



## THE BENCHMARK

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# Beat the market with new resolve

**F**or most of us, 2011 was challenging. The economy continued to be sluggish. Businesses struggled with rising fuel and labor costs against declining prices. New construction in many arenas was non-existent. Cash flow tightened. For many, it was a matter of hanging on tight and riding out the storm.

The economy remains sluggish. Unemployment in the construction field is more than 16%. Fuel costs are expected to hit record highs. Credit is more difficult than ever to obtain. And how many more years can we keep telling our people “no” to bigger paychecks?

Let’s quit crying in our beers and realize we’re in control. We can overcome the market and this economy, but we must realize we need to make changes in how we do what we do. That means *improve*. We need to look at every aspect of our business and ask, “How can I improve this process?” Lead generation, the sales process, pricing, job productivity, job tracking, accuracy and timeliness of financial information, cash flow, updating our business model and our business plan, training ... the list goes on.

My challenge to each of us is take control, make improvements and beat this market at its own game, which brings me to some resolutions.

I pledge:

- 1 I will become a better manager of my financial goings-on**, understand my financial position and manage my cash flow more effectively.
- 2 I will install an estimating system**, so no matter who estimates the job, the price will be the same.
- 3 I will develop a pricing strategy** that will balance what the market will bear against what I need to make a fair profit.
- 4 I will track job performance daily** so the people who can really make a difference (my crew leaders) will take ownership of their work.

**5 I will cost every job** so I know where I’m making money and can make improvements in the areas where I’m not.

**6 I will generate timely financial reports** focused on providing information I desperately need to manage my company: sales reports updated weekly, with the status of every open proposal; P&L statements by profit center by the fifth of the following month showing where I’m making money and where I’m not; job productivity reports weekly, if not daily; schedules of aged accounts receivable and payable; cash position reports weekly; budgetary projections, updated for current market conditions, etc.

**7 I will prepare an intelligent and insightful budget** that will serve as my road map for the challenges I’m facing this year.

**8 I will control my cash flow** to enhance the liquidity of my company, obtain deposits on jobs, collect money in less than 30 days, create a just-in-time mentality for inventory control, sell equipment we’re not using, renegotiate my bank loan portfolio for better terms (consolidation/lower interest/longer term) and strive to become debt-free by a specific deadline.

**9 I will maximize the capacity of the people in my organization**, to inspire them to perform beyond expectations, compensate them fairly, keep the pipeline packed with fresh young talent, train and retrain and create an energized environment where all of my people can grow professionally and financially.

**10 I will develop my marketplace** so I’m king in my geographic area; provide the best service at the best value; and never have my crews drive past a property we should be maintaining.

Once I master these, my challenge will be to create 10 more, and 10 more after that, because I know the only way I will beat this economy and stay ahead of the game is to continuously improve.