



## *Financial training for non financial staff*

### *Food for thought – managing work in progress*

Tony, an architect, specialises in extensions and loft conversions for domestic customers. He is a good architect, and his particular skill is to take the ideas the customer brings with them, and do a sketch showing how the space could be used to much better effect than the customer had ever imagined.

Every year his accountant produces his accounts, and each year the Profit and Loss account shows that Tony had made another good profit.

However, he is always up against his overdraft limit, and has come to you for some help.

You ask him how a typical job for a customer goes.

“A customer comes to see me in the office – they’ve usually been recommended to come and see me by a friend whose job I have done in the past, or by one of the builders I work for. I will do a sketch for them showing what we could do with the space – usually a little tweak here or there improves enormously what they can end up with. If they like the ideas I have sketched, they sign up with me.

“I’ll then draw the sketches up more formally, and send them out to the customer. That usually takes a month or so.

“Then I’ll begin the planning permission drawings – it normally takes a couple of months to do these drawings and get planning permission.

“After that I’ll do the builder’s drawings – you know, for the building regulations, to show the builder what to do where. That takes another couple of months.

“Another four months to tender for a builder and wait for them to start, and then it usually takes about six weeks for the building work to be completed.

“Once the work has been done, I invoice the customer for the architects’ fees, and receive a cheque – usually about six weeks later.”

**What do you recommend Tony does? Be as specific as possible.**