



BEST PRACTICES

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Identify your at-risk clients

Maintenance contractors have faced — and will continue to face — competitive invasion of their base contracts in what remains a “take away” environment. Until new construction rebounds, the competition remains fierce as contractors try to protect their existing contract base and grow by taking others’ work. Prices are down significantly over the last two seasons as price-conscious buyers take advantage of the highly competitive environment.

Many contractors have taken significant hits to their contract base, while others have managed to hold on. Some contractors have stubbornly resisted lowering prices and have paid a price in lost contracts. Lowering prices can save contracts, but no one really wants to go there if they do not have to.

We believe there is a partial solution in identifying your most at-risk clients, and coming up with a creative strategy to lock them in. It involves becoming hyper-observant, trying to understand your clients’ businesses, and anticipating their pain.

We have created a checklist of things that can put a client at risk (see Table 1). If you and your account managers look at all of your jobs and assess them against this list, it will help you determine relative risk. There is no specific scoring system, but the more risk factors present, the more in jeopardy the property becomes to being stolen.

If you use this tool to rate each of your jobs, you can decide where to focus attention. Often, the account manager can take this information early on and meet with the client to see how serious these factors come into play with the client. This allows you to take a proactive approach to finding a win-win solution.

For example, if the client is experiencing a high vacancy rate, curb appeal will still be important, but short-term cash flow could be an issue. Offering a lower price for a new contract could be appealing, while you provide for an escalation to a higher price as the vacancy rate goes down. Or it might be attractive to include mulching in the contract price for a year, if you can get an extension at the current price. This gives the client a discount, now, when they need it, and returns you to a more acceptable price when things improve.

Do not underestimate your competition. Most good contractors are very in tune to with options to entice the client to change, and they will most likely offer things similar to what you can come up with. Your single advantage can be “trust.” If you have built a trusting relationship with your clients and are proactive in approaching them before they have to come to you or go out to bid, you hold the advantage in working something out favorable to you. Train your staff to look for the risk factors, and take action while you hold that advantage.

TABLE 1: RISK FACTORS POTENTIALLY RESULTING IN CLIENT LOSS

Client or job	Vacancy rate	Business health	Business sector health	Change in ownership	Change in client contact	Change in our contact	Other contractors work w/ client	Price-sensitive client	Won job on low bid	Recent service glitch	Risk rating: low (L) medium (M) high (H)
Job one	L	M	M	M	L	L	H	H	M	L	
Job two	H	L	M	M	M	H	L	L	L	M	
Job three	L	L	M	L	L	M	M	M	H	H	