Strong Foundations:

A Practical Guide to Protecting Margins, Cash Flow, and Growth in Construction

myob Acumatica

onekloudx

Margins are tighter. Cash flow is unpredictable. Materials and labour cost more than ever, and the systems you've relied on for years are showing signs of no longer being up to the task. Sound familiar? You're not alone.

Projects are undoubtedly more complex than ever. Retention practices and payment cycles are stretching cash reserves thin. Compliance is becoming more burdensome across the board, and operational inefficiencies are becoming harder to hide.

This guide has been designed to unpack the practical steps that savvy construction firms are taking to stay competitive in a high-pressure market. It highlights the patterns that we're seeing across the industry, the operational challenges many businesses are facing, and what's actually working on the ground to improve margins, manage risk, and prepare for growth.

Setting the Scene: Why Margins Are Under More Pressure Than Ever.

Construction in Australia and New Zealand has always been challenging, but we know that current conditions are testing even the most experienced operators.

Cash flow pressure:

Payment delays of 90 to 120 days remain common, with retention clauses often tying up 5 to 10 percent of revenue per project.

Cost volatility:

Prices for key materials like steel, timber, and concrete have fluctuated sharply over the past three years.

Rising labour costs:

A shortage of skilled trades is pushing up rates and causing project delays.

Regulatory pressure:

Safety, environmental, and reporting obligations are increasing, adding time and cost to every job.

Combined, these forces are making it harder to maintain profitability, let alone scale. And for firms still relying on disconnected systems or manual processes, the risks compound further.

Five Core Challenges Facing Mid-Sized Construction Firms

1. Tight Margins and Unpredictable Cash Flow

Margins are under attack from all angles. Think delayed payments, unexpected material price hikes, and projects that run longer than expected. Retention practices, while standard, keep significant revenue out of reach for months.

Common symptoms:

- Invoices held up by small admin errors
- Disputes over progress claims
- Inability to forecast cash flow accurately

What we see leading firms do differently:

- Use connected systems to automate billing, flag retention release dates, and tighten revenue recognition
- Implement real-time job cost tracking to avoid budget blowouts
- Improve accuracy and transparency with automated claims processes

When cash flow is king, even a small improvement in how you manage receivables or track project costs can have a huge impact.

2. Subcontractor Management Complexity

With dozens of subcontractors utilised on a typical mid-sized project, the admin load is significant. Each contractor brings their own contracts, insurance certificates, compliance documents, and progress claims. Multiply that across projects, and it's easy to see where things can go wrong.

The impact:

- Manual tracking leads to missed deadlines or non-compliance
- Payment errors result in disputes or strained relationships
- Key information lives in inboxes or spreadsheets, not accessible in real time

Requirements for better practice:

- Centralised subcontractor onboarding with compliance tracking
- Automated reminders for insurance expiries and progress claim reviews
- Integrated systems that link subcontractor performance to project costs and timelines

Trust us, construction leaders don't need more spreadsheets. They want, and need, systems that let them focus on delivery, not paperwork.

Five Core Challenges Facing Mid-Sized Construction Firms

3. Scope Creep and Project Changes

Scope creep is part of the job, but without clear processes, it eats away at profitability. Whether it's client requests, site surprises, or regulatory changes, managing change orders properly is critical.

What we see going wrong:

- Work is completed before formal sign-off
- Delays in communicating cost or timeline impacts
- Lack of audit trail makes it hard to recover costs later

How connected firms are staying in control:

- Log and cost variations in real time from site or office
- Automatically route approvals to the right internal stakeholders
- Keep a clear digital trail of changes, communications, and updated forecasts

When project changes are visible and traceable, you're not scrambling to recover costs after the fact, you're adjusting in real time.

4. Compliance Burden and Operational Inefficiency

The paperwork load in construction has never been higher. Site safety records, environmental compliance, insurance checks, and financial audits are all part of the job. But managing them manually is costly and risky.

The hidden cost:

- Time lost chasing down forms or cross-checking data
- Missed deadlines and fines from compliance breaches
- Duplicate data entry increasing error risk

How automation helps:

- Centralised document storage with role-based access
- Automated alerts for expiry dates and missing information
- Real-time compliance dashboards and audit readiness

Staying compliant doesn't have to mean staying buried in paperwork.

5. Disconnected Systems and Lack of Visibility

Many firms use separate tools for payroll, finance, scheduling, and inventory. While these systems might work in isolation, they don't talk to each other. The result is silos of information and delayed decisions.

Common problems:

- Financial controllers manually consolidating reports from different systems
- Project managers making decisions based on outdated information
- Senior leaders missing warning signs until it's too late

What connected visibility looks like:

- Real-time dashboards showing project status, budget, and compliance in one view
- Fewer manual workarounds and reconciliations
- Better decision-making across all levels of the business

When your systems speak the same language, your team can move faster, and with more confidence.

What ‘Good’ Looks Like in 2026 and Beyond

Moving from chaos to control doesn’t happen overnight, but we have noticed that mid-sized firms across Australia and New Zealand are making steady gains by modernising their processes and investing in the right foundations. Here’s what a more connected, confident construction business looks like:

Connected Processes, Real-Time Insights

- Budgets update as soon as costs are entered
- Material orders and usage are tracked in real time
- Payment cycles are monitored, not guessed

Automation That Reduces Manual Load

- Payroll, billing, and compliance reporting run with minimal admin input
- Claims and retention releases are triggered automatically
- Financial consolidation happens with a click, not a week of work

Multi-Entity Visibility Without the Headaches

- You can see cash flow, costs, and performance across all projects or entities
- Tax and compliance rules are configured by region or branch
- Teams are aligned across departments, regardless of location

When these systems are in place, leadership teams shift their focus from firefighting to forecasting. Staff spend less time chasing data and more time adding value and and businesses become more resilient, ready to handle the next growth phase, downturn, or project pivot.

Not sure where to begin?

We've got your back. Just start here.

- **Internal Questions to Ask**
  - Where are we losing the most time or money right now?
  - How much manual work is involved in our reporting or compliance?
  - Do our teams have access to the data they need when they need it?
  - Are decisions delayed because of system gaps?

- **Considerations for Evaluating New Systems**
  - Does it support multi-entity operations with local compliance?
  - Can it automate the processes we currently manage in spreadsheets?
  - Will it grow with us over the next five years?
  - Can our teams learn and use it without extensive training?

- **A Checklist of Capabilities to Look For**
  - Real-time job costing and project performance tracking
  - Subcontractor onboarding and compliance management
  - Built-in variation and change order workflows
  - Automated billing, retention tracking, and revenue recognition
  - Payroll, finance, and operations on one platform
  - Role-based dashboards for project managers and financial controllers
  - Integration with industry tools or services (e.g. supply chain, safety reporting)

myob Acumatica

Ready to Regain Control?

The construction firms thriving in this new landscape aren't just working harder, they're working smarter. They've replaced patchwork processes with connected platforms. They've moved from reactive to proactive, and they've done it without sacrificing control or blowing budgets.

If you're ready to explore what that might look like for your business, the first step shouldn't be a demo or a sales call. You need to understand your needs, map out your priorities, and build your list of must-haves.

Here at MYOB Acumatica, we don't believe in the hard sell. Instead, we encourage smart planning.

When you're ready, schedule a chat with one of our construction specialists to talk through your goals – no obligation, just honest advice.

Speak to an expert

myob Acumatica

onekloudx