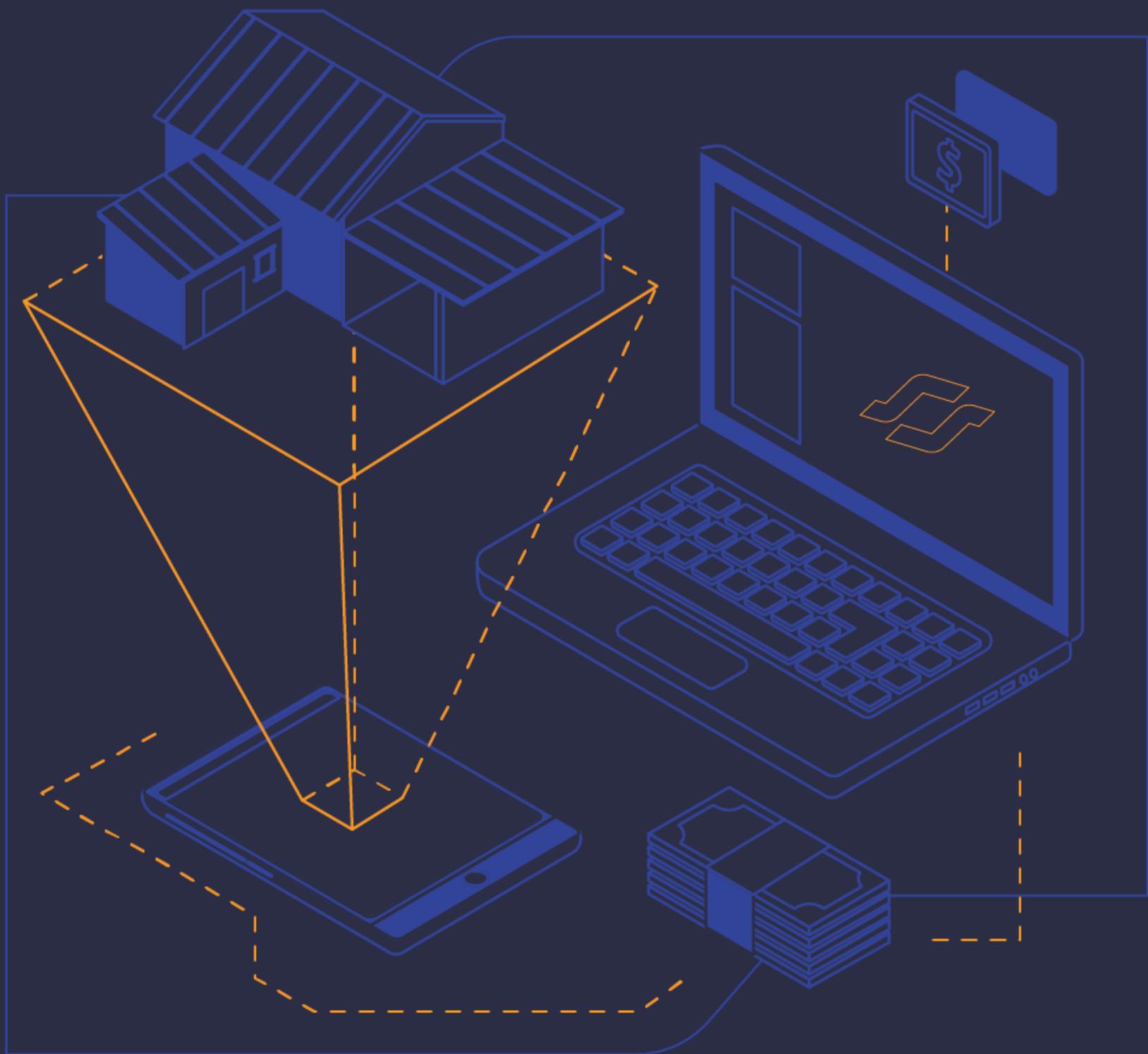


**Cash Flow Management:**

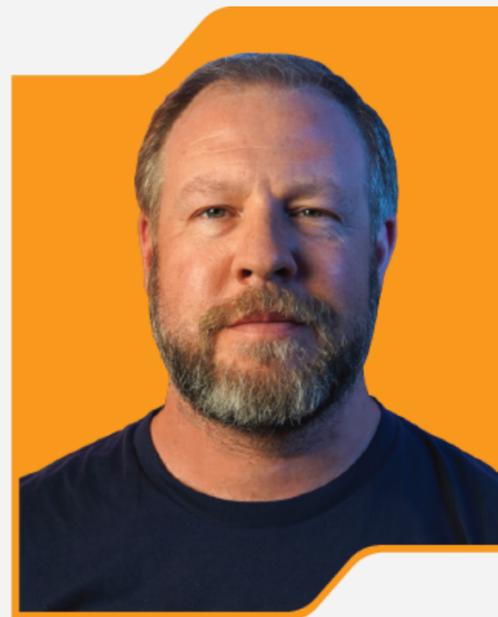
# The Ultimate Guide for Roofing Business Owners

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# Preface

Roofing contractors, especially those working on insurance claims, have a tricky problem to solve - **handling cash flow**. It's not fancy, but it's the heartbeat of your business. I, Matt Frugé, know this too well. That's why I co-founded SquareDash, your solution for problems just like this one.



**Matt Frugé** | Founder & CEO

I've been a roofing contractor for 15 years in the Dallas-Fort Worth area, and I've seen it all - the good times and the bad times. These experiences, full of wins and plenty of mistakes, led me to create SquareDash - **a fintech platform built to make your operations run more smoothly and help your business grow**.

Today, we're taking on cash flow - looking at why it matters to roofing business owners and how **SquareDash can help you get a handle on it**. So, let's get started.

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# Cash Flow Mastery

## The Heartbeat of Your Roofing Business

Cash flow is the lifeblood of any business, and for those in the roofing industry, it's like a vital organ. But what exactly is cash flow? And why is it so pivotal?

Simply put, cash flow is the total dollars moving in and out of your roofing business on a weekly, monthly, quarterly, etc basis. It's the pulse of your financial health, and it's a crucial component of operating efficiently. Cash flow and profit aren't twins. You can see profit on paper, but without a steady stream of cash moving in and out of your roofing business, it can not run smoothly or consistently. In fact, without it, **your business may not survive and it definitely will not flourish.**

Why is this so critical, you may ask? It's simple. Mastering your company's cash flow and how much cash you need paves the way for growth. It gives your business the resilience to weather the market's storms and expand when opportunities arise.



# The Cash Flow Trilogy

## Operations, Investment, and Financing

Managing your cash flows effectively boils down to understanding these three key components:

- **Operating Cash Flow:** For roofing companies, this is the money-maker. It's all about invoicing clients and receiving payments in a swift and organized manner. Doing this well helps maintain a positive cash flow.
- **Investing Cash Flow:** This is cash spent or received from buying or selling assets, such as tools, properties, or vehicles. It's about making smart capital expenditures to grow your roofing business.
- **Financing Cash Flow:** This is where roofing business loans and other financing options come into play. It could be a supplier line of credit, a roofing business loan from a traditional bank, or tailor-made solution like SquareDash payment advances.

All three components are crucial to maintaining steady and positive growth.

In the following chapters, we'll tackle the common mistakes made in managing operating cash flow and how to maximize the cash inflow from running your roofing business

# Dodging Operational Cash Flow Hiccups

## 3.1 Messy Invoicing

When you're managing multiple retail jobs, it's easy to trip over the billing process. Inconsistent invoicing can delay payment collections, upsetting your cash balance. In this situation, standardizing your contract terms and conditions and requiring at least 50% of the amount due upfront can help.

But best practices like this won't help prevent these cash flow gaps when insurance checks and mortgages are involved because homeowners and commercial structure owners are in the same boat with you - waiting on the insurance check money to pay for repairs..

ACV and depreciation advances from SquareDash were specifically designed to cover initial business expenses and resolve the cash flow gap created by the insurance payment process. And to date, it's the only thing that has come close to working for my personal roofing business.



## 3.2 Overreliance on Supplier Credit

Supplier credit lines are a popular solution to help roofing contractors prevent and fill cash gaps, but leaning too heavily on this type of debt can quickly become a house of cards. It only takes one unexpected insurance payment delay to throw your business into an unrecoverable tailspin.



Robbing Peter to pay Paul once may be a reasonable solution, but what happens when you find yourself up against the second financial gap and another insurance check is delayed?

Supplier lines of credit create an endless cycle of reliance that will put you out of business in the blink of an eye.

## 3.3 Poor Job Management

Good job management is a cornerstone of healthy cash flow. For example, don't wait until the roof is finished before scheduling the gutters. Schedule them at the same time. Preferably a day or two apart. And always set realistic project timelines for your customers and organize your trades efficiently to avoid costly delays or disappointments.

# 4 Making Every Penny Count in Your Roofing Business

## 4.1 Build Trust with Homeowners

Good relationships lead to prompt payments. Establishing trust with homeowners can even generate more business through referrals.

## 4.2 Use Your Money Wisely

The quicker you get your money, the more you can do with it. Pay sales commissions promptly to keep your team motivated and sales high.

## 4.3 Minimize Accounts Payable

Reducing accounts payable helps to increase your net income and ensures you have more free cash flow. Negotiate better terms with suppliers and always pay your bills on time.

## 4.4 Invest in Growth

Smart investments in equipment or tools can help your roofing business tackle larger jobs. Ensure the return justifies the cost.

# Beware of False Wealth

A hefty bank account doesn't always mean your business is financially healthy. Keep track of all your liabilities through good bookkeeping practices to avoid falling into this trap.

A hefty bank account doesn't always mean your business is financially healthy. Keep track of all your liabilities through good bookkeeping practices to avoid falling into this trap.

As roofers, you know that issues like rotten decking or leaks can hide beneath the surface of an otherwise solid-looking roof. Well, the same goes for your business. A thick wallet might make you feel secure, but it does not tell the whole story. Just like you can't take a customer's roofing issues at face value, you must strive for a deeper understanding of your business finances.

Let's get down to brass tacks. You've got bills to pay - that's your accounts payable. This includes everything from the payment for the shingles you just ordered to the electricity bill for your office. If you don't track expenses correctly, they can stack up unexpectedly, draining your bank account fast.

And remember, cash is king in the business. You might have loads of assets - trucks, ladders, tools, even your office - but if you're short on cash, you can't market and grow your brand. Paying your guys and purchasing the materials for the next job will always come first, but it won't help you grow. That's why having a good handle on customer payments coming in and expenses going out is crucial.

Stay on top of your liabilities, manage your accounts receivable and payable, cover financial gaps, and make sure your cash on hand is sufficient for several months worth of expenses. Don't be fooled by a big bank balance. True financial health means having the cash you need when you need it. Make positive cash flow your goal, and you'll avoid the trap of false wealth.



# Cash Reserves

## Your Financial Safety Net

As your roofing business expands, so should your cash reserve balance. Managing these reserves with discipline is crucial to ensuring long-term success. This might mean setting aside a percentage of your net income each month or regularly adjusting your reserves based on cash flow forecasts.

Working with a bookkeeper or an accountant can be invaluable. Financial pros can help you make smart, strategic budget forecasting decisions like:

- What's the right time to hire another production manager?
- Is buying a second service truck a good idea?

Expert advice on routine decisions like these will help ensure that your cash flow position aligns with your overarching business needs and goals every month, quarter, and year.

Now, you might be thinking, "I'm a roofer, not a financier. Why do I need to worry about this stuff?" And you're right. You didn't start a roofing company to fiddle with spreadsheets. But here's the thing - **understanding your financial situation isn't just about counting dollars and cents. It's about knowing how to keep your business stable, thriving, and ready to seize the next opportunity.**

Sure, roofing is your forte, but as a business owner, mastering your financials is just as crucial. If numbers aren't your strong suit, feel free to get professional help. An experienced bookkeeper or accountant can manage your financials and clearly understand your cash flow, allowing you to focus on what you do best - roofing.

# Meet SquareDash - Your Cash Flow Companion



Having explored the fundamentals of cash flow management for the roofing industry, it's time to introduce SquareDash - a fintech platform built for roofers, by roofers to fuel your operations for growth when doing work paid by insurance claims..

SquareDash allows roofing contractors to receive deductible and ACV payments before they start work and depreciation checks as soon as each job is complete.

This unique system for advancing payments on insurance jobs allows contractors to receive their funds faster, facilitating immediate financing of their operations and reducing dependence on high-interest loans or supplier credit lines.

What sets SquareDash apart from its competitors is its targeted focus on the payment process, SquareDash helps small businesses capitalize on the time value of money, maintaining healthy operating cash flow.

The outcome is a user-friendly tool that's highly effective. Whether you're a small contractor starting out or a large operation looking to optimize your cash flow, SquareDash is an excellent choice to fuel your operations and growth.

# In conclusion

The success of your roofing company hinges on effective cash flow management. Don't let common obstacles stand in your way. Arm yourself with the knowledge and tools you need to master this vital aspect of business management. Start by applying the strategies discussed in this guide. Then, take your cash flow management up a notch by signing up for SquareDash.

The journey towards improved cash flow starts here.

**Sign up today!**



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