

Set Your Sights on Success

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What's the number one factor that successful construction company leaders focus on to achieve results? At a recent mastermind peer group meeting attended by 20 successful construction company owners and managers, I asked: "What's the one thing you do to make sure your construction company is successful?" Their answers revealed the secrets to building great construction companies. Every top contractor invests time, effort, and money in the things that matter most to their bottom line: people, numbers, systems, and customers.

Find the Right People

You can't build a successful company without talented, professional people. Focusing on people requires investments in developing talent, and making it a constant priority. Successful contractors remain focused on their people:

- **Brock Dennings, President, FED Design/Builders, Michigan:** "Invest in culture. We work hard to share and align our personal, professional and financial goals, and values with our employees. Then they're invested in our company growth, improvement, achieving results, and our future."
- » **Mark Allen, Chief Operating Officer, Watertown Enterprises, Ohio:** "We foster a culture of transparency and communication. Remember, bad news never gets better with time. We quickly address every problem as they occur and seek solutions to fix them promptly."



- » **Katina Kanelos, Operations Manager, Real Services, Pennsylvania:** "We proactively stay in touch with our people and make sure they are fully engaged with the entire company, managers, supervisors, subcontractors, and customers."
- » **Gene Nims, President, Gene Nims Builders Inc., Louisiana:** "We work hard to grow our people and personnel to make sure we can take care of the business we have before we go out and get more."
- » **Jeff Farr, President, Farr Construction & Resource Development, Nevada:** "The key to success is having good people with good attitudes and good work ethics. We hire the best available at above-market compensation to guarantee we have the team who can perform."

When the construction workload was strong and there were more people available than required, it was easier to hire plenty of good people to build projects and produce results. Then the labor market became tight, and it was hard to find enough qualified people to produce the work available. With this reality it became evident that to find and retain great talent, it takes money, effort, and a proactive program to build a great place to work that attracts and retains a winning team. Company owners must focus on people first. Contractors must pay top dollar, offer full benefits, provide a strong talent development and training program, employ a dedicated human resources manager, stop tolerating poor performers, and build a culture of winning.

Know the Right Numbers

Contractors who make money know their numbers. They focus on their financials, collections, job costs, and estimates. They meet weekly with their foreman and project managers to review their job costs versus budgets. They meet weekly with their financial manager or controller to review profits, markup, cash flow, receivables, payables, retention, billings, working capital, income statements, balance sheets, debt, overhead costs, labor costs, work-in-progress schedule, and project cost-to-completes. Successful contractors are focused on their numbers:

- » **Brian Boyer, President, Boyer Commercial Construction, South Carolina:** “We know our numbers backward and forward. We review our financials monthly within two weeks of every month-end.”
- » **Brad Massad, Partner, Gene Nims Builders Inc., Louisiana:** “We track and update our project numbers every week, including estimating accuracy, project management systems, and deadlines to stay on budget and on schedule.”
- » **Bryan Young, Vice President, Cambridge Companies, Arizona:** “Routine and rigor! We continuously look at our financials in depth to develop clarity and certainty to make sure they are complete and accurate.”

Wise contractors keep their eye on the ball and know the score on every job, project manager, foreman, piece of equipment, and player in their company.

Enforce the Right Systems

Most contractors know they need to implement companywide systems. Many have written systems, but few actually enforce their systems and require everyone to use them. Systems must include a clear organizational chart and workflow diagram with written job descriptions detailing responsibilities and deadlines. Systems must define each employee’s level of authority, identify supervisory or management tiers, and require performance reviews and compliance checkpoints. And systems must include a description of the expected results. Consider the following insights:


- » **Damian Lang, CEO, Lang Masonry and EZG Manufacturing, Ohio:** “Execute using the right estimates, production, and people. Invest in developing, tracking, and implementing estimating and productivity systems. To make this happen, you must have the right people in the right positions who produce results.”
- » **Jeff Wieser, President, Wieser Brothers General Contractors, Minnesota:** “Communication. We make sure everyone knows what everyone is supposed to do. We communicate daily and hold weekly company meetings.”
- » **Mark Gilbreath, Managing Member, Caprock Building Systems, Texas:** “I don’t wait for results, problems, or people to come to me. I seek them out and sit down with my team in their offices every day to ask questions.”

The weakest move a manager can make is to tolerate poor performers. Allowing people to ignore your systems guarantees your team will produce less than expected. Systems must be created, developed, and utilized to reach your maximum potential results. There are no excuses to let your team disregard your company standards. When you let bad things happen, your company loses money, and you lose the respect of others as a leader.

Pursue the Right Clients

Not all clients are the right clients. Many may shop your bid or grind down your price, leaving no margin to earn a fair profit. Some don't pay you promptly or try to cut your change order requests to the bone. Some are not reasonable or trustworthy. Successful contractors focus on building strong relationships with the right customers. Construction is hard enough without settling for lousy clients. The problem? Many contractors are so busy chasing cheap work or bad customers, they don't dedicate the time required to focus on the right clients. It takes time and money to develop a list of client targets you want to work with. Then you must go after these targets using strategy, marketing, and sales techniques.

- » **Jeff Eriks, President, Cambridge Companies, Arizona:** We are 100% transparent and an open book with clients. If you are on their side, they'll be on your side. Let clients see the whole process. Show them everything, including the bidding process, estimates, project management, supervision, and scheduling. Also invite them to meet subcontractors, attend your meetings, and open the books to share costs with them.
- » **Dave Jeffrey, President, Wolf Creek Contractors, Ohio:** We focus on projects we know we can be successful building. This eliminates the learning curve and expenses associated with attempting new projects and new customers.

Stop delaying success by bidding to the wrong clients and projects. Invest the time and money to take potential and current clients to lunch and events. Get to know them and build trust by sharing your management techniques, subcontractors, suppliers, inner systems, and costs with them. Clients do business with people they trust. What are you doing to focus on the right clients? 



About the Author

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