

MANAGEMENT DEPARTMENT: Find Better Customers to Make More Money



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Many concrete contractors are experiencing busy workloads. Their schedules are almost as full as they were before the Great Recession. However, their profits are not where they should be.

I am often asked, “How do I make more profit on my construction

jobs?"

One of the best ways to make more money on your construction jobs is to find better prospects.

There are prospects out there right now that are a good fit for you. They would appreciate the value that you provide and would be willing to pay you more than some of your current clients. You would be more profitable doing work for these types of clients. The problem is that they are currently using your competitors instead of you. These are the prospects you have to market and sell to. I am going to show you how to identify them.

Create Your Ideal Client Profile

In order to find better prospects, you have to identify what your ideal client looks like. This is your Ideal Client Profile. With this profile in mind, you can go find prospects that come close to matching that description.

Your Ideal Client Profile describes the type of person/company that is best suited to your construction company.

When you find your ideal client, the relationship will show that:

- You are profitable doing their work.
- Your sales & marketing resonates with them.
- Often, you can charge them higher prices.

Here are four examples of an Ideal Client Profile:

1. Custom homebuilder that builds \$450 to \$1.5 million homes where the builder is involved in the day-to-day construction of the home. Payment comes every two weeks.

2. Large, public, production home-builder that only builds 16 different home plans. Your crews stay in the same subdivision and go from one job to the next.

3. Homeowners within 10 mile radius of your office that want a colored, stamped patio in their back yard. Pays upon completion of job.

4. General Contractor that targets wastewater treatment facilities that involve complex concrete structures, which reduces the bidding competition for concrete contractors.

The profiles above are just examples. You define the ideal client for your own company.

Four Questions to Determine Your Ideal Client Profile

1. Who are your most profitable clients?

Analyze your job cost reports. Which clients are most profitable for you? If you do not do job cost analysis on your jobs, talk with your accountant and think about what jobs you are most profitable with (not necessarily what jobs you enjoy doing).

2. Who pays well?

Analyze the payment histories of your clients. Who pays you quickly? Which clients do not back-charge your company?

3. Who is easy to work with?

Which clients require the least amount of your time? Who do you enjoy working with?

4. Who refers and sells your company?

Referrals are a critical part of your sales. What clients

refer the most people to your company? Who is genuinely interested in the success of your company? Who is an advocate for your company?

Analyze Your Answers

Next, look for clients that match all or many of the answers to the questions above. As you find similarities among your clients, an Ideal Client Profile will reveal itself. Keep in mind that if you work in multiple markets or with different client types, more than one ideal client will reveal itself—and that is OK. You can have one Ideal Client Profile for each division or market within your company. Your Ideal Client Profile for your residential division will be different than that of your commercial division.

Find Prospects That Match Your Ideal Client Profile

Look around in your market for companies that you are not currently working with that you believe match your Ideal Client Profile. If you have trade contractor friends who work with your best clients, ask them who else they work with that are similar to your Ideal Client Profile.

Create a list of these ideal prospects. This becomes your “hit list.” You now have a highly qualified, high-profit potential list of prospects to focus on. Your sales and marketing efforts will be directed to this hit list.

Do not try to be everything to everyone. If you spread your efforts too thin, you will end up with new customers that do not pay on time, that are difficult to work with, and that are low-profit margin problems.

Instead, you should identify a small group of prospects that match your Ideal Client Profile and focus your energies on

adding them as new customers. Most contractors use a shotgun approach to target every prospect in their market. You will now use a rifle approach to zero in on the most profitable prospects for your company.

When you add them as clients, the increased profits will reward you for your focused efforts. Just one of these ideal prospects could be more profitable to your company than four difficult customers.

Go where the money is. Identify your Ideal Client Profile based on your existing customers. Find prospects that match your Ideal Client Profile, then focus your sales and marketing efforts on them. Show them that you are their best option. As you add these new clients to your company, your profits will improve.

ABOUT THE AUTHOR

Doug Herbert is President of Herbert Construction Co., one of the largest residential concrete contractors in the southeast. Doug is a regular presenter for the CFA and World of Concrete. He is the Founder of ProfitableContractor.com where he shows concrete contractors how to reduce their costs and increase their profits with effective sales and marketing systems. Reach Doug at Doug@ProfitableContractor.com