



Mel Curwood

BUSINESS AND LIFE ON YOUR TERMS

CASE STUDY:

From Chasing
Payments to
Taking Control
in Residential
Construction

Client:

An experienced residential builder based in regional New Zealand, with over 25 years in the industry and a mix of new builds and renovation work.

The Challenge:

This builder has seen plenty of highs and lows - but in the past couple of years, the cracks in the payment process started to show more clearly.

Delayed Payments and Ghosting

While labour-only work for larger housing companies tends to be straightforward and well-structured, it's the smaller, privately contracted renovation jobs that have caused major headaches. One client, now more than 100 days overdue, owes over \$3,500 and has completely disappeared. Another job, taken on as a favour for a local builder, turned into a write-off when that builder unexpectedly went into liquidation.

"I had no idea he was in trouble. Then suddenly, I'm chasing payment and he's gone under."

Too Casual with Payment Processes

The builder realised that, particularly on smaller jobs, there hadn't been a clear system in place for deposits, payment schedules, or even timely invoicing. When work is steady and the pipeline is full, it's easy to let those habits slide - but in a tighter market, that lack of structure leads to real financial risk.

The Solutions

1. Modernising Terms of Trade

Their terms of trade hadn't been updated since before 2021 - well before New Zealand's Unfair Contract Terms reforms. With support from EC Credit Control, they're now upgrading to a fully compliant, professionally written terms of trade package that stands up to scrutiny and enforcement.

"The updated documents are in plain English, structured clearly, and written alongside the Commerce Commission."

To make the transition easier, the documents are being paid off monthly, over 12 months.

2. Creating a Better Payment Culture

The builder is now reshaping how payment is discussed and handled - especially with renovation clients and smaller jobs.

- Deposits are being introduced to cover upfront material costs.
- Invoicing is being issued faster, with progress payments sent more frequently - sometimes weekly.
- Payment conversations are happening earlier in the customer relationship, helping set expectations before work begins.

"We used to just wing it. Now we're learning to teach people how we do business."

3. Proactive Risk Management

Rather than waiting to get burned, this builder is putting smart protections in place:

- Credit checks for new or higher-risk clients are now on the radar, using Centrix reports.
- Escrow options are being considered to hold customer funds safely until materials are needed.
- For builder-to-builder work, secured creditor agreements and personal guarantees are being explored - ensuring that if something goes wrong, there's a legal pathway to recovery.

The Outcome:

With updated documents underway, overdue debt collection in motion, and better processes becoming habit, this builder is now operating with more clarity and control.

They are:

- Invoicing faster
- Asking for deposits with confidence
- Spotting red flags earlier
- Protecting their business from avoidable risk

Key Takeaways for Other Business Owners:

Don't operate like a bank - If you're supplying materials, get a deposit. Invoice promptly - The faster you invoice, the sooner you can identify any issues.

Be prepared to walk away - If a client won't respect your terms, they may not be worth the risk.

Make sure your paperwork is up to date - Legal compliance matters more than ever.

Secure your risk - Use credit checks, personal guarantees, and PPSR registrations where appropriate.

Final Thought:

This story is all too familiar for many in the trades. But with the right systems, structures, and support, business owners can protect themselves, maintain their cash flow, and stop losing sleep over unpaid work. This builder is now leading with clarity - and finally getting paid on their own terms.



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