



By George Hedley

GO SMALL & MAKE IT BIG!

Part of our Excellence In Business Series

I have a loyal customer we build several commercial and industrial projects for every year. We have project meetings every week during the construction phase. After leaving his conference room one day, I noticed several of my competitors sitting in his lobby. This made me nervous. I called him later that day to find out what they were doing there. He told me the other contractors were tenant improvement construction specialists. He was asking them to give him proposals and bids to build out the interior improvements in the shell buildings we were constructing for him.

This shocked me. Why didn't my customer of ten years know we do interior tenant improvements? In fact, on many of the projects we had built for him, there were many interior office improvements included with our shell construction. It turns out he thought we specialized in building larger, ground-up projects only and didn't want to be bothered with any small jobs. He was looking for a tenant improvement specialty contractor to finish out the interiors of his multi-tenant and office projects. It upset me that a good customer wouldn't trust us to do this kind of work too. After all, we're in the construction business! We can build any kind of project, large or small. It's just framing, drywall, plugs, lights, paint and carpet!

In retrospect, he was right. We don't have a dedicated tenant improvement project manager or division which specializes in servicing small and quick interior office projects. Yes, we can build them, but not as efficient as companies who are set-up for this kind of work. They use different types of foreman, superintendents, and subcontractors. They are used to working around existing tenants in occupied buildings.

They have crews who work weekends and nights. I have to admit, they are really a better choice than our company for this kind of work.

DON'T DO EVERYTHING FOR EVERYBODY!

When I drive down the freeway and see contractors' trucks, they often have signs on them like: "Joe's Electric - Commercial, Industrial & Residential." I chuckle and ask myself "What are they good at?" "What kind of jobs are they specialists in?" If I have a large industrial warehouse project to build, should I call them to bid? What about a medical office building, do they have any experience? Should I call them to remodel my house? Or, are they generalists who only do small residential and commercial jobs? You can't tell by their advertising. My guess is they chase lots of different types of work, and don't make a lot of money.

Are you in the "Yes" Business? Do you say "Yes" to any kind of job opportunity thrown your way? Experience shows that companies who specialize are more organized, more professional, more experienced, and make a lot more money than "jack of all trades." Perceived experts are the first called when a customer needs a 'pro' to complete a tough or special project. Experts get the first call and the first chance to get jobs which require a little more engineering or technical knowledge. They generally give the first proposal and are often the only bidder. They come highly recommended and respected for their expertise and ability to complete a certain type of project.

WHAT ARE YOU KNOWN FOR?

There are many ways to specialize. Review the following list and think about what kind of work your company is known for or can become the

'perceived' expert in:

- Contract Large or small
- Minimum or maximum size
- Bid or negotiated
- Per plans or design-build
- Cost plus or lump-sum
- Service or maintenance

LOCATION:

- City or region
- Neighborhood

PROJECT:

- Public or private
- Commercial or residential
- New construction or remodel
- Site work or buildings
- Shell buildings or interiors
- Single or multi-buildings
- Buildings for sale or lease
- Single or multi-story

SPECIALTY:

- Schools or hospitals
- Offices or manufacturing
- Medical or retail
- New homes or remodels
- Track or custom homes
- Factories or warehouses
- Medical labs or offices

DIFFICULTY:

- Technical or simple
- Multi phased
- High-tech or standard

CUSTOMER:

- Developer or corporation
- Company or individual
- Entrepreneur or chain store
- Sophisticated or first timer
- Multiple or single sites
- Homeowner or builder

Several years ago the self storage market was starting to explode in Southern California where we build. I made a decision for our company to become known as "THE" self storage general contractor in our local market. We created special self storage brochures. I got involved in the Self Storage Association and spoke at several of their conventions on how to build successful mini-warehouse projects. We also took a trade show booth and displayed at all of their conventions as "THE" self storage construction expert. By creating a perception in the marketplace that we were the expert, our company became the number one general contractor on mini-warehouse projects in Southern California. In only three years, we went from building no self storage projects to constructing a minimum of six per year at a contract value of \$2,000,000 to \$4,000,000 each.

While we were building our self storage construction business, we continued to build other types of projects as well. But the results were great. Being a perceived expert in a particular construction type improved our bottom-line margin by 33%. We were able to reduce our competition and charge significantly more for self storage projects than other more general type of work. The key is letting your potential customers know what you are an expert in. Customers can't read your mind and can't be expected to know or care about your expertise. You have to tell them over and over.

MORE THAN ONE EXPERTISE IS O.K.

The smaller your niche, the better you are perceived in the marketplace. Even if your company specializes in several types of work, split your customers and marketing into specific niches and attack accordingly. Don't mail out brochures to everyone telling them you are great at everything. Send out specific expertise marketing pieces to profess your expertise in a single area. Target your marketing to the audience who needs that expertise. This will elevate your presence and boost your return on investment. Have a different brochure for each area of expertise.

I recommend creating simple tri-fold brochures for each of your specialties. Send them out to target markets and potential customers who want or need the services you provide. Don't send out generalist brochures. They confuse your potential customers and relay the message that you are not an expert in anything. On your web site, have a separate home page

for each type of work specialty. People who are looking for contractors or installers, search by expertise in a particular type of work, not for generalists. For example, when I needed a lighting contractor on my custom home remodel, I didn't search for 'electrician.' I searched for 'custom home lighting Newport Beach California.'

NARROW EQUALS STRENGTH!

Think about how you can get more focused on a niche project type. The narrower your expertise, the more clout you'll have in the marketplace. When I need to hire a specialist, the harder they are to find, the more I'll pay for their services. Some examples of very successful niches are as follows:

- Warehouses with high pile storage & flat slabs
- Country French remodels in old towns
- Computer rooms with special raised flooring
- Medical device manufacturing lab fixtures
- Clean room construction
- Self storage mini-warehouses
- Custom interior woodworking
- Hillside foundations
- Plant machinery electrical & piping
- Projects in locations with special requirements
- Companies with zero accident safety records
- Backyard masonry with stacked stone facing
- Copper gutters and custom metal work

The problem with being good at everything is you get selected based on price instead of competence. Specialists get hired for their knowledge and reputation for solving difficult problems. As a result, they can also charge more for their services and work.

Some other ways to set yourself apart from your competition is to be known for results. A competitor of mine is known for building projects 25% faster than everyone else. For this they get a 20% premium on their overhead and profit markup. Think about how you can you become known for:

- Speed
- Quality
- Clean job sites
- Not charging for extras
- Safety
- Night and weekend work
- Equipment hook-up

Any of these will create a niche for you and get you more money than the everyday contractor who will bid anything.

SMALLER IS NOT SMALLER!

The only way to win profitable work today is to differentiate yourself from your competition. Becoming a known expert in something will accomplish this for your company. According to a recent survey from the Society of Marketing Professional Services (a national association of construction sales and marketing professionals), the top two reasons construction companies don't get awarded projects are their inability to market and properly present the differences between themselves and their competition, and their lack of expertise in a particular project or service niche.

Going small does not limit your opportunities. It increases them by going deeper into a market. When you continue to be and do everything for everyone, you don't have enough time and can't make enough money for all the different types of work you attempt to complete. Some profitable decisions our company made were to stop bidding, only negotiate with customers, and eliminate all projects under \$1,000,000. These were tough decisions. We worried about losing some repeat customers if we didn't do their little jobs. In the end, we partnered with smaller contractors we could recommend to our customers for the jobs we didn't want. This enabled us to get more focused and provide better service to our customers by not scurrying around chasing nickels and dimes.

TELL THE WORLD

Don't be bashful. Put what you specialize in on your signs, cards, trucks, letterhead, job-signs, web site, and brochures. People want to hire an expert, not someone who can do it all.

About the Author

George Hedley owns a \$75 million construction and development company and Hardhat Presentations. He speaks to companies on building profitable businesses, leadership, and loyal customers. He holds 3-day in-depth "Profit-Builder Circles" open to construction company owners in an interactive roundtable format every 3 months. His "Profit-Builder System" includes proven tools to always make a profit, build equity, create wealth, win profitable jobs, motivate your people, and enjoy the benefits of owning a profitable company.

For information on Mr. Hedley's programs or to receive his free management e-newsletter, visit www.hardhatpresentations.com, call 800-851-8553, or e-mail him at gh@hardhatpresentations.com.