

## Subcontracting Budget – Planning Checklist

Ok	Subcontracting Budget Planning Tasks	Assigned To	Due Date
<input type="checkbox"/>	Have last year's profit and loss statement available. Your profit and loss statement should clearly identify your previous year's subcontracting expenses.		
<input type="checkbox"/>	Review your subcontracting expenses on your profit and loss statement. <ul style="list-style-type: none"> <li>▪ Can you easily calculate your total subcontracting expenses?</li> <li>▪ Are your subcontracting expense accounts organized for easy management?               <ul style="list-style-type: none"> <li>▪ Examples include grouping expenses by subcontracting type:                   <ul style="list-style-type: none"> <li>▪ Carpentry &amp; Woodworking</li> <li>▪ Irrigation</li> </ul> </li> <li>▪ Or grouping expenses by company:                   <ul style="list-style-type: none"> <li>▪ RainMaster Irrigation Inc.</li> <li>▪ Artisan Stoneworks Inc.</li> </ul> </li> </ul> </li> </ul> <p><b>Note:</b> If you do a lot of subcontracting, you might want to group your expenses by <b>type</b> (e.g. Carpentry &amp; Woodworking, Irrigation). If you do little subcontracting, you can group your expenses by individual subcontractor. (e.g. RainMaster Irrigation, Artisan Stoneworks Inc.) Refer to LMN's <b>Mastering Your Subcontracting Budget</b> course for a suggested list of expense accounts.</p>		
<input type="checkbox"/>	Have your business plan available. Your subcontracting expense forecasts need to consider changes in factors such as: <ul style="list-style-type: none"> <li>▪ Total sales               <ul style="list-style-type: none"> <li>▪ Do you plan on doing more or less sales?</li> <li>▪ Do you plan on using more or less subcontracting to achieve those sales?</li> </ul> </li> <li>▪ Types of services               <ul style="list-style-type: none"> <li>▪ Are you going to offer more or less services to your clients?</li> <li>▪ Are you going to employ more or less subcontractors to offer those services?</li> </ul> </li> <li>▪ Equipment and Field Labor Budgets               <ul style="list-style-type: none"> <li>▪ Did you create field labor and equipment budgets that depend on subcontractors?</li> <li>▪ Make sure any dependencies on subcontractors are included in your subcontracting budget</li> </ul> </li> </ul>		

Ok	Subcontracting Budget Planning Tasks (continued)	Assigned To	Due Date
<input type="checkbox"/>	<p>Was your subcontracting work profitable last year?</p> <ul style="list-style-type: none"> <li>▪ Are there services you would be better off not subcontracting out?</li> </ul>		
<input type="checkbox"/>	<p>Are all your subcontractor relationships reliable?</p> <ul style="list-style-type: none"> <li>▪ Do you need to consider replacing any of your subcontractors?</li> <li>▪ Will the cost of the replacement be more or less than your current costs?</li> </ul>		
<input type="checkbox"/>	<p>Could you increase your profits through more subcontracting?</p> <ul style="list-style-type: none"> <li>▪ By doing more types of specialized work</li> <li>▪ By doing the same work at a lower cost <ul style="list-style-type: none"> <li>▪ Are there subcontracting services available at lower rates than your crew/equipment costs?</li> </ul> </li> </ul>		