

# Blueprint for Electrical Contracting Firm Business Development

## The University of Kansas

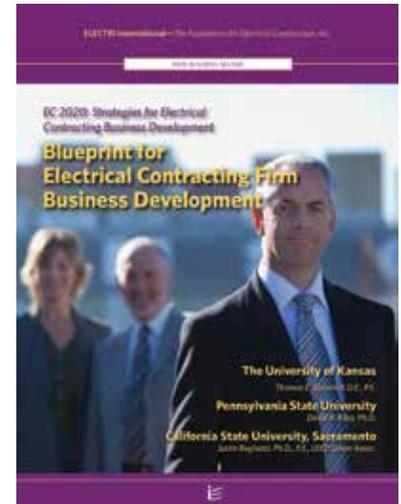
Thomas E. Glavinich D.E., P.E.

## Pennsylvania State University

David R. Riley, Ph.D.

## California State University, Sacramento

Justin Reginato, Ph.D., P.E., LEED® Green Associate



## 1. Introduction

### 1.1 Objective

The objective of this manual is to provide the electrical contracting firm with an understanding of business development, explain why business development is critical to the future success and survival of the electrical contracting firm, and show how to successfully implement a business development program through examples and case studies.

### 1.2 Focus

This manual applies to electrical contracting firms of all sizes. However, the focus of this manual is on smaller electrical contracting firms that may not have the time and resources to dedicate to business development like a larger electrical contracting firm might have. These smaller electrical contracting firms make up the bulk of the electrical contracting industry and the future success

of these smaller electrical contracting firms will determine the future of the electrical contracting industry.

To determine a baseline for current service work best practices utilized by ECs, a questionnaire was administered to members of an international service-based contractor network of union and non-union ECs specializing in service work. Survey participants responded to questions regarding their present understanding of satisfaction, quality, and value as they pertain to their service offerings and management strategy. Additionally, four in-depth interviews were conducted with EC executives, of exemplar service-based organizations, to gain deeper insight into their approach to service management.

A comparison of existing service knowledge, survey data, and interview transcripts yields gaps in the present understanding of service management within the EC

---

Copies of this ELECTRI International publication may be downloaded from the NECA Store. Visit [www.necanet.org/store](http://www.necanet.org/store) and enter *F3401* in the index number search box. A printed copy is \$20.00 for NECA members and \$75.00 for non-members.

PDF downloads are free for NECA members and \$35.00 for non-members.

industry. ECs report a lack of feedback loops and formal metrics for gauging employee or customer satisfaction or service quality. Likewise, ECs are uncertain how to measure and create value, beyond pricing service work relative to the competition. Therefore a more thorough understanding of service management will be helpful for ECs hoping to outperform competitors in an increasingly service-oriented industry.

## 2. What is Business Development?

### 2.1 Definition of Business Development

The definition of “business development” is as follows:

*Business development is the leadership function that ensures a sustainable business future for the electrical contracting firm through continuous improvement of its processes and services to better meet current and future customer needs.*

### 2.2 Four Key Elements of Business Development

The above definition of “business development” contains the following four key elements:

- Leadership Function
- Sustainable Business Future
- Continuous Improvement
- Current and Future Customer Needs

Each of these four key elements will be discussed in the paragraphs that follow.

**Leadership Function.** Business development is about leadership within the electrical contracting firm and not management. Leadership is about taking a firm in a new direction based on the leader’s understanding of the current business environment and perceived current and future business opportunities. Management, on the other hand, is more about maintaining a steady course based on past success. Successful business development requires that the organization have a visionary leader who can discern the evolving business environment and lead the firm in that direction.

**Sustainable Business Future.** Business development ensures a sustainable business future for the electrical contracting firm. With business development, the electrical contracting firm is constantly searching for new and better

ways to serve its customers. Only by a constant and relentless focus on customers and their needs can the electrical contracting firm remain the customer’s first choice and continue to be a preferred alternative in the marketplace.

**Continuous Improvement.** Business development requires continuous improvement of both the electrical contracting firm’s operations and the services it offers. Business development is not a onetime effort but an ongoing effort where the electrical contracting firm seeks to improve both its business and production processes in order to increase their flow, efficiency, and effectiveness as well as reduce their cycle time and cost. Similarly, the electrical contracting firm must always be looking for ways to improve the services it offers in order to better meet customer needs.

**Current & Future Customer Needs.** Business development must be focused on current and future customer needs.

### 2.3 Business Development is Not Just About Business Growth

Business development is not just about growing the size of a business in terms of revenue, market share, employees, profit or other metric. A common misconception is that an electrical contracting firm undertaking a business development program plans to grow the firm around one or more of these metrics. If “growth” is the objective of the electrical contracting firm that is fine and business development will help the firm achieve the needed growth. However, returning to the definition of “business development,” it can be seen that business development is about providing a “sustainable business future” for the electrical contracting firm. Not every electrical contracting firm wants to be the biggest as measured by one or more metrics. Many electrical contracting firms, especially smaller family- or employee-owned firms, have other objectives that require business development. These objectives might be simply to preserve a successful electrical contracting firm for future generations or employees, thus growing only what is required to meet this objective. Business development will ensure that this small family- or employee-owned firm remains relevant to its customer base and allows it to achieve its objectives just like the large firm that wants to be the biggest.