

Creating an Unfair Advantage

Business Development Best Practices Series

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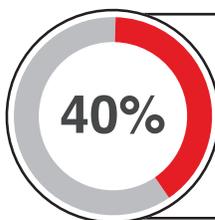
Contractors' get work departments can be like a car with a bad alignment. While everyone is working hard to get where they want to go, some of the effort is being pulled toward the "ditch" of low hit rates, missed opportunities and undeveloped client relationships. All that is needed are a few key adjustments to win your fair share of work.

Know Your Real Costs

How often have you heard another contractor, or perhaps your own team, say, "that contractor is bidding below their costs?" Some companies are not responsible bidders, but sometimes those other bidders have been working hard to find better and faster ways to approach construction.

Knowing your costs means having real-time feedback from the field on estimating, building in strategies that help you get competitive and knowing enough about a customer to get the inside track on what they are really looking for.

Not all projects or customers are created equal. Leverage the real-time feedback loop from the field to estimating to get a pulse on what it costs to build projects right now. Engage the field in helping to decode future work strategies. Digging into the facts can frequently give you the inside edge on projects. Use this advantage to find those projects that are worth investing a bit more time and effort into in order to come up with a strategy that delivers a competitive advantage on price WHILE driving up your profit margins.



About 40% of the contractors FMI sees in the market place do not track their costs with significant rigor to be able to conduct a detailed analysis of bid verses final profit on more than an aggregate level.

Make Informed Decisions

What does it really cost you to pursue and win a typical project? It can take a long time to build the systems to calculate the actual costs per project, so just start with the average costs. Even knowing that will help your team make better decisions on what work to chase and what will require too high of an investment in order to win. The key to determining when to go all in to win a project is knowing how much will be needed in order to win. A robust go/no go process, that includes the competitive environment, will help you answer this question.

Share what it really costs you to chase a typical project. Arm your team with the knowledge they need to make smart decisions about what projects and customers to invest in to win.

Get Smart About How You Really Standout

Smart decisions come from facts. Focus a key portion of your fact finding on the customers, competitors and what really makes you stand out in the market place. Use that information to create a compelling reason for this customer to pick your company over the best competition on this specific project.

Customers are the best source of information on both your company and competitors. What questions are you asking them that will give you a bit more inside information? What is their business purpose for the project? What can you be doing to make the construction process easier and more valuable for them? How do you get pre-positioned to win? Without some unique answers to these questions, you will be forced to compete on price and little else. You gain the advantage when you give them a business reason to pick you and your team.

Conclusion

Stop driving your get work "vehicle" with a bad alignment. Give it the tools and strategy it needs to win. Anything less is hard on the driver, tires and gas mileage. Plus, who wants to risk an inadvertent dive into the ditch?

Key Takeaways:

- Capture real-time cost feedback on projects to give you the inside track on the next job.
- Track what it costs to target and win work. Otherwise, how do you know if you are spending too much, too little or just the right amount?
- Spend more time talking with customers and prospects to find out how you really are or could be different from the competition. Give them a reason to pay just a little bit more for you and your team.

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