

Topic

Time costs money

Overview

This club was very successful on the field of play however it was increasingly obvious that their club house was not capable of supporting the club's capacity for growth moving forward.

The problems with the club house were endless including a damaged and leaking roof, a damp and mouldy tea room, no electricity, bad wiring and bad plumbing. All of these issues were causing the club to pay out high amounts on annual basis to try to keep the pavilion functioning.

Significant investment was needed and the club sought support from their National Governing Body as a major contributor. The project was of a considerable size estimated, initially, in excess of £250,000.

The club secured the necessary funding to cover the initial cost projections however as the design developed and time passed costs increased. The club, therefore, found itself in the position of requiring further funding to support the completion of the project.

Key Issues

Two key issues resulted in the club needing a funding boost. These were:

Increase in the cost of the specification during the planning phase of the project.

The club's misunderstanding of cash flow management and the timing of when money could be drawn down from funders.

These two issues combined resulted in the club suffering a cash flow problem as the project neared its finish. The club therefore needed to find additional funding to help them through this period.

Solution

The club applied for further funding support, this time by way of an Interest Free Loan.

Outcome

The club completed their project which greatly serves the club and the surrounding community.

The club are in the process of paying back the loan they took out. Although it was not an ideal situation, to take out a further loan, the club understand the long term benefits to taking that decision.

Key Learning Points

In such a case as this, these factors must be considered:

Any decisions made during the development of the project can have a negative or positive impact, however big or small.

Management of cash flow through the design and construction phases is crucial.

Comprehensive forecasting looking for cost overrun or cost escalation – looking ahead to see what costs might change and ensure appropriate contingencies are in place.

Ensure the most appropriate planning and preparatory work is

undertaken prior to the project's commencement. These include ground and structural surveys, ensuring the building designs are compliant with relevant bodies.

Ensure that industry specific skill sets are involved at the right time to assess cost and cost controls.

Recommended relevant templates / toolkits / links for further advice

'Developing a Project from Concept to Completion' – www.ecb.co.uk/places

'Get your Cash Flowing' online module

'Get your Cash Flowing Top Tips' Toolkit
