



SMALL CONTRACTORS INITIATIVE: BONDING & ACCESS TO CAPITAL

Problem Solving Exercises

INSTRUCTIONS

In small groups, review the assigned problem and discuss these questions:

- *What could have caused this problem?*
- *What challenges does it present for your company?*
- *What can you do to resolve the issue?*
- *What can you do to mitigate the negative impact on your company?*
- *What can you do differently in the future so that you do not face the same issue again?*

CONTRACTOR A

Contractor A has recently won their first Federal contract. The total dollar is about three times as much as any previous contract. Once the winning bid was announced, the contractor rushed to secure the bond and close on a working capital loan. The contractor then began drawing down on the loan to purchase new equipment and hired a new superintendent to get the job organized and begin hiring new workers.

A month after winning the bid, the contractor is still waiting for a Proceed Order. Calls to the Federal agency are referred to the project owner. The owner is vague about the expected start date, saying that there are many factors beyond their control and issues that must be resolved before they can close on their financing and start construction.

CONTRACTOR B

Rather than continue to rely on a CPA firm to do all their bookkeeping and billing, Contractor B decided to invest \$20,000 in sophisticated financial management software. Since no one on Contractor B's staff is knowledgeable in using the software, they hire a former employee of the CPA who recommended the purchase.

Three months into a major construction project with complex reporting, invoicing, and payroll tracking requirements, the new staff person leaves for a better job at another CPA firm, leaving Contractor B without the capacity to utilize their system.