



The chief executive officer: Richard Catt

Flooring contractors face the 'big squeeze'

THE financial challenges for flooring contractors seem to be enormous at the moment. On a recent visit to a member, their md told me how they suffered a significant six figure loss at the beginning of the year when a hotel group they dealt with had gone into administration. This had led to a few very uncomfortable months where cash flow was difficult.

They did what they thought was the sensible thing and approached their bank to extend their overdraft for a short time. The response from their bank was to say the least, frosty, unsupportive and somewhat counterproductive.

Fortunately, they had cash reserves, a strong customer base and therefore managed to trade their way out of the problem, despite the unhelpful attitude of their bank who I suspect won't remain their bank for much longer.

I have also been contacted by a number of contractor members who are suffering from another financial pressure. They're in the middle of what I term the 'big squeeze'. Namely, the credit terms they are being offered by manufacturers are reducing, whilst at the same time the payment terms being outlined by main contractors are extending to anything up to 90 days. Hence flooring contractors are being financially squeezed, (or is it stretched?), at both ends.

Another disturbing practice seems to be the issue of main contractors following the construction act by accepting valuations, but lengthening the payment process by raising queries. Perhaps working within the letter of the law, but certainly not the spirit.

Add to this the pretty comprehensive withdrawal of credit insurance and things really do start to look grim. Financial plate spinning, whilst trying to run a flooring business springs to mind.

The accepted challenges of companies going out of

business are bad enough, but these new factors lead to some viable, quality companies finding themselves in difficulties. I appreciate that many large commercial enterprises are more and more financially driven these days and can't be expected to be philanthropic, but this inward facing approach by many banks, some manufacturers and main contractors, appears short-termism (new word?) in the extreme.

The role of the flooring contractor extends much beyond the responsibility of laying floors. Their relationship with many of the small to medium sized clients includes guiding specification, working out fitting programmes and liaising with other trades, arranging sampling, assisting in solving technical challenges and many other customer orientated roles, plus an expectation to be the manufacturers first line of representation across the massive array and sheer number of clients they serve. My point? They are important and the wider industry needs to consider ways to support them and work with them, not against them.

Through our help-lines on legal and contractual issues, our free credit checking service plus opportunities to network and share experience, the CFA offers a raft of support to members. In addition, of course, through organisations such as the NSCC (National Specialist Contractors Council) and CPA (Construction Products Association) we are regularly lobbying government for support on matters such as fair payment and credit insurance.

If you are an existing member, details of all of the above are on the CFA website www.cfa.org.uk, from us on the phone **0115 941 1126** or by emailing us on info@cfa.org.uk. If you're thinking about joining you can also contact us using any of these routes to learn more and arrange an application pack.



CFA president: John Alcock

Driving obstacles in the way of business

WHO would think that in the height of a recession, when costs are critical, business scarce and hard fought for that any government, of any political persuasion would increase petrol duty by 2p – just to make things worse!

And then you've got the government's 10:10 challenge, where it would like us all to cut our carbon footprint by 10% in 2010 – does this mean we'll get to the stage where contractors will have to think seriously about where they travel to in order to do business so that they become more parochial?

It's probably only a matter of time before the 'challenge'

becomes legislation, which means contractors being forced to have to work closer to home and if not through legislated reduced carbon emissions then certainly through the soaring costs of doing business as fuel duty becomes an even more significant business overhead?

Now before anyone starts, it's not just the lot that are in, but all government – headline catching, ill-thought-out strategies and legislation is what really gets my goat.

Take the 2p on fuel. It has far less to do with the environment than it does to raising taxes and it's hardly a fair tax either as the impact on the smaller businesses, already finding conditions challenging, is far greater than a large multi-national or dare I say a tax-supported bank!

Then take what seems like a sensible idea at first glance – the phasing out of the 100 watt light bulb and piling on legislation that makes it illegal to import them....

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