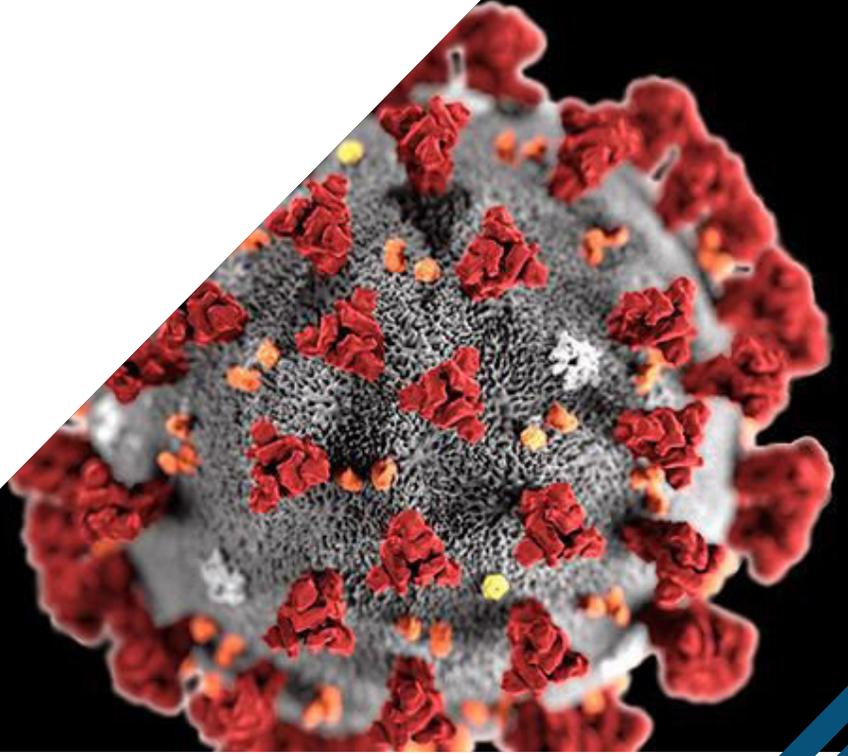


SPECIAL REPORT



HOW CONTRACTORS CAN SURVIVE

THE COVID-19 DOWNTURN

9 ACTION ITEMS TO EXECUTE NOW !



Recession is ahead. Will your company struggle, survive or thrive? Get focused. Take decisive action. Rally your team. There's a high cost of doing nothing. Get going!

01 PLUG COMMON PROFIT LEAKS

In good times, it's easy to dismiss the job that doesn't go well and hope for better. Now you must plug all profit leaks. Engage your team in a proactive, collaborative effort to permanently eliminate errors and waste. Dig into your numbers and identify what must change.

- Identify errors in estimating (especially labor hours), incorrect pricing, and unclear customer specifications
- Stop unnecessary overtime
- Fix quality issues creating warranty re-work
- Improve job site efficiency
- Eliminate money-losing services or divisions

02 BECOME MARGIN FOCUSED

Margin management is more than percentages or mark-ups. Fundamentally, it's a focused effort to keep more of every dollar you invoice. In good times, contractors focus on growing top-line sales and worry less about margins. Change that habit and focus on efficiencies that can dramatically increase your profitability on every job.

- Set margin targets for every line-of-business
- Drop or outsource low margin services
- Review your pricing formulas
- Manage customer concentration
- Control costs of internal labor, subcontractors, supplies and waste

03 MAKE HEROIC EFFORTS TO MOTIVATE AND KEEP TOP STAFF

If you're going to thrive in a tough market, you need a great team around you. Start with clear and regular communication. Don't hide from the facts, tell them where things stand. Engage them in driving to a better outcome.

- Identify key people and motivate them with incentives tied to your company's recovery
- Eliminate "C players" who are a drain on morale and productivity
- Communicate regularly with furloughed employees so you can welcome them back later





04 TRACK FREE CASH FLOW

Your goal is to have positive free cash flow each week. When there's positive cash flow, you have options. Manage both what comes in and what goes out.

- Get pre-payments on incoming projects
- Invoice quickly
- Address collection issues, proactively drop questionable accounts
- Engage your team in controlling unnecessary expenses and deferring costs
- Create a company dashboard that tracks your billings/sales, productivity measures (revenue per man hour) and your quoting pipeline

05 SWITCH TO HIGH-ROI MARKETING (AND STOP BAD MARKETING)

Eliminate experimental and non-performing marketing expenses. Be sure you are excellent at new sales lead generation, follow-up and lead nurturing and communication with past clients. Key elements include:

- Revise your dated website to really sell your advantage and build trust
- Implement a presentation package that sells your unique differences
- Increase flow of new sales leads using web-based advertising
- Initiate regular “drip marketing” to cross-sell new services to existing clients
- Proactively stay top-of-mind, request more referrals

06 SUPERCHARGE SALES PRESENTATIONS AND FOLLOW-UPS

Every sales lead is valuable – and comes at a cost. Don't waste these opportunities with a weak presentation, out-of-date sales materials and haphazard follow-up. If you have found a “handshake” was adequate to sell work in the past, you will now need a stronger process that can support clients who are more cautious.

- Fine tune your entire sales process and presentation
- Implement Customer Relationship Management (CRM) software
- Add automated follow-up tools that nurture customers and build trust
- Rehearse responses to common objections and sales stalls

07 GET YOUR SHARE OF GOVERNMENT PROGRAMS

The Coronavirus Aid, Relief, and Economic Security (CARES) Act is the largest relief package in U.S. history, providing a roughly \$2 trillion stimulus designed to combat the economic and health crisis from the COVID-19 pandemic. Forgivable loans to small businesses that maintain payroll (Paycheck Protection Program) assist with payroll costs, interest on mortgages, rent, and utilities. There are no fees and low interest rates.

- Contact your business banker to understand how you can benefit
- Explore the resources at www.sba.gov
- Apply early before program funds are exhausted



08 REDUCE COSTS, BOOST RESULTS WITH OUTSOURCING

Small businesses cannot justify the inefficiencies of full-time employees to perform many administrative tasks: HR, marketing, training, etc. While outsourced services seem expensive, the total cost is much lower than full time staff. (wages, benefits, taxes, management oversight). Outsourced suppliers get the work done better and faster, for less.

- Identify external experts and advisors who can raise your performance
- Move critical initiatives to outside vendors, eliminate “make busy” tasks

09 FIND OUT WHAT ELSE CLIENTS NEED DIVERSIFY WITH PROFITABLE NEW SERVICES

Get closer to your clients to find out what additional services they want. Open your mind to services that you know but maybe have not fully explored.

- Be open minded to adding services you’ve considered in the past
- Extend your season with services that sell in the “shoulder months” (early spring or late fall)
- Grow profit centers in recurring revenue services with recession-proof clientele: high-end, disaster recovery, aging-in-place, maintenance/repair, etc



Don't hunker down, you will miss the opportunity! recovery is inevitable.

Emerge from the recession even stronger when you:

- Sell your value – demonstrate how you can have an impact for your client
- Execute on the basics precisely – efficiently, effectively, repeatably
- Deliver consistent high quality – no mistakes, no call-backs
- Strengthen your team – leverage your top players to develop more top players
- Recognize and reinforce loyal relationships – sales growth comes fastest with key clients
- Embrace innovation – shake off complacency and try new things

HEAD UP – AND GET GOING !

About the Author:

Jeff Carowitz advises large and fast-growing contractors in the landscape, irrigation, plumbing and HVAC industries on marketing, strategic selling, business expansion and succession/exit strategies. He is Principal of Strategic Force, a full-service marketing agency. He has over 30 years' experience in the industry.

Need help with a business challenge? Schedule a 15-minute call with Jeff.

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