

April 4, 2007

Marketing Construction Takes Full Commitment



Determining the right type of project and project owner to focus your marketing efforts on is not an easy job, as these participants in the latest WMCA Labor-Management Conference discovered.

Want to get more work in the highly competitive construction market? The simple answer, Scott Humrickshouse, a director and shareholder of FMI Corporation, told the West Michigan Construction Alliance, is to differentiate your contracting firm and showcase its distinctive qualities through proactive marketing.

Humrickshouse hammered these themes during the WMCA's April 4th Construction Labor-Management Conference. Speaking before an audience of organized labor representatives, contractors, and executives from employer associations, he said significant changes have occurred within the industry during the last ten to 15 years. They've made old models of marketing construction and design services virtually obsolete. Instead, to succeed a far more comprehensive model must be used - a model that leverages all of an organization's most qualified resources.

Construction has always been a "price driven" industry. Today, fast tracking, increased dependence on intelligent technology, and strong movement toward negotiated contracting using construction management and design/build project delivery systems, have all but destroyed the traditional design-bid-build process. The hard emphasis on price remains but the pace has accelerated astronomically. At the same times plans and specifications have become sketchier and more dependent on a "just in time" philosophy, drawn as the building goes up. Not only construction managers, architects, and engineers need to gain early knowledge of upcoming construction, today's major subcontractors need to as well, if just to provide input on constructability and cost issues. All of a project's major players must gain a position on the construction team well before the work comes up for bid, else face being swept away in the mad rush. As a result a, construction professionals must therefore develop very long range "sales radar" to learn about potential projects before they've even been conceived.



Scott Humrickshouse of FMI Corporation

Under the old model, Humrickshouse said, marketing was a function handled by a company's most senior management. There was no real strategy or attack. The company's owners or top officers did the selling. Or they used "business developers" operating as lone wolves, told to "get the job done" with little direction or supervision. The pace of project development was slow enough that those who had a natural talent for such work usually were able to sufficiently react to changing market conditions.

Potential clients were wined, dined, and driven to the golf course. Expensive, glossy four color corporate brochures were distributed to impress potential customers with a company's accomplishments and commitment to professional standards. Yet when stripped to essentials nearly all of this marketing was rested on gathering and answering requests for proposals.

The most common question directed to a potential project owner was, "what work do you have coming up?" The project owner's typical answer was, "I don't know yet but when something hits I'll tell you." The contractor would then go on to describe how his firm built a "quality product," provided "excellent service," employed "great people," offered a better than average safety record, and was committed to completing projects "on time and within the budget." There was very little available for an inexperienced project owner to use to identify contractors that consistently exceeded industry averages. Often they could not tell the competition apart.

In today's market this approach is stale and no longer effective, Humrickshouse said. Instead, generating name recognition due to qualities or abilities that set a contractor or designer above the mundane is what's important. The goal is to establish a reputation for expertise so that owners will immediately think of involving your company with their project as soon as the need arises. To get them, for example, to think of contacting your roofing company first to discuss a variety of roofing alternatives before they even think of engaging an architect.

Time during Humrickshouse's presentations passed quickly as he went through the mechanics of developing a marketing program based on these principles. Because very few firms are large enough to do everything, he discussed how contractors need to carefully target their markets, identifying prime customers that will most likely have a need for their particular services or products.

Rather than restricting project owner contact to a business development manager or representative, he outlined a holistic approach to market development, where key departments within a contracting firm are trained to work directly with project owners. Many project owners, he emphasized, want questions answered by the estimators, designers, schedulers, and project supervisors who'll actually perform their project's work. "Team selling," Humrickshouse stressed, "has to become a significant part of the business development process." Which means staff that traditionally has had nothing to do with business development has to acquire marketing training and skill. As well as become comfortable with their new responsibility.

He introduced the concept of the "Business Development Pyramid" to the workshop and showed how various marketing tools fit into it. Public relations, advertising, events, conventions, and web sites are to be used to gain the attention of targeted markets and identify potential customers within in. These potentials - through applications of direct mail, telemarketing, and print material distribution - can become prospects that welcome a visit from your business development personnel. From there a relationship can grow that, down the road, leads to contracts and, hopefully, repeat business.

Focusing for a moment on just one tool, Humrickshouse placed a heavy emphasis on public relations, especially the use of news media for achieving recognition.

Construction industry firms, he recommended, should consistently issue press releases about such developments as contract awards, groundbreakings, and project completions. They should inform reporters and editors about awards, community service contributions, new services, the hiring of new personnel, and staff promotions. Any positive feature articles written about them should be reprinted and distributed to potential customers as direct mail pieces.

Stories appearing in the news media can be an extremely powerful and positive force for marketing, Humrickshouse declared. They establish third party credibility for your company and are readily perceived as factual. Potential customers will take them seriously.

Always the goal of a contractor's marketing should be the delivery of construction projects at the "best possible cost," recognizing, as Humrickshouse said, "there's a lot of parts in the term." Developing a long range relationship with project owners can lead to their understanding that "best possible cost" includes high levels of productivity, quality, on-time scheduling, and safety. Too heavy a weight given to lowest bid price often overlooks these important elements. And overlooking them when bids are first received can lead to delayed project completions, expensive change orders, a higher end cost, and dissatisfaction with the end result.

Organized by the WMCA the conference was funded in part by a grant from the Federal Mediation & Conciliation Service. Additional conferences in the series are currently being planned for September 26th, November 28th, and January 30, 2008. Details are to be announced later.