. Having a clear, bird's eye view of spend also helps: it means finance teams can keep an eye on what's going on, making it easy to spot any unusual patterns or out of place purchases.



3 REDUCE INTEREST PAYMENTS

Expensive credit is another drain on cash and a headache for the finance team. High interest is a cost nobody wants and finding sources of free credit should be a priority. Once these sources are in place, they make a significant difference to cash reserves and take pressure off short-term cashflow.

4 SLOW ACCOUNTING PROCESSES

Manual processes can be excruciatingly slow and can lead to mistakes. This is particularly true for expenses and payments – money is flying in and out across multiple teams and locations, and processing this manually is slow and time-consuming.

And as any business leader knows, time is money: cumbersome expense processes can delay purchases, which in turn delays the job getting done. Improving these processes makes for faster operations, cost savings associated with job delays and ultimately business growth.



5 BETTER EXPENSE MANAGEMENT

Even when they're completely above board, small costs can add up when a company has multiple jobs on the go at any one time. From fuel to snacks to extra materials, when combined these purchases can turn into a noticeable drain on cashflow.

Using an expense card with set limits helps here too. It allows companies to plan how much is spent on these smaller purchases, enabling a proactive approach, better planning and more control. And having an at-a-glance, bird's eye view of spend across the business allows the finance team to not just spot unusual purchases, but also where there is potential for saving. Job done.



Allstar Plus does all this and more. A 2-in-1 expense and fuel card, it gives teams the freedom to buy what they need whenever they need it, while allowing the finance teams to place limits and controls on each card in use. Its online platform allows a bird's eye view of spending, highlighting where savings can be made and ensuring better cashflow management.

Explore more ways that Allstar Plus benefits construction businesses, like yours.

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