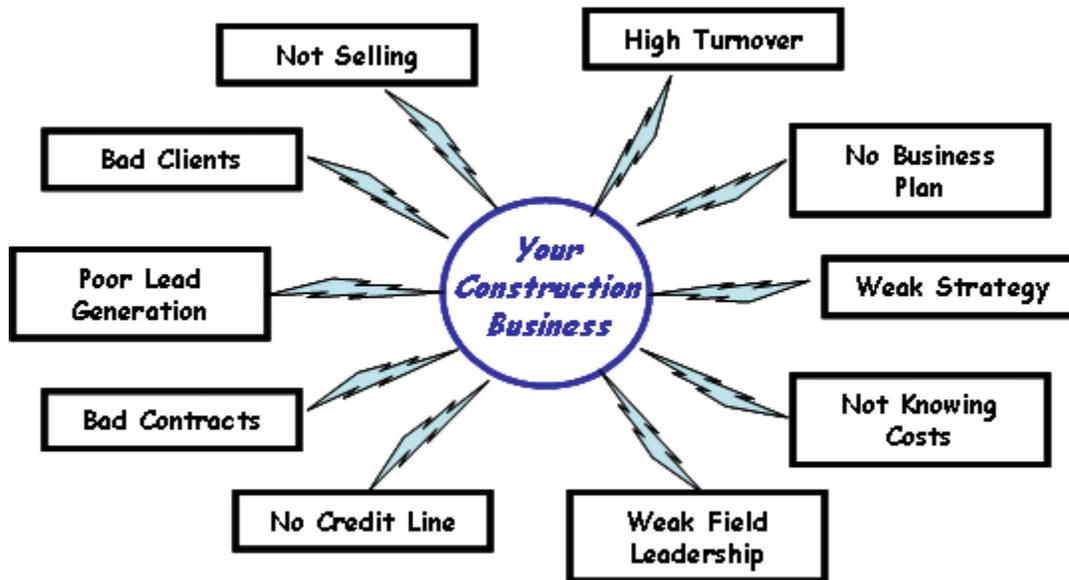


The 10 Biggest Mistakes Commercial Contractors Make



**A Special Report That Shows Contractors
How to Stay In Business
(and create financial freedom!)**

Complements of Ron Roberts
www.FilthyRichContractor.com

The **CONTRACTOR'S**
Business Coach

Forgive Me For Being Blunt

In advance, please accept my apology for using words or phrases that get under your skin. My objective is to draw your attention to 10 issues that could threaten your financial health and happiness. If I accidentally hurt your feelings, please remember that I'm doing it with only the best of intentions.

Don't let the name of my website, www.FilthyRichContractor.com, fool you, I will be the first, and maybe only, consultant who admits getting rich in the construction industry is very tough to do these days.

To get rich in this industry, you must do everything right: lead generation, sales, staffing, job costing, estimating, and financial management. Everything. Perfect. Anything less and your competition will cut deeply into your margins.

As you probably well know, the construction industry takes no prisoners. It is a brutal industry that chews up and spits out many a businessman. There is little room for error.

Being a contractor, you probably like direct, straight forward talk. So, I will not pussy foot around or dilute the intended message. Here it is straight up!

Enjoy!

WARNING!

What you are about to read may shock you. Please pay close attention. It may end up being the difference between enjoying the good life and working like a dog the rest of your life.

Odds Are...Your Business Will Fail

According to the SBA, over 50% small businesses are gone within 5 years . Other research indicates the rate is much higher (over 75%).

Face facts, you've chosen to own and operate a business in an industry full of sharks (figuratively speaking of course).

Construction is the only work you know and you truly love the work - you just hate the business, right? Love it or hate it, you'd better learn to run your business like a business or you will end up where so many before you have gone: bankrupt.

A Contractor's Story

Jim Ferguson couldn't wait to get out of high school. He couldn't wait to do something with his hands and start making money.

So Jim looked around for work and ended up taking a job with a concrete contractor. Construction is one of the few jobs that pays a hard-working, high school graduate fairly well and Jim was thrilled to land the job.

It was a good job. He was learning valuable skills, he wasn't cooped up in an office, and he was rarely bored. Tired? Yes. But rarely bored.

As his skills and confidence grew, Jim decided he was going to start his own business and work for himself. He didn't really like being told what to do and he wanted to pocket the money that was being made off of his efforts.

So, at age 25 Jim threw open the doors of J. Ferguson Concrete. He built concrete patios, foundations, and basements.

At first, things were great. He made good money. Builders kept hiring him because his quality was excellent and he stayed on schedule.

Eventually, he grew tired of working in the field all day long and doing estimates and billing at night, so he decided to add another crew and take on more work.

Things Were Easy Until You Decided To Grow Your Business, Right?

Jim found three guys for the new crew, got them going, and the money was starting to roll in...but the hours were killing him.

He spent countless hours chasing money. He was constantly arranging for tools and materials. He worried about keeping his crews busy.

Jim added another crew, promoted three guys to foreman, and spent more time in the office running estimates, calling on customers, paying bills, and keeping the concrete deliveries on time.

His employees didn't always show up, so he'd end up filling in for them. He had troubles keep the crews fully staffed.

His stress level was climbing. His income was flattening out. He didn't feel like he was earning enough money to justify the time demands and stress level. He was feeling trapped. This wasn't how his business he envisioned.

Jim thought he was building a business that wouldn't require his constant attention, one that would put him on the path to financial freedom. It sure wasn't turning out that way.

Has yours?

It Happens Over and Over

Allow me to introduce myself. My name is Ron Roberts. I have been working in the construction industry since 1983. After serving my apprenticeship as a design engineer (mechanical) I jumped the fence and starting working with contractors both as

an employee and as an advisor. During the last 12 years, I have helped scores of contractors improve their lot in life...significantly.

I created this report for the 500,000 + commercial contractors who are in a daily fight for survival. The truth is that most contractors:

- Are mentally and emotionally drained,
- Physically worn out,
- Financially hurting, and
- Need help.

Construction IS a Great Industry But You Deserve Better Than You're Getting!

While you're working yourself to death, try to remind yourself that it can be both fun and profitable to run a construction business...if you know a handful of secrets and master a few essential business skills.

To put yourself on the path to financial freedom, begin with this report. Read it over several times. Commit to fixing these 10 mistakes.

Sign up for my ***Contractor Best Practices Newsletter*** (www.FilthyRichContractor.com). Follow my recommendations. Call me with questions (913-961-1790).

The 10 Biggest Mistakes Commercial Contractors Make

Mistake #1: Not selling aggressively

Mistake #2: Not having an effective lead generation system

Mistake #3: Working for bad clients

Mistake #4: Signing bad contracts

- Mistake #5: Not Having a Large Credit Line
- Mistake #6: Failing to Hold Field Leaders Accountable
- Mistake #7: Not Knowing the Cost of Work
- Mistake #8: Accepting High Turnover
- Mistake #9: Pursuing a Foolish Strategy
- Mistake #10: Running the Business Without a Plan

How To Put The Advice Into Action

Grab a blank piece of paper. Drawn a line down the middle of it and a line across the top. Above the left column write **INSIGHTS** and above the right column write **ACTIONS**.

On the left, list the areas you need to change or improve. Next to each insight, **write down the actions you're going to take**.

Now, on to fixing the most common business-killing mistakes commercial contractors make.

(Mistake #1) Not Selling Aggressively

The biggest business mistake you can make is assuming that *no matter what you say*, people will always take the lowest price. Huge mistake. HUGE!

People choose the lowest price until you convince them your services are worth more. *That's selling - getting paid for what you're worth.*

Clients, including general contractors, will ignore the lowest price offer when it is in their best interest to do so. In other words, selling is helping a prospect choose the right course of action, even if it comes at a higher price.

Selling Is Absolutely Key To Your Business' Survival

Why Selling Is So Important To Contractors

When you **don't sell**:

- × You struggle to make money.
- × You work for bad clients.
- × You lose good people.

When you **sell**:

- ✓ You set your own price...and profits
- ✓ You pick and choose your clients.
- ✓ You can hire the best workers who help you maintain your competitive advantage.

The simple truth is; commercial contractors have been trained to offer the lowest price they can.

- You are told that someone offered to do the work for less.
- You are told that your price is over budget and the job will not go forward until you lower it.
- Your clients demand a volume discount.

Why Clients Will Pay More For Your Services

Clients pay to have problems solved. It's that simple.

You must convince your prospect that you will solve his problem better than the next guy...and the right solution costs more.

Selling Made Easy With 5 Simple Steps

1. Ask questions.
2. Identify your client's primary pains and concerns.
3. Quantify the value of eliminating his pains and concerns.

4. Prove your company will eliminate those pains and concerns.
5. Bond with your client.

The first four steps convince your client you will solve the problems he cares most about. The last step closes the deal.

Step #1: Ask Questions

What's the greatest challenge for a salesman?

Keeping his mouth shut.

Salesmen love to talk about themselves, talk about their company, and talk about how their client would be a fool not to use their product or service.

They never shut up long enough to find out what their clients needs.

Ask questions. When you think you're done asking questions, ask more (and take notes).

Step #2: Uncover Your Client's Concerns and Pains

You will need to bring your clients' pains and concerns to the surface and into focus. Believe it or not, they may be completely clueless about their real pains and concerns.

Educate Your Clients About the Headaches Commonly Experienced During Construction.

A new developer may not have a clue about the headaches involved with construction. Many think the process is going to be fun...until they go through it.

Remind experienced clients of past headaches they experienced by going with the low priced contractor. Bring up memories they had forgotten: "Oh, I hated that. You mean that could happen again?" Phrase as many of your explanations as possible as questions.

They Need You

Fear not, they have a problem or you wouldn't be meeting with them. Allow me to share a personal story.

While working as the General Manager of a commercial general contractor, I sat through a free sales seminar. The host of the seminar called me shortly thereafter and requested a meeting. I happily accepted his offer and we scheduled a time for him to drive out to my office.

He arrived on time, we went to the conference room, joked around a couple of minutes and then we began his sales call:

"How much time have you set aside for our meeting?"

I answered "1 hour."

"Great. That's more than enough time. Now, what is your sales problem?"

"Huh?" I was caught completely off guard. "What makes you think we have a sales problem?"

"Ron, you didn't take this meeting just to be nice, did you?. Didn't you take this meeting because your company needs to increase sales?"

He was right. No one takes a sales call just to be nice.

They meet with you because they have a problem and believe you may be able to solve it. Ask them about it directly, professionally and politely and they'll probably open up about it and to thank you for getting right to the matter.

Step #3: Have Your Client Quantify (\$\$\$) His Pain

Your client is now ready for the key question, which may be worded a couple of different ways:

"How much is it worth to you to avoid that?"

or

"How much is that problem costing you?"

You will often be SHOCKED to discover the price he places on relieving the pain is far higher than you would charge for the work.

You can not move forward with your sales call until he has answered the question.

**If you can't get your client
to assign a cost to his problem,
he is not ready to buy!**

Until he admits to himself that the cost of hiring you is far less than the cost of choosing the wrong contractor, he will not be ready to pay for your higher priced services.

**Clients Often Place A Higher Value On Your Services
Than You'd Normally Have The Guts To Charge.**

What a break! You can RAISE your price. How great is that?

Step #4: Back Up Your Claims With Proof

Your client is not quite ready to say "yes" yet.

Here's what is going through his mind.

"Sure, your price is a bargain IF you live up to your promises. Salesmen have lied to me before. How do I know you'll keep your word?"

Time to back up your claims with proof. That usually requires the use of testimonials, references, case histories, or unconditional money back guarantees.

Nothing YOU say will be believed. But your REFERENCES will be, especially if your client talks to them.

When You Say "Trust Me" It's IGNORED.

When Your Past Client Says "Trust Him"

~IT'S GOSPEL~

This is why you must aggressively collect testimonials and references.

Every time I get ready to hire a new contractor, I ask for a list of the names and phone numbers of their last 20 clients. Depending on the cost of the work and how I found out about the contractor, I'll chat with up to five of them. If they green flag the contractor, I sign the proposal.

All salesmen say "Trust me."

Do you trust a salesman who says "Trust Me."? Don't expect your clients to either.

Step #5: Bond With Your Client

Despite having perfectly executed the first four steps, if the client takes a disliking to you, the job is still going to someone else. Emotion trumps logic.

If The Client Doesn't Like You, You Will Not Get The Work

People buy from individuals they like and respect (friends and authorities). It's really that simple.

Every project involves interaction between client and contractor. If your client believes those interactions are going to be unpleasant, he is going to avoid you.

Let's Review The Steps

1. Ask questions.
2. Help your client identify his primary pain and concern.

3. Help your client quantify the value of eliminating his pain.
4. Provide social proof.
5. Get him to like or respect you.

Selling is the only thing that separate you from your price-cutting competitors.

(Mistake #2)

Not Having an Effective Lead Generation System

Contractors who truly thrive do so by generating negotiated work. Contractors who never land negotiated work have broken lead generation systems. It's that simple. Negotiated work is the acid test of your lead generation system.

Commercial trade contractors often rely on general contractors to track down work opportunities. General Contractors often get in the habit of chasing government projects and other open bid projects. Tracking down low-price-wins bidding opportunities is not a lead generation system.

If your lead generation system is not producing ample opportunity for negotiated work, you need to install one of more of the following lead generation systems.

Lead Generation Systems

- Referral
- Networking
- Web based w/ email
- Mass advertising
- Joint venture/Strategic alliances
- Telemarketing
- Direct mail

- Publicity
- Seminars
- Trade shows

To create a flow of leads you will need to deploy one or more of the systems and then work it hard. Many commercial contractors don't stay on top of their lead generation systems. Once their backlog fills, they stop prompting leads.

Marketing Efforts Fail When They Are Not Performed Consistently.

What If Your Lead Generation Isn't Working?

Okay, so you've committed yourself to generating good leads, you deployed your favorite two lead generation systems, and worked them hard, but the leads aren't coming in. You're growing very frustrated. You've spent all that money and time on lead generation and it's BOMBED.

What went wrong?

Your message isn't hitting your prospects' hot buttons. If your marketing message isn't hitting your prospects' emotional hot button:

YOU'RE FLUSHING \$\$\$\$ DOWN THE TOILET!

This is the reason lead generation is so tough to get right. Whatever you are saying, in writing or in person, must be phrased nearly perfectly.

A legendary marketing expert (Jay Abraham) tells a story of a furniture store demonstrates this point.

Jay told his client's greeters to test 40 different greetings over 40 days. As customers walked through the door, the greeters used the greeting script that Jay had written for that day. Turns

out one greeting generated three times the sales of all the others!

Imagine that. Just saying the right thing to a customer walking through the door increased sales by 200%!

That's how fickle marketing can be. That's why you must keep testing your message until you find the one that produces breakthrough results.

By the way, the incredibly persuasive greeting was "What ad brought you into the store today?"

Check that out. Can you imagine an advertising agency coming up with that? Neither can I.

Test your marketing message. Consistently work your lead generation system. Reap the rewards.

(Mistake #3) **Working for Bad Clients**

There really is no other way to say it, so here it goes:

Bad Clients Will Rob You Blind

You have to be sniff them out before they steal your life savings.

Do you often feel that your clients are out to get you? To take advantage of you?

Guess what?

Most are.

How many times have you had money withheld without legitimate reason? How many times has a client demanded you go above and beyond the work scope just because they believed that's what they were paying for? How many times have you been told your price is too high and you **MUST** bring it down?

Your clients don't care about you. All they care about is about is getting their job done on time, in budget, and exactly as they want it...whether they paid for that or not. They couldn't care less how you come out, whether you lose your shirt or not. That's not their concern.

That's why over 75% of construction companies go out of business within 5 years and over 90% fail to make it 10 years.

Bad clients come in all shapes, sizes, and backgrounds but they all have one thing in common. They have completely unrealistic expectations. They want steak on a hamburger budget. They'll throw you under the bus to save a buck.

Bad clients live by the golden rule, "He who has the gold sets the rules." **Bad clients use *their control of your cash to force you to do whatever they want you to do* -** including accepting less money than your contract calls for.

You must stay away from clients who:

- Withhold payment as long as they wish.
- Refuse to compromise.
- Nickel and dime you to death.
- Back-charge you for perceived quality faults.
- Verbally order changes then refuse to pay a fair price for the change *after the work is in*.
- Use design teams who produce incomplete or error-filled drawings and specs.

Why do contractors work for bad clients?

- Because they don't sell aggressively (Mistake #1).
- Because they don't have effective lead generating systems (Mistake #2).

- Because turning down work is hard to do.

Here's a situation experienced by thousands of contractors each Spring. They price very aggressively to fill up their schedules. They ignore the quality of their client. As a result, these unfortunate contractors get tied down with bad clients and unprofitable work.

Much rarer is the contractor who picks and chooses his clients carefully early in the year, allowing sales to run a tad slow until good clients and good opportunities start popping up.

Inevitably, when the flood of high quality leads arrives later in the year, the patient contractor finds himself without competition for the work. The competition is tied up trying to escape from their bad clients and bad projects.

To avoid bad clients:

- Learn how to recognize the signs of a bad client (qualify them).
- Refuse to work for them.

Here's how to qualify a prospective client.

- a) Check their construction history.
- b) Check their credit-rating.
- c) Ask them about their bottom-line focus.
- d) Look at their contracts.
- e) Get a team read.

Yes, it takes guts to turn down work, but stay the course: you are far less financially threatened by slow work than you are by bad clients. You just can't escape bad clients. Don't let bad clients put you out of business.

1. Qualify Your Clients
2. Fire the Bad Ones!

(Mistake #4) Signing Bad Contracts

The laws governing the construction industry are well established. Here is what they boil down to:

You Will Be Held Accountable To Any Terms and Conditions You Sign For.

Most contractors sign a bad contract now and then. When you do, you open a Pandora's Box of headaches such as:

- Agreeing to a scope-of-work that you didn't cover with your price.
- Throwing away your ability to force prompt payment.
- Throwing away your right to sue.
- Giving your client the ability to avoid paying for change orders.

Here are three actions that will keep you out of hot water:

1. Learn to read contract language - or find a good construction lawyer.
2. Create a set of standard contracts and proposals.
3. Read every contract closely before signing - or pay your lawyer to.

Contracts are a necessary part of our industry. Ignore their language and you may end up paying the ultimate price - your life savings.

(Mistake #5) Not Having a Large Credit Line

The commercial construction industry is notorious for its slow pay. 60 day pay cycles are quite common. Slow pay stresses your ability to pay bills on time, most of which can't be delayed, such as payroll.

While working for a General Contractor, it never ceased to amaze me how few of our subcontractors had credit lines. Probably less than one out of ten did. That is no way to run a construction company.

You need to solve your cash flow problems before they arise. The solution is quite obvious: arrange for a line of credit with your bank.

Your Credit Line Should Equal 10% of Your Annual Sales

Assuming you have sufficient professional and personal assets to back a credit line, here's how to get that line going.

- a) Have your CPA prepare a balance sheet for your personal assets and liabilities.
- b) Copy your reviewed financial statements from the last two years.
- c) Have your CPA prepare your financial statement year-to-date for the current year.
- d) Create a 12 month cash flow budget that shows projected sales, job expenses, overhead expenses, inbound cash, monthly cash deficit or supply, and year-to-date accumulated cash flow.

- e) Sit down with your banker, go over the documents and ask him whether he can get the line of credit you need.
- f) If your bank is unwilling to provide the line you need, call your CPA, insurance agent, and bond agent and ask for banking references.
- g) Schedule meetings based on their recommendations.
- h) Keep meeting bankers until you find one that will provide your company with the support you need to run your business right.

Always Arrange For Your Credit Line WHEN YOU DON'T NEED IT!

Waiting until you need credit is the surest guarantee your bank will not grant it. Always deal with a bank from a position of strength.

Of course, once you've been awarded your credit line your work isn't done. As your business grows, your line needs to grow. To keep your banker happy and to get him to raise your line, you must:

Run a profitable business.

1. Keep your balance sheet strong by leaving money in your business.
2. Pay off your line as soon as the cash comes in.
3. Keep your debt to equity reasonable.
4. Keep you banker up to speed on your business' progress and future plans.

You are probably thinking "Is a credit line really worth the hassle?" Yes, it is.

When faced with a cash crunch, most contractors resort to the industry's tried-and-true solution: withholding payment from their suppliers and subcontractors. It appears to be an easy out but it's a costly solution.

Failing to pay your subcontractors on time will hurt your ability to hire good subs. The best and most reliable subs are going to work for the companies who pay on time.

Failing to pay bills on time will hurt your credit rating, which increases your borrowing costs, your cost of insurance, and your cost of bonds.

Proper cash management can save you a ton of money. Work with your banker. Grow your line-of-credit.

(Mistake #6)

Failing to Hold Field Leaders Accountable

Who do you pay to:

- Ensure your crews work safely?
- Ensure your crews perform quality work?
- Ensure your crews hit their production targets?

Your crew leaders, your foremen, and /or your superintendents. That's who.

What happens when your field leaders fail to perform their jobs correctly?

They endanger employees, customer satisfaction, budgets, and schedules. That's a hefty price to pay for the poor performance of just a handful of people.

Let's be honest here, field leaders have a tough job. So hard in fact, they rarely do their job right.

Contractors Tend To Be Excessively Tolerant of Poor Field Leader Performance

Most contractors are so fearful of losing the leaders they have, they are hesitant to hold them accountable for poor performance. That is a costly mistake to make.

Not everyone is wired to lead. Demote the incompetent.

Your good crews and your good field leaders will thank you for taking action and weeding out the weak leaders.

Once you find a good to great field leader, don't risk losing him:

- Pay him a little more than the competition.
- Set up a bonus program.
- Make sure he has the tools and information he needs to succeed.
- Remind him how much you appreciate his efforts and commitment.

(Mistake #7)

Not Knowing the Cost of Work

Few contractors really know their cost of work or the speed at which their crews really move.

The problem usually shows up the first time they bid on an out-of-the-ordinary scope of work. As the contractor gets deep into the job, he suddenly realizes he is woefully short on man-hours. Has this happened to you?

A highly successful excavator/land developer once told me **"you don't know what you don't know."** This man was virtually obsessed with tracking job costs and labor productivities. That obsession helped him generate well over a 10% net income on \$20 million of sales.

He knew how much work each of his 10 crews could and should get done daily. His crews rarely ran over budget. He was a rarity in the industry.

Let's face facts. **A contractor must be able to predict how long his crews will take to complete their work.** Otherwise, projects will consistently run over budget and year end results will be less than expected and desired.

Here are a few suggestions to save you a lot of headache with your job costing.

1. Find the middle ground. You can mess up your tracking by being too general, assigning all hours to the job without further breakdown, or too detailed, assigning every hour to the cost codes used by your estimator.
2. Have your crews assign their labor and equipment time to the four to six tasks that account for 80% of the work. Have them throw the rest into an "other" category.
3. Do not lump equipment costs into overhead and spread them across all jobs based on job price. That approach typically leads to horrible job selection decisions. Know the average hourly cost of owning and operating each piece of equipment and charge it to the job based on hours used.

The People Problem

Few people in your company will happily embrace the data collection process. Data collection annoys field crews. It annoys field leaders. It annoys support staff.

Some of your employees will never stop complaining about the job costing process. Tell them to buck up because the process isn't going away. Proper cost tracking is a non-negotiable part of their job. Stay committed to your data collection process.

Storing & Analyzing Your Data

As if the data collection process wasn't enough of a headache, you've also got a data storage headache. Did you know that financial accounting systems are the second biggest barrier to knowing your costs?

Financial accounting and tax accounting procedures are in direct conflict with proper job costing techniques. Unless you are running one of the high-end accounting packages (Timberline, for example), you may need to run two separate accounting systems: one for financial accounting and one for job costing.

For contractors generating less than \$5 million in sales, the easiest solution is to use spreadsheets for tracking and analyzing job costs.

Is Your CPA Up To Speed?

Unless your CPA has built his or her practice around construction accounting, it is unlikely he or she can guide you through the set-up of a usable job costing system. I've met only a handful of CPAs who truly understood construction cost accounting. Give yours a try but realize you may need to find an outside expert to get your job costing system working properly.

Remember, not knowing how long it takes to put in work will lead to massive financial losses. Make sure your job costing system is producing the information you need.

(Mistake #8)

Accepting High Turnover

Construction workers are nomadic by nature. Guns-for-hire if you will.

Not Realizing You Are Fighting A Recruiting War Is An Expensive Mistake To Make

In order to be profitable, your crews must perform up to expectations; they won't if you are constantly changing personnel. Turnover is a killer.

Turnover leaves you running in place. You wear yourself out yet end up where you started. All pain, no gain.

Turnover takes time away from sales and marketing activities. It takes time away from people development. It takes time away from your family.

Do Not Consider Turnover To Be A Cost of Doing Business

Finding and recruiting good workers is not easy, especially if your firm gains the reputation for being hard on employees.

Research shows that 70% of employees who change jobs do so because they don't like their immediate boss (this touches on Mistake # 6, failing to hold field leaders accountable). You'd better create a management team (including foremen and crew leaders) who knows how to get the most out of its people without ticking them off.

The construction labor market is normally a sellers market. The good workers have the power, not you. If they are hard working and skilled, they will always be in demand and can therefore choose who to work for. The best you can do is become known as an employer of choice. Become known for:

- Having plenty of work (hours for them to work)
- Treating workers fairly and respectfully
- Being straight forward and honest

- Listening to workers' opinions and advice
- Sharing financial success
- Not placing unrealistic demands on them
- Providing them with the tools they need to do their job right
- Treating them as if they were partners in your business

High turnover is a warning sign that your management team needs to make a few changes in its approach to managing the personnel. It really doesn't have any choice.

(Mistake #9) Pursuing a Foolish Strategy

We've talked about selling, marketing, people management, cash flow, but we haven't addressed the big picture problem: trying to win with a losing game plan (strategy).

What strategy do most contractors use?

Hire me! I'll do anything you want. You got cash? I got the time.

Here is a list of the common strategy problems I see:

- Trying to do too much with too little office support.
- Taking on jobs they don't have the right equipment for.
- Taking jobs larger and more complex than their team is capable of managing effectively.
- Pursuing work they enjoy instead of work they can make money on.
- Putting the wrong people in wrong jobs.
- Trying to compete on low price (Mistake #1) when they aren't the lowest cost provider.

Very few contractors go through the strategy process systematically. When they don't, they are courting trouble.

Your clients' expectations and your competition's aggression change yearly. You must keep your business strategy current. You must keep it realistic.

The Key to a Successful Strategy

Find your company's core strength - the thing you do better than every other contractor in your market. That could be your understanding of a certain client (niche market). That could be your use of technology. That could be your ability to attract highly skilled workers. That could be your financial strength. It could be several things.

Figure out how that core strength gives you an advantage that is meaningful to your client. Figure out a way to express that core strength persuasively to your clients (your Unique Selling Proposition).

Build your lead generation and staffing systems around this core strength / Unique Selling Proposition.

In order to win, you must pursue a strong, unique strategy. If you are adopting the same strategy as three or four other contractors in your area, you are fighting an uphill battle. Play by different rules.

(Mistake #10)

Running the Business Without a Plan

As the old saying goes:

When you fail to plan - you plan to fail.

Contractors tend to take whatever work they come and spend whatever money their mood strikes them to spend. When they do, they arrive at the end of the year surprised to discover;

- Their year was unprofitable.

- Their crews stood around a lot.
- Their equipment was often unavailable due to breakdowns.
- Most of the jobs ran significantly behind schedule.

Any of this sound familiar? It comes from not planning.

Few contractors plan well. Planning is a tedious and boring task to action oriented folks (like contractors).

But, ask yourself this, "how likely am I to meet my business goals if I don't figure out exactly how I'm going to meet them?" Not very likely.

Detailed Planning Is Essential For Your Business' Long Term Success

Two lists follow. The first list is a set of plans you must create if you want to run a consistently profitable business. The second list is a list of plans that will free you up from your daily firefighting.

Essential Plans:

- Sales and marketing plans for generating leads
- Annual plan for income and overhead
- Cash management plan
- Weekly work plans
- Master project plans
- Quality assurance and safety plans

Helpful Plans:

- Five year strategic plan
- Budget of monthly cash flow projections
- Daily and monthly work plans

- Equipment transportation
- Equipment maintenance plans
- Plans for equipment purchases
- Plans for expanding and staffing field crews
- Plans for growing bonding capacity

Planning is nothing more than making your decisions ahead of time. Think through the tasks that must be finished in order to achieve the desired result. Document those tasks and set completion dates.

There's really no trick to planning.

Wait a second, I need to take that last statement back. There is one trick to planning - *being willing to do it.*

Would you try to build a building, bridge, or parking lot without plans?

You shouldn't try to build a business without them either.

The 10 Biggest Mistakes Contractors Make

Let's revisit the list of mistakes you must avoid if you are to reach your financial goals, stabilize your company, and live a less stressful life.

Mistake #1: Not selling aggressively

Mistake #2: Not having an effective lead generation system

Mistake #3: Working for bad clients

Mistake #4: Signing bad contracts

Mistake #5: Not Having a Large Credit Line

Mistake #6: Failing to Hold Field Leaders Accountable

Mistake #7: Not Knowing the Cost of Work

Mistake #8: Accepting High Turnover

Mistake #9: Pursuing a Weak Strategy

Mistake #10: Running the Business Without a Plan

Know Where To Start

Not sure where to start? Go back to Mistake #1 and count down until you find the first one you are making. Start there.

Any easier, more bullet-proof way is to give me a call (913-961-1790) and tell me about your business. I'll know where you should start.

Expert Guidance Is At Your Finger Tips

Would you like to learn more business building tips and secrets? Sign up for my **Contractor Best Practices Newsletter** at www.FilthyRichContractor.com. Each newsletter presents a best practice for contractors.

Have a question? Call me (913-961-1790).

I enjoy visiting with contractors, listening to their stories, and helping them find the right path. Maybe I can help you find yours.

Love to Hear From You

Drop me a line (913-961-1790) and tell me about them.

Until next time, I wish you the best-of-luck and great success.



Ron Roberts

The Contractor's Business Coach

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P.S. Receive valuable tips and motivation with my **FREE Contractor Best Practices Newsletter** at www.FilthyRichContractor.com