

Why Contractors Should Concentrate on What They Can Control Today

Written by: Grant Robbins, Co-Founder of Billy

HOW TO CONFRONT FRUSTRATING REALITIES AND BENEFIT FROM A RENEWED FOCUS

The challenges that contractors faced in 2020 persisted throughout 2021 and continue to bog down many businesses and industries as we near the end of 2022.

Historically high inflation on the cost of materials, a tight labor market, and global supply chain issues are the main concerns preventing businesses from operating within budgetary constraints and production schedules.

With no end in sight to these challenges, they have become the new normal.

The construction industry is getting hit especially hard. Since January 2020, the cost of building materials has risen 31.3%, with more than 10% of that spike happening between October 2021 and February 2022 – just five months. Construction is booming nationwide, which requires more and more skilled laborers.

This demand for talent has led to an increase in wages for workers, not only to retain current employees, but also to attract new ones. Some skilled labor companies have started charging premiums because they know that the demand for their services allows it.

Due to these factors, managing construction costs is more difficult than ever, and lenders are taking pause. Lenders were wary to begin with because of the pandemic's unknown impact on the future and the economy.



Now, with decades-high inflation, lending is becoming more and more scrutinized. Lenders want more precise project budgets before lending, which is difficult for contractors to nail down today and can cause delays in starting construction. The entire project schedule can be impacted by lending – something not many contractors and owners consider when presenting plans to developers.

Unfortunately, we don't know how long we must contend with these problems. Basic economics tells us that until supply chains return to normal, materials and construction costs will remain high. The bigger questions, however, relate to things outside of our realm of control: When will we no longer need more housing, and when will people stop overpaying for it? When will infrastructure slow down, and when will we no longer need fewer locations for retail, hospitality, etc.?

Although things might seem bleak, it's essential to zoom in our perspectives, focusing on the things we can control. Consider Stephen Covey's Circles of Influence, which my company uses to break down everything in the business into three categories:

- » What can we control?
- » What can we influence?
- » What can't we control?

The most important thing to focus on while construction cost planning is paying attention to what we can control. Construction is a complex industry with lots of moving parts, and not everyone on a project works for the same company that owns the product.

There's the owner, contractor, subcontractors, and sub-subcontractors, all of whom have different goals, motivations, expectations, and more. The contractor is responsible for ensuring all those factors are aligned.

Because of the extreme complexity of construction, contractors must concentrate on what they have control over. The following are the three most critical things contractors should focus their attention on.

1. RELATIONSHIPS WITHIN THE INDUSTRY

The construction business only succeeds because of personal interactions and strong internal and external relationships. If your company supports its people, you can be confident that those people are supporting you. Awareness of the relationships that exist within the industry, building up and supporting one another, and understanding basic business standards help protect you from risk, including insurance, safety, and payment risks.

2. RELATIONSHIPS WITH CUSTOMERS

Cultivating happy and healthy relationships with customers can be achieved with the basic principles of high-level customer service. Do you or someone else in your business have face-to-face communication with customers? Do you shy away from difficult conversations with customers? How are customers being treated and prioritized?

It's important to communicate openly with customers without being afraid to tell them that something will cost more or that a project is delayed. At the end of the day, happy clients are the

biggest marketing tool and referral program in any industry.

And a happy client is one who's had their relationship respected and prioritized.

3. COMMUNICATION PRACTICES


In this industry, there is no time for mistakes or miscommunications. Effective communication in construction is something you can – and must – control. It involves being direct, honest, and speedy with the people you're working with and the customers you're working for.

There are so many communication tools out there, such as email, text, and project management software, but it's important to remember the value of face-to-face communication, too.

After all, face-to-face communication is the single best way to prevent miscommunications and mistakes from happening on projects.

The construction sector must face up to the reality that the challenges coming down the pipeline over the past two years aren't slowing down.

As frustrating as this reality might be, the only way to ride out the wave and maintain effective construction cost planning and control is to focus on the things you can control and give those areas your best effort.

Prioritizing and maintaining internal and external relationships, face-to-face communication with clients, and effective communication in all construction areas are the aspects that deserve the most attention today. 



About the Author

Grant Robbins is the co-founder of Billy, the time-saving tool that helps construction companies verify that their subcontractors and partners have the correct insurance on every project. Billy allows companies to request, verify and track insurance certificates on one platform to manage insurance risk.

Visit billyforinsurance.com.

About the Article

Republished from [Construction Business Owner](#). Construction Business Owner (CBO) is the leading business magazine for contractors and is designed to help owners of construction firms run successful businesses. Founded in 2004, CBO provides real-world business management education and knowledge that is of real value to the owners of construction companies.

Any views and opinions expressed in this article may or may not reflect the views and opinions of the Construction Management Association of America (CMAA). By publishing this piece, CMAA is not expressing endorsement of the individual, the article, or their association, organization, or company.