GROW CAREFULLY

Big contract readiness checklist

Name _____ **Business** _____ **Date** _____

You will finish with
The cash gap for one contract, what you still need to deliver it, and a decision: accept, negotiate or say no.

1. The contract

Client, work and total value (e.g. Property group, garden maintenance for 6 months, R120 000)

When each payment arrives (e.g. 60 days after each monthly invoice, so the first payment is at the end of May)

2. Your cash gap

The **cash gap** (money you must pay out before the client's first payment reaches you). List every cost you will pay before that date.

Cost before the first payment	Amount (R)	Date I pay it
e.g. Materials	8 000	15 March
e.g. Extra worker, 3 months' wages	18 000	25 March, 25 April, 25 May
Total costs before first payment		

Total costs before first payment - Deposit from the client = Cash gap (e.g. R26 000 - R0 = R26 000)

Cash I can use without touching money for current customers, rent and suppliers (e.g. R12 000)

Cash I can use - Cash gap = Room left or shortfall (e.g. R12 000 - R26 000 = -R14 000)

TIP

Shortfall below R0?

Ask for a **deposit** (part payment before work starts) or **milestone payments** (payment after each stage). A smaller first phase also cuts the gap.

This resource is for educational purposes only. It is not tax, legal or financial advice. Rules and requirements can differ by business type and location. Check with the relevant authority or a qualified adviser for your situation.

3. Can you deliver?

Tick each one that is true today.

- **CHECKLIST**
  - ☐ I can do the work at the quality the client wants
  - ☐ I have enough people, or a plan for extra help
  - ☐ Equipment is available and reliable
  - ☐ Suppliers can deliver materials on time
  - ☐ Current customers will still get their work on time
  - ☐ Scope, price and payment dates will be in writing, signed by both sides
  - ☐ I have the documents the client asks for (e.g. registration, tax, bank letter, insurance, safety, references)

First thing not ticked, and how I will fix it (e.g. No safety file: get a quote from a safety consultant by Friday)

4. Biggest risk

Biggest risk and my backup plan (e.g. Client pays late: keep R10 000 aside and ask for a 30% deposit)

- **WARNING**

Get it in writing

Do not start a large job on a spoken promise only.

5. Decide

- **CHECKLIST**
  - ☐ Accept: cash gap covered and all items ticked
  - ☐ Negotiate first: deposit, milestones or a smaller first phase
  - ☐ Say no for now

Next step

What I will do (e.g. ask the client for a 30% deposit)

Who will do it

By when

This resource is for educational purposes only. It is not tax, legal or financial advice. Rules and requirements can differ by business type and location. Check with the relevant authority or a qualified adviser for your situation.