

TSiB committed to
our clients

**A SURETY GUIDE:
Accelerate
Your Business
Growth Plan**

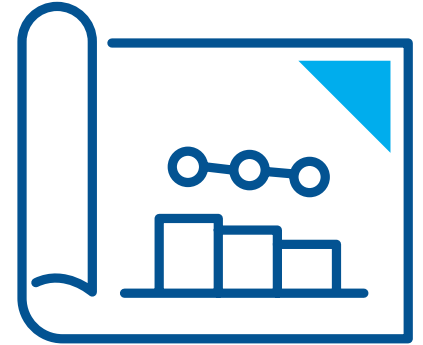




The lack of surety bonding and/or insufficient bonding are common barriers that prevent many contractors from entering public works or securing lucrative private work with bonding requirements. It impacts a contractor's ability to maximize their profit potential and accounts for missed opportunities. Since bonding is a specialty product, it requires specific construction knowledge to navigate through the process and the ability to negotiate favorable terms.

CONTRACTOR'S CHALLENGE

Contractor A is a small regional West Coast contractor. The owner had previous experience building large complex projects with his prior employer and decided to start his own construction company. Initially, his insurance broker was able to secure a small surety bond program based on his excellent credit, allowing Contractor A to build a track-record of profitable work on small projects. However, even after several years, Contractor A was unable to grow his bond program beyond his initial \$500,000 program. His broker's inexperience became apparent as he could not create a long-term growth plan or understand the specifics of each construction project.



UNABLE TO GROW
BEYOND THE INITIAL
\$500,000
PROGRAM



TSIB'S SOLUTION

TSIB met with Contractor A and reviewed their resume and project history. It was clear that Contractor A was highly skilled, disciplined, and demonstrated the ability to generate profit. We quickly discovered Contractor A was never offered the next steps needed to expand.



SEEK CONSTRUCTION ORIENTATED SERVICES

Our first step was to advise Contractor A to seek the services of a construction orientated bookkeeper and accountant. This would enable us to develop internal accounting procedures and generate a financial statement.



IMPROVE SURETY COMPANY COMMUNICATION

We communicated Contractor A's growth desire to a new bonding company. Next, we highlighted Contractor's A intention to upgrade his financial picture and improve overall communication with the surety company to ensure all requirements were implemented. This change resulted in an immediate increase in bonding capacity.

STEP

3

UNDERSTAND FINANCIAL STATEMENTS

We began to immediately teach Contractor A how to interpret his financial statements to better manage his business, identify problems, and understand what the surety is looking for when determining bond capacity. Once the financial statement was available, the surety was able to re-evaluate Contractor A's program and provide another increase in bonding capacity.

STEP

4

RISK & FINANCIAL EDUCATION

During this time, we continued to advise Contractor A on job selection, risk mitigation, managing taxes, while fine tuning the internal reporting. We consulted Contractor A on how to understand his work in progress schedules from the surety perspective and how they impact his bond program.



OBTAIN A REVOLVING LINE OF CREDIT

We assisted Contractor A in obtaining a revolving line of credit for the business. This line of credit greatly increased access to liquidity and Contractor A's ability to address any cash shortfalls.



RETAIN PROFITABILITY

Lastly, we emphasized the importance of retaining profitability in the company. This builds the company's balance sheet and improves bond capacity. Both Contractor A's newfound knowledge base and ability to draw on additional liquidity further increased Contractor A's bond limits.



CONTRACTOR'S SUCCESS

These steps resulted in Contractor A's bond program growing from \$500,000 to a program of over \$5,000,000.

TSIB's consultative approach coupled with Contractor A's patience and willingness to make the necessary changes to the business solidified this successful partnership. While TSIB obtained initial results quickly, much of the improvement was the result of a long-term approach and careful planning, along with working with the right surety partner.

Interested in learning more about TSIB?

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