

FMI Expert Suggests Better Marketing



FMI's Scott Humrickhouse tells members of the WMCA that the unionized construction industry needs to pick better targets for market development at a September 26th workshop.

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The unionized construction industry would do well to develop a far-sighted "battle plan" for its future survival rather than relying on what has -- or hasn't -- worked in the past.

So said Scott Humrickhouse of FMI Management Consulting, who led a conference last Wednesday sponsored by the West Michigan Construction Alliance, called "Think Of It As Market Warfare, Because It Is."

This conference was another in a series of presentations held this year by various consultants in front of building trades industry representatives, who have called for unions and their contractors to adapt to the changing business world in the never-ending effort to improve their construction market share.

Humrickhouse's interactive discussion centered on how changing some business practices, especially in the area of marketing, could benefit union employees, union leaders, and union contractors.

"Everybody wants increased market share," he said. "I see one of the solutions as creating new business partnerships."

Of course, part of that involves getting new customers. But also important, Humrickhouse pointed out, is allocating sufficient time to all-important existing customers.

"If we're consistent about providing good customer service, they're going to gravitate back to us," Humrickhouse said. "It's my experience that two-thirds of business, is repeat business."

And how can a business improve its chance of retaining the repeats? In the service industry, Humrickhouse suggests that managers require their service techs to devote the first five to seven minutes of any job to being friendly and talking to the customer. "Warm up the customer, talk about family, business, let them know that union workers know what's going on," he said.

When the service call or the construction project is complete, he said a company representative should check back with the customer and ask "how did my guys do?" He said if there's a problem with the work, the contact person at the customer who has been treated well will likely "stand up for you" when he or she has to explain the problem to person higher up in the organization.

"Improving customer service is the most important thing we can do, with the least effort, and we can start immediately," Humrickhouse said.

That kind of approach dovetails with a marketing term known as "positioning," a process that takes time. Organizations like unions and their contractors must choose where they want their customers to see them positioned in the marketplace.

"Can unions compete in a low price position or a high value position?" Humrickhouse asked. "More likely, it's in high value. If that's the case, you have to convince the customer that you're worth the extra one or two percent" in cost.

That moves into the next question: what constitutes high value for customers? If you answered "low bid," that's usually the case.

But high productivity is frequently cited by unions as a reason to hire union. Theoretically, a high-producing worker will save the owner money, but the problem for unions and their contractors, Humrickhouse said, is that with the concept of productivity, "we haven't been able to effectively compare it so that the owner can look at it and see that it saves him money."

Instead, Humrickhouse suggested that marketing efforts for union labor should be directed to industry-specific targets. Safety is becoming a huge factor for some owners conscious of insurance costs, especially at dangerous industrial jobs. School boards value a workforce that can complete buildings by the end of August.

Owners of commercial projects that are built on-the-fly would appreciate union skills that turn sketchy drawings for a building into workable reality. And all owners appreciate not having their bottom line expanded by the need to fix sloppy work.

"We have to relate what we bring to the table, to the owner," he said. "We have to explain to the owner what he gets when we provide these things."

Humrickhouse added: "When you talk to your people, beat this phrase to death: 'total cost.' We need to expand the perception of cost to the owner" beyond the bottom line.

Union contractors, Humrickhouse said, do better when they pick their battles properly. He said in his experience, successful contractors win one out of three or four quality bids, rather than trying to hit a home run with 10 poorly planned bids.

The same applies to marketing. Focused union-contractor marketing efforts need to zero in on owners who might be receptive to what a union workforce brings to the table.

For example, one union business agent attending the conference described the difficulty of union contractors competing with two-or-three-man crews that build small commercial businesses in West Michigan. They work cheaply -- probably without liability insurance -- they have an in with the owners, and they get the job done, even if the quality isn't quite there.

Humrickhouse said the challenges unions and their contractors face on those small jobs are similar to what they deal with on larger jobs that hire a low-cost nonunion workforce.

"Where there's no pain (for the owner), there's no change," he said. "Put yourself on their side of the fence. Until they have a problem, they won't change. Maybe if they have a problem, the door will crack open slightly.

"The key is to market to your strengths. Try not to miss projects where you have an opportunity to win the work."

Humrickhouse suggested that union contractors need to take a longer view of their business operations. Stop "jumping from one job to the next," he said, and start devoting resources to a long-term push to promote the company's benefits to owners likely to do the hiring.

Union contractors have great resumes of jobs performed on time and on budget, resulting in owners thrilled with the outcome -- and who would be willing to tell the world about their experience. And union members who work for those contractors have skills to make those outcomes happen.

"There are thousands of people who are potential sellers for the industry," Humrickhouse said, whether it's in a public relations campaign, or on the job every day. "Toot your horn, and you can change perceptions."

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