



ClockShark

How to Grow Your Construction Company



Introduction

During our webinar - [How to Grow Your Construction or Field Service Business in 2021](#) - we asked attendees what they believe is the most important part of growing their companies. The majority - 27 percent - believed it was hiring the right people.

While this is certainly an important factor in business growth, it is not the most important.

ClockShark's Duane Dufault teamed up with Contractor Coach Pro CEO, Jim Johnson, and discussed a blueprint for success in growing your company, regardless of where you are now.

Whether you have a crew of five or 500, understanding the two sides of every construction company - and how to run them efficiently and effectively - will help you continue to grow.

This whitepaper is written based on the information obtained and shared in that exclusive webinar.



Duane Dufault
Head of Sales
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Duane went to college for construction management and engineering. He grew up working in a family construction company, and later became the project manager for a large restoration company. Duane has been in sales for 10+ years and is the Head of Sales at ClockShark.

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Jim Johnson
Head Coach
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Jim Johnson left behind a multi-million dollar, two-decade career in contracting to build his own software company. After selling his construction software to Acculynx, and directing their sales for almost 5 years, Jim started Contractor Coach Pro where he and his team of business experts are passionate about helping contractors get control of their business so they can grow and find the freedom they are chasing. He is a highly sought-after keynote speaker and VP of the Board for The Catalyst Group and host of the Contractor Radio Podcast.

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Things to Consider When Growing Your Business This Year

Job costing involves having systems in place that help you determine what your actual costs are to ensure you're making money. It is the process of monitoring your costs for each job or project and keeping track of those costs.

Job Costing - when done properly - helps owners and managers to keep an ongoing record of costs associated with a job and also to identify problems early before they get out of control.

COVID

When considering growth, keep in mind the impacts COVID-19 has had on all industries. For those in construction and field services, not all were negatively impacted directly. However, the rising costs of materials and supplies have definitely caused some crippling damage.

In August of last year, the National Association of Home Builders [reported](#) some lumber costs increasing by as much as 30 percent and there doesn't appear to be any slowing down. In fact, experts [predict](#) lumber prices will never be back to pre-pandemic levels but, rather, will continue to increase and the demand for lumber is "not likely to decrease."



This means you're likely going to experience longer wait times for materials/supplies and more costs associated with that.



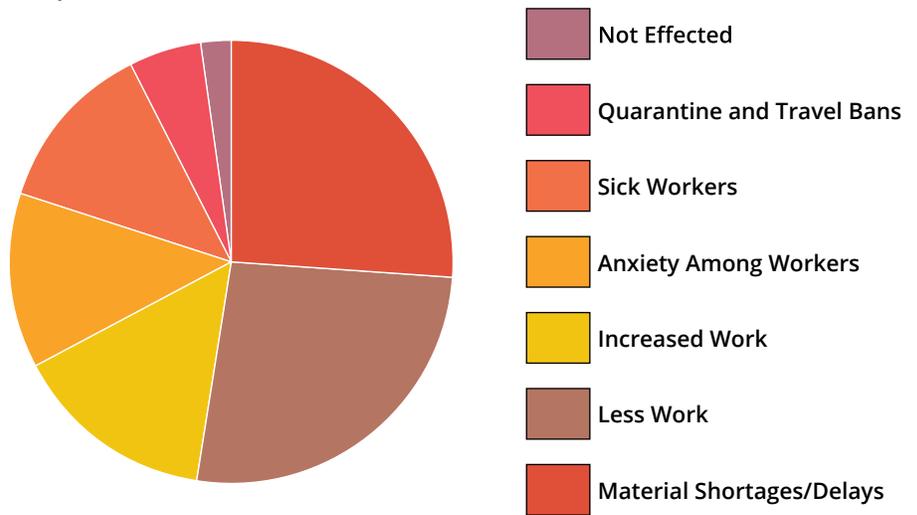
Other issues the pandemic caused for these industries include:

- Forced, unexpected changes
- Shortages and delays
- Project cancellations
- Higher project costs
- Furloughs or employee layoffs
- Navigating government bureaucracy

While we will eventually reach a point where we can get back to something normal, there's no question that COVID-19 changed the landscape of the construction and field service industries, just as much as any other.

Our data, collected during this webinar, showed that the top two ways attendees' businesses were affected by the pandemic were material shortages/delays (25 percent) and less work (25 percent).

Meanwhile, 14 percent reported increased work; 12 percent reported anxiety among their workers; another 12 percent reported sick workers; five percent reported quarantine and travel bans while only two percent said they were not affected.



Labor Shortages

All general contractors are familiar with the shortage of skilled labor. While pros like Mike Lowe passionately try to reverse the narrative that trades are a dead-end job with his [MikeRoweWORKS Foundation](#), there is still a shortage due, in part, to the lingering effects of the 2008 housing crisis that cost millions of contractors their jobs.

Consequently, many skilled workers are entering retirement age, leaving a large skills gap in the industry.

Business Agility

[According to](#) leaders at McKinsey, "Agility is the ability of an organization to renew itself, adapt, change quickly, and succeed in a rapidly changing, ambiguous, turbulent environment."

This means your company needs to be able to bend and move as you grow. To do this, you will have to take an honest look at the processes and procedures you already have in place and ask yourself if you're utilizing all of the right tools to allow you to expand.

Examples include the proper equipment to maximize your results and technologies that improve your processes and can grow with your company.

Growing Beyond COVID

As explained during the webinar by Jim Johnson, a critical thing to understand about growing your construction company is, there are two sides to every construction business: operational and foundational.

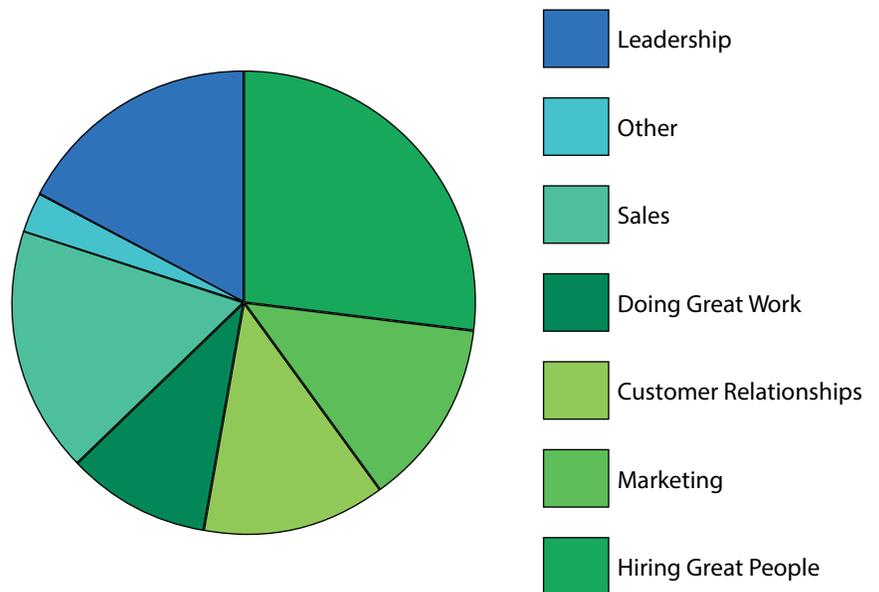
If you are out there swinging a hammer or operating a backhoe, you might be neglecting some (or all) of the aspects of these crucial parts of successfully growing your company.

In fact, [research](#) has found that a lack of business knowledge plays a large role in why construction companies fail. You might be really great at what you do and have a great crew, but without addressing the elements of both foundational and operational DNA within your organization, growth is less likely to occur.

During the webinar, attendees voted on what they thought was the most important aspect of growing their businesses. The majority - 27 percent - said "hiring great people," and while that's an important part, it's not the most important.

While 13 percent believed marketing was the most important aspect of growing their businesses; 13 percent chose customer relationships; 10 percent said doing great work; 17 percent said sales; and three percent said 'other'.

While all of these are, indeed, important factors, unfortunately, only 17 percent felt leadership was the most important but, indeed, according to Jim Johnson's formula, it is. This means many construction business owners may not realize how fundamentally important their leadership is to creating growth.



Working In vs. Working On Your Business

When you're working in your business, you're writing checks, doing tasks, and getting things done. This is a part of being a business owner that might feel quite rewarding. But it's not enough.

Working on your business means making administrative decisions that build the foundation for your business to succeed. These include:

- Being proactive instead of reactive
- Deciding directions/objectives and weigh your options
- Find effective systems and processes
- Implementing automation
- Increasing capacity

But what do these things mean?

Being Proactive Instead of Reactive

When we're hit with an unexpected roadblock or event, our tendency might be to react. However, while reacting is a normal response for most people, in business it doesn't work well. Experts from [Harvard Business Review](#) report those initial reactions are frequently the wrong ones and to take at least four seconds before deciding how to respond.

Conversely, being proactive means having policies and procedures put into place so responding to those unexpected roadblocks or events are already planned. It makes running your business smoother and more streamlined so you can spend more time focusing on the other aspects of growing, according to Johnson.



For example, if you have a customer who is unhappy about something, have a response prepared that is used in such situations so you are able to consistently respond with the same action. This will prevent you from knee jerk responses that are inconsistent and can kill your customer service.

Investing time in automating processes, delegating, and creating systems that prevent work being slowed down, will help you grow.



Deciding Directions/Objectives and Weigh Your Options

Every day, we are faced with decisions we need to make in our business. Strategic planning means you've already decided the direction you want to take your company in so when a situation arises, you are prepared to analyze the objectives and weigh your options before making a decision.

Find Effective Systems and Processes

Analyze the systems and processes you're already using and determine if they are still serving your business' best interests. Research alternatives and find out if you can improve these systems and processes through new ones.

Implementing Automation

Increasingly, the business world is adopting automated processes to speed up and streamline their workflows. Gone are the days of spreadsheets and manual entry. If you're not adopting technology to run your business and automate workflows, you're likely losing money and definitely less competitive overall.





Two Sides of Construction: Operational and Foundational DNA

The blueprints developed by Johnson's company, outlines necessary elements for both Operational and Foundational DNA in your construction business.

Foundational DNA is more business-oriented and includes:

- Leadership
- Culture
- Organization and HR
- Finance
- Accountability
- Processes

There are six key elements to Operational DNA, according to this blueprint:

- Technology
- Marketing
- Sales
- Production
- Training
- Recruiting and Onboarding

Leadership

What Johnson refers to as “The Big One,” great leadership is the key to success. But there is a difference between being a boss or business-owner and being a strong, effective leader. [Harvard Business Review](#) did a study and found that global leaders rated the top 10 attributes of a strong, effective leader as someone who:

1. Has high ethical and moral standards
2. Provides goals/objectives with loose guidelines/direction
3. Clearly communicates expectations
4. Has the flexibility to change opinions
5. Is committed to employees’ ongoing training
6. Communicates often and openly
7. Is open to new ideas and approaches
8. Creates a feeling of succeeding and failing together
9. Helps employees grow into a next-generation leader
10. Provides safety for trial and error

In much the same way, Johnson advises his clients there are seven steps to being a great leader.

The Top 10 Leadership Competencies, Grouped Into Five Themes

When 195 global leaders were asked to rate 74 qualities, these rose to the top.



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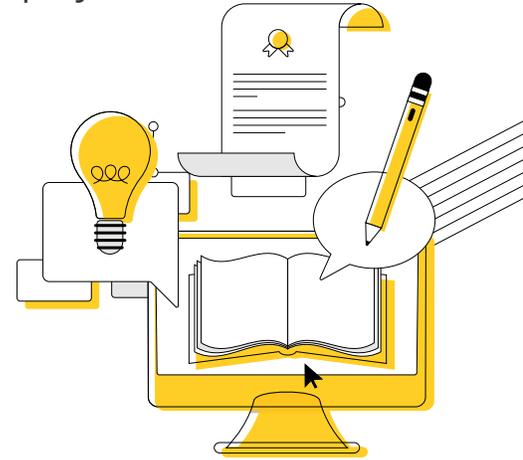
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1. Engage with Your People with Vision

Ensure your employees clearly understand the vision of your company and why your overall goals are important as an organization. Make sure they are aware of how their role within your company will help your company reach the goals you've established. This gets you, as a leader, buy-in from your employees.

2. Educate Yourself and Them

Don't get stuck doing the same things and expect growth. Rather, invest in learning for both yourself and your employees. Make sure everyone has the right tools they need to get their jobs done and never stop learning and improving yourself.



3. Set the Example

If you expect your employees to work hard, you have to set the example by working hard, too. How you carry yourself within your role as a leader, will [set the tone for your employees](#).



Be available to show your employees things they didn't know. Be consistent and let them see that you are as committed to their success as you are the company's success.

Make sure you're setting the right examples, making the right decisions, and willing to get your hands dirty if the opportunity presents itself. Accept your mistakes and take responsibility for them. In Johnson's words: "You are what your people will be."

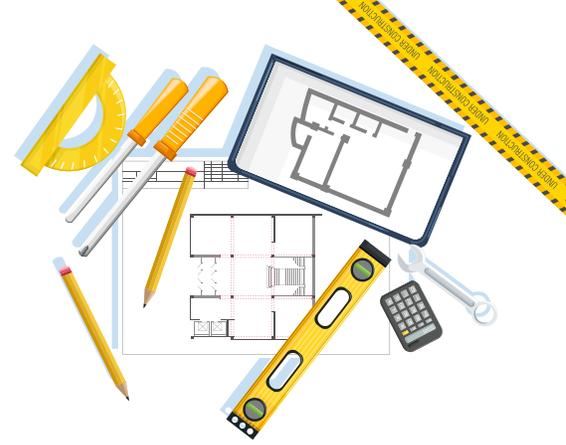
4. Empathy to Care

Putting yourself in others' shoes is the best way to understand empathy. And when you incorporate empathy in your leadership repertoire, you improve your leadership skills. In today's workforce, leaders [need to have empathy](#) for their workers. The trick, according to Johnson, is to make sure you find a balance so you're not enabling your employees to take advantage of you. As an example, Johnson says if you feel like you cannot fire someone, there's a chance you're being too empathetic and you may need to step back and evaluate yourself.

Conversely, being empathetic also means understanding they are learning and being willing to give them the opportunity to make mistakes as long as they're learning from them or acknowledging their growth.

5. Encourage to Achieve

Of course, leaders will always notice a mistake or error. Even if someone does something correctly 99 times, they will always notice the 100th time if it's messed up. When leaders focus more on the positives, it encourages your employees to do more good.



6. Empower to Grow

Employees want to feel secure and appreciated in their jobs and they want to feel like they are contributing to the growth of the company. Keeping talent is a challenge, especially in construction and trades, so it's critical that you are allowing them the opportunities to grow in their careers.

If you have an employee who is talented with one skillset, encourage them to step out of their comfort zone and learn another skill set. This, Johnson says, doesn't have to be something major. It could be a simple training or role-playing exercise that gets them started with learning something new and lets them continue to learn more and more about this new skill set until they have it mastered.

This [encourages engagement and loyalty](#) to your company. Make sure they know they are valued and have growth opportunities for doing great work.

7. Expect for Respect

Once your employees have seen you lead by example and are clear on the expectations you have of them, they should be committed to helping your company grow because they are a part of a bigger picture.

However, if you have employees underperforming, they could be taking advantage of you and/or your business. This is where accountability comes in. If you're not holding under-performers accountable, you're going to start losing the respect you've carefully built.

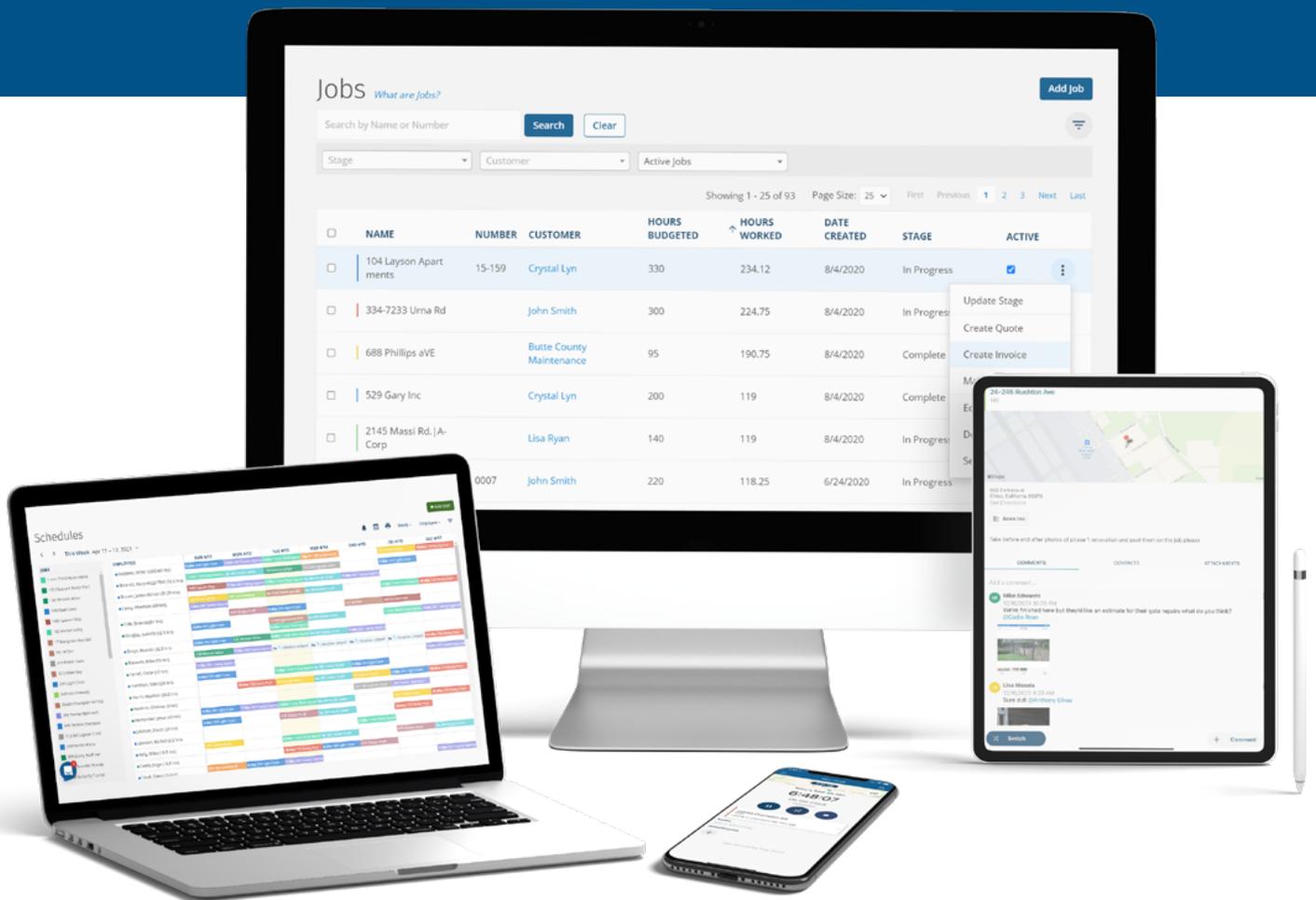
Following these seven rules consistently, they will become a habit and you, in turn, will become a greater leader and retain your best employees. This is an instrumental part of growing your business because you're not going to be as likely to be scrambling to find workers.





ClockShark

Everything you need to automate timesheets, finish jobs and get paid faster in an all-in-one toolkit



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Foundational DNA

While leadership is the most important aspect of foundational DNA, there are several other things that contribute to creating the base and determining the strength of your business. Great leadership is where it starts. Johnson advises, once they have their leadership skills honed, business owners should follow a clear blueprint to success and growth.



Source | Contractor Coach PRO

Culture

Your culture has to do with why you're doing what you are doing. It's establishing your reason and, thus, the reason your employees do what they are doing. Determine five key factors that your company culture is built around:

- Dream
- Vision
- Purpose
- Core Values
- Mission

These things will help you set the right goals - both short- and long-term - so you can begin to build your company strategically.

Process Strategy

Create processes around common tasks and jobs to save time and be prepared for any unexpected issues or challenges. Your processes should make your work life easier to be consistent and outline how things should be handled by everyone within the organization.

Organizational Strategy

Create processes around common tasks and jobs to save time and be prepared for any unexpected issues or challenges. Your processes should make your work life easier to be consistent and outline how things should be handled by everyone within the organization.

Numbers and Finance Strategy

Cashflow is the most common problem causing startup and small construction companies to fail within five years. That's why you have to have a financial strategy to stay on top of your assets and liabilities. Determine if you want to do your bookkeeping yourself, use a software, or outsource it.

Make sure you have all of the reports you need to have an accurate picture of your financial situation. Such reports might include:

- Profit and Loss (P&L)
- Balance Sheet
- Cash Flow
- Trade Profit Analysis
- Sales Team Analysis
- Marketing ROI

Make sure you have accurate data when running these reports so you don't end up in the red, unexpectedly.



Accountability Strategy

As a leader, you've set your expectations but have you done it thoroughly so your workers know exactly what is expected of them? It's about more than just telling them a job needs to be done. There are ways to measure and track how things are done, who did them, and how they did.

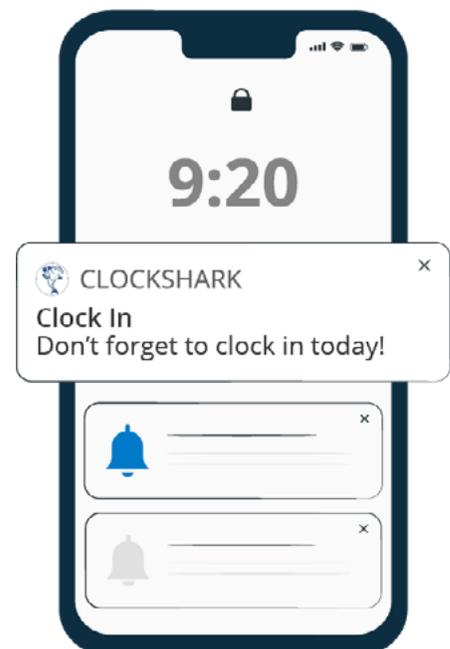
Consider implementing KPIs (Key Performance Indicators) so you can literally have a measurement of how things are going. Make sure your employees understand the minimum, maximum, and expected results and provide accurate job descriptions so there is no misunderstanding. Make sure your workers are adequately compensated and given the right tools to complete the jobs they're sent to do and implement a review process to gauge how well (or not) they are doing.

Operational DNA

The bridge between foundational and operational DNA, according to Johnson, is technology. He advises if it doesn't make you money, save you time, or make your work simpler, it's probably not the best option for you. But automating processes and workflows with technologies that do all of these things, are proven ways to stay profitable and continue to grow.

Technology Strategy

Consider all the steps in your foundational and operational DNA and how technology can marry them and create smoother workflows. Using a time tracking application that allows you to communicate, create reports, track customers, calculate labor costs, perform job costing, and run payroll is an example of how technology can streamline and simplify your operations.



Marketing Strategy

You can't just go knocking door-to-door to get leads. Technology has changed the landscape of how today's contractors can reach potential new leads. The trick is to build a strategy around what you can do and what is within your budget.

There are direct ways (telemarketing, canvassing, business development, maintenance programs, networking, etc.) and indirect ways (guerrilla marketing, third-party services, technology like Google, social media, etc.) you can market your company and/or services.

A lot goes into marketing so it's important to have a clear understanding of key elements before stepping into a marketing role.



Sales Strategy

The initial key to building a successful sales strategy is understanding your ideal customer and their core problems. From there, you develop a unique proprietary solution that will serve them better than anyone else.

This strategy should include a process for how your value proposition is presented to maximize the communication of that value and give you something to train your people on.

Production Strategy

The best customer service comes from companies that view what was promised as the starting point for taking care of the client. Production isn't simply the delivery/installation of your product; it's the continuation of the client experience and another opportunity to "wow" your customers. This is also where most companies will receive the lowest grades from their clients.

All good production strategies start with a clean and detailed sales process. If this is done right then production should have the ability to focus on going above and beyond rather than cleaning up after the sales team.



Training Strategy

The most powerful training strategies have two main parts to them:

1. **The quick start:** This is the bare minimum needed to get someone from 0 to proficient/successful at their job. This is especially important on the sales side being that sales is generally a commission-based role and most people cannot go without a paycheck for very long.
2. **Ongoing training:** Ongoing training offers the opportunity to increase our teams' skills and proficiency. This will also give the ability to fill in the gaps that our quick start training didn't cover.

These parts are not able to work independently of each other. If you employ only one of these training methods you will either have a stagnant team that isn't getting better or it will take far too long to get people up and running and your turnover will be high.



Don't forget to practice, practice, practice.

Recruiting/Hiring/Onboarding Strategy

Recruiting and hiring is the same as marketing and sales. Attracting the right people comes down to effectively implementing, and communicating your company's culture. Those that your culture resonates with will want to be part of your team.

Get a clear understanding of the type of person that you're looking for based on the role you are trying to fill. What attributes and skills do they need to have and how can we measure and score those? If you can answer those questions, then you should be able to build an effective ad campaign, interview process and questions and scoring method for your candidates.

One pro tip here: Make the onboarding process something really special. It's a privilege to get to work at your company, make them feel like they won the lottery!



Conclusion

Running a business is not the same as growing one. There are key takeaways that are necessary to growth, both personal and professional, you can implement to start growing right now.

Embrace Change

Change is sometimes scary but it's a necessary part of growing. Whether it's a small change or big shift, embrace change to become more agile and grow.

Plan Ahead

You have to start somewhere but it's difficult to know where you're going if you don't have a plan. Decide where you want to go and then determine the steps you need to take to reach that destination.

Be Proactive

Make sure you're not trying to do everything yourself. If you do, you run the risk of burnout and losing steam which is counterproductive to growth.

Be Impactful

The best formula to be impactful is to multiply your capacity by your skill level. If you have only a level three skill and a level 10 capacity, you're still only going to be able to do a level three job. Make sure to continue to increase your skill and capacity so they correspond and create the most impact.

Business growth won't happen overnight but you can begin to take these steps right now, to start working towards the successful and fulfilling career you seek.



