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ELECTRICAL CONTRACTORS: DRIVING THROUGH BUSINESS GROWTH ROADBLOCKS

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Contents

ELECTRI Council..... 4

Acknowledgements..... 8

Introduction 9

 Overview 9

 Objective..... 9

Executive Summary 10

 Study Results 10

 Tactical Roadmap 10

 1. Hiring Qualified Employees..... 10

 2. Increasing Profitability 11

 3. Sales 13

 4. Safety..... 13

 5. Managing Cash Flow 14

 6. Workforce Development 15

 7. Receiving Timely Project and Financial Reports 16

 8. Company Financial & Project Analytics 17

 9. Trusting Employees to Grow the Business 17

 10. Company Strategy..... 18

Detailed Key Findings 20

 Summary Findings..... 20

 The Top Ten Issues 20

 1. Hiring Qualified Employees..... 21

 2. Increasing Profitability..... 21

 3. Sales..... 21



4. Safety	22
5. Managing Cash Flow	23
6. Workforce Development.....	23
7. Receiving Timely Project and Financial Reports	23
8. Company Financial & Project Analytics	23
9. Trusting Employees to Grow the Business.....	24
10. Company Strategy	24
Data Collection and Methodology.....	25
Data Set.....	26
About the Authors.....	31

Table of Figures

Figure 1: Top Ten Company Issues with Point and % Ranking.....	20
Figure 2: Participant Survey Questions (Set 1 of 2).	25
Figure 3: Participant Survey Questions (Set 2 of 2).	25
Figure 4: State Distribution of Participant Survey Data.	26
Figure 5: State Distribution “Heatmap” of Participant Survey Data.	27
Figure 6: Number of Survey Companies by 2019 Revenue Range.	27
Figure 7: Number of Survey Companies by Employee Count Range.....	28
Figure 8: Number of Survey Companies by 2019 Revenue and Employee Count Range.....	28
Figure 9: Top Ten Issues for All Companies in the Survey.....	29
Figure 10: Top Ten Issues for Companies Less Than \$15 Million in Revenue in the Survey.....	30

INCREASING
PROFITABILITY

COMPANY
STRATEGY

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Introduction

OVERVIEW

Every electrical contracting business will face challenges. The way you deal with them will determine your ability to grow your small business profitably. Small business owners wish their growth trajectory was ever upwards. Unfortunately, small business is complex, with many ups and downs in expansion. **A multitude of factors influence and determine small business success, including finance, technology, staffing resources, sales and competitors. Most obstacles can be avoided and many issues can be managed to success.** Unattended, these issues can steal our focus, sap our financial resources and, sometimes, derail our most important initiatives.

What can we do to remove these roadblocks so we can capitalize on our opportunities to succeed? Here are strategies to help address the issues preventing electrical contracting business growth.

OBJECTIVE

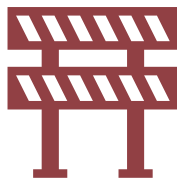
The analysis of the collected data centers on simple questions and solutions to discover:

- What are the top ten areas of concern for electrical contractors at \$15 million or less in annual revenue?
- What are the associated best practices and tools they can use to address those top ten concerns?
- What tactical roadmap and best next steps can help contractors manage each of the ten issues on an ongoing basis?

Executive Summary

STUDY RESULTS

This study surveyed 93 participants from 90 companies to identify the top ten roadblock issues for electrical contractor companies with under \$15 million in 2019 revenue. In ranked order, those issues are:



1. Hiring Qualified Employees
2. Sales
3. Increasing Profitability
4. Safety
5. Managing Cash Flow
6. Workforce Development
7. Receiving Timely Project and Financial Reports
8. Company Financial & Project Analytics
9. Trusting Employees to Grow the Business
10. Company Strategy

TACTICAL ROADMAP

This tactical roadmap will help contractors manage these high interest roadblock issues on an ongoing basis.

1. Hiring Qualified Employees—The Number 1 Issue

Widen Your Recruiting Net

Most small employers do not take the time and effort necessary to search for the right personnel. Their hiring strategy is “hope that someone will walk through the door.”

Work with recruiting specialists for the electrical contracting field. If the same places you normally look for employees are not working for you, broaden your scope. For example, an Associated General Contractors of America (AGCA) survey reports that 79% of construction firms are actively recruiting veterans, 70% are actively recruiting women, and 64% are actively recruiting minorities.

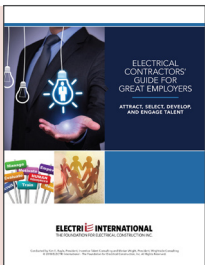
Partner with local high schools, community colleges, trade and vocational schools to reach out to young people interested in construction work careers. If an employee is consistently underperforming and does not have the ability or desire to improve, replace that worker as soon as possible. Strive to be “quick to fire and slow to hire.”

Increase Pay and Benefits

Half of the construction companies that AGCA surveyed have raised their base pay rates for craft workers to help fill those jobs; 24% are offering bonuses and incentives; 20% have increased their employee benefits. Make sure your pay/benefits are competitive for your area.

Bring More Training In-house

In addition to recognizing talent in their own organization, contractors find that interns and entry-level employees interested in construction work may have the right skills but lack construction experience. You can get over this obstacle by providing high quality in-house training, especially by partnering with an external consultancy to provide individual trainers who will work with you team to develop custom content. Another avenue is to have experienced workers mentor younger ones. This is a great way for workers nearing retirement age to pass on their knowledge. Also, talk with your vendors about training your employees in the proper way to install their products.



Additional information on this item can be found at the ELECTRI Research Center:

Electrical Contractors' Guide for Great Employers: Attract, Select, Develop, and Engage Talent (F3425) Nov. 2018

<https://electri.org/product/electrical-contractors-guide-for-great-employers-attract-select-develop-and-engage-talent/>

2. Increasing Profitability

Electrical contractors are in business for two reasons: to build things and to make a profit. So why do so many excel at building but struggle to be profitable? To drive profitability, focus on the following items:

Measure and Improve Productivity

Productivity is the measurement of the effectiveness of effort. Productivity rates are measured as total output per unit of input. Improving productivity requires careful planning and scheduling of work. Electrical contractor teams must work together to make sure that work is completed in a logical sequence that focuses on maximizing the efficiency of everyone working on the project. Keep in mind that your workers' efficiency is only one aspect of productivity. Other factors that can negatively impact productivity - and by extension profitability - include supply chain management, poor scheduling, risk mitigation, accidents, and unnecessary rework.

Know Your Costs

To be profitable and to improve profitability, you need to understand the costs associated with completing each project. This includes not just direct job costs, but also your overhead costs. If you do not have a clear sense about what your projects cost to complete, there is no way to know how profitable you are on each job.

Job costs include everything directly needed to complete a project: labor, materials, supplies, equipment rental costs, bonding premiums, fuel, permits, etc. Basically, anything that pertains to costs on the actual jobsite is part of your job costs. Overhead costs are the expenses needed to operate your business and include support staff payroll, tools, insurance, utilities, office rental or mortgage, equipment, debt payments, owners' salary, legal fees, IT, etc. When calculating and reporting overhead costs, be sure to capture all costs and be as accurate as possible because your estimators will need these details in order to submit better bids.

Estimate for Profit

When you bid a project, you expect to win. When you win a bid and are awarded the contract, you expect to make a profit. For that to happen, your estimates need to be realistic and as accurate as possible. If your estimates are too low, no amount of project management or productivity gains will achieve profitability. Estimators also need to know the productivity levels of your field workers, so they can create realistic job costs.

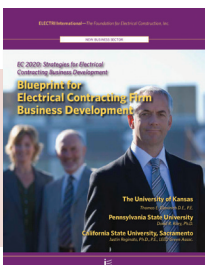
Manage Profitability and Track Costs

To hit your profit goal on a project, you have to keep your costs down and finish the project by the scheduled completion date. Be sure to keep track of costs on any change orders so that they can be billed properly and help increase your profit margin. Be sure to keep accurate accounts of all your job costs. You do not have to keep track of wire and electrical components, but you will need to be able to compare your actual job costs to what was budgeted so you can complete a thorough analysis once the job is finished.

Keep a nucleus of field personnel. Do not layoff and rehire exactly according to your workload—you need to maintain a workload to support your nucleus team. A revolving door of employees is expensive and high-risk to the company.

Analyze your results

Once you have completed a project, there is still some work to do. Gather your team and conduct a postmortem analysis. How close your estimated profit was your actual profit? Did your estimated job costs match up with your estimate? Was overhead accounted for properly in your bid? Were there issues on the jobsite that resulted in productivity losses or caused you to go over budget?



Additional information can be found at the ELECTRI Research Center:

Blueprint for Electrical Contracting Firm Business Development (F3401) Feb. 2014

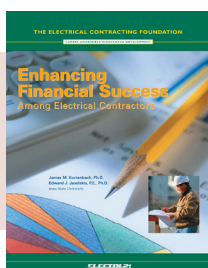
<https://electri.org/product/blueprint-for-electrical-contracting-firm-business-development/>

3. Sales

Selling “Features and Benefits” is no longer as effective as it once was. Old sales tactics that previously yielded results are no longer effective. With more and more millennials entering the field, generational differences are becoming more apparent. In the building and construction sector, many on the sales team are technical first and salespeople second. Their comfort level lies in leading with technical details and product features. They are less at ease with a consultative approach to differentiate and position the offering, highlight value, and match needs. Often, this results in the sales team member meeting with his/her technical counterpart, rather than leading a business discussion on impact and ROI by speaking with a more senior decision-maker.

Train your salespeople and management on value-based selling.

At a minimum, **all employees** should be ready and able to describe the company’s services and differentiator against competitors.



Additional information can be found at the ELECTRI Research Center:

Enhancing Financial Success Among Electrical Contractors (F2200) May 2002

<https://electri.org/product/enhancing-financial-success-among-electrical-contractors/>

4. Safety

Make the Investment for Increased Profit

New construction techniques, materials, and equipment have come into common use. Greater diversity in the construction workforce means that people from different backgrounds and cultures are working alongside each other, often speaking different languages. Additionally, an aging workforce leading a more sedentary lifestyle means that some workers are at higher risk for work-related musculoskeletal disorders. All these factors can reduce company profit in terms of direct costs and indirect costs, such as increased premium rates.

Jumpstart a Safety Program

- Set safety and health as top priorities. Assure your workers you will work with them to find and fix any hazards that could injure them or make them sick.
- Practice safe behaviors yourself and make safety part of your daily jobsite conversations with workers. Tell your workers that “making sure they finish the day and go home safely” is the way you do business.
- Develop and communicate a simple procedure for workers to report any injuries, illnesses, incidents (including near misses/close calls), hazards, or safety and health concerns. You need to eliminate (in their minds) any fear of retaliation.

- Provide safety training on how to identify and control hazards using, for example, OSHA's free downloadable Hazard Identification Training Tool.

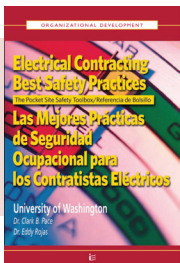
- Inspect the job site with workers and ask them to identify any activity, equipment or material that concerns them.

- Talk with workers about ideas on safety improvements throughout the project.

- Have documented emergency procedures in place for foreseeable potential scenarios.

- Set aside a regular time to discuss safety and health issues, with the goal of identifying ways to improve the program.

- Have a full-time Safety Director onboard. The benefit is that this person can reduce the burden on staff and management in dealing with health and safety issues.



Additional information can be found at the ELECTRI Research Center:

Electrical Contracting Best Safety Practices (F2704) Sep. 2005

<https://electri.org/product/electrical-contracting-best-safety-practices-pocket-guide/>

5. Managing Cash Flow

Determine Future Cash

This is a little more complicated in electrical contracting than in most industries because of the varying degree of projects and change orders on current projects. That said, by taking advantage of cash flow management software, an electrical contractor will have an opportunity to gain a general idea about what income and expenses should be expected in the future. **Proper planning in anticipation of these events will help prevent payroll and payment problems.**

Train the Project Manager on Cash Flow Management

In construction, 85% of cash comes from project Work-In-Progress (WIP). This means cash flow performance depends on the project manager's cash flow management. In addition to training, you can offer an incentive - based on cash flow performance. Every project manager should act as a small company within your company.

Retainage can be held back to close out documents, warranties and incomplete training; and for other trades completion of work – Look to the general contractor to be accountable for these issues.

Process Change Orders Quickly

Change orders are common in electrical contracting. They are often the result of a project requiring more time, money, and/or resources than originally planned. Extreme weather and unplanned risk mitigation, such as the COVID-19 pandemic, also can play a role. **The project manager should process a change order immediately, rather than waiting until the project is complete.** That money needs to be received quickly so it can positively impact cash flow.

Send Automated Invoices Immediately

All invoices should be automated and sent as soon as possible. To maximize cash flow potential, send invoices ahead of time.

Set a Goal for Days Sales Outstanding

It takes from 60 to 90 days to get paid in construction. Strongly consider setting a realistic goal to reduce that number to 50 days. You can do this by sending immediate (or early) invoices, offering payment incentives, writing clear terms, checking credit reports before making any deals, and restructuring terms with non-payers sooner rather than later.



Additional information can be found at the ELECTRI Research Center:

Improving Combined Time Cost Forecasting Capabilities for Contractors (F3106) Dec. 2011

<https://electri.org/product/improving-combined-time-cost-forecasting-capabilities-for-contractor/>

6. Workforce Development

The construction industry is at a crossroads. On one hand, the demand for the construction workforce has never been greater. Driving this is the growth in worldwide population (9 billion by 2050) and the increased number of people living in cities. (Two out of every three people will live in cities by 2050).

On the other hand, challenges in areas such as productivity, performance, digitization, a decreasing construction workforce and sustainability could derail the industry's growth, even though construction is already among the world's largest industry sectors.

Nevertheless, study participants reported the biggest issues the construction industry faces are workforce development challenges—especially the growing shortage of skilled construction workers. These challenges are starting to place intense pressure on construction companies trying to not only compete within their sectors but also maintain safety at construction sites.

Businesses that ignore these issues will struggle to survive. Some will even wither and die. Businesses that confront these challenges head on will enjoy tremendous growth. The key is taking proactive action at the right time.

Skills Development

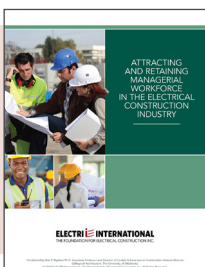
The acquisition and development of skills is one of the crucial aspects of workforce development training. Two types of skills are commonly defined: general skills and job-specific skills. General skills such as basic computer competency, process understanding, and communication ability can be used across positions. Job-specific trade skills are more directed towards the demands of the position. As skills get more specialized, contractors must put more thought into their training programs. They must decide whether or not the benefits of certain training are worth the costs, when considering that job-specific skills only apply to a limited set of jobs. Workforce development programs must also be careful about what kind of skills they intend their workers to gain. Developing skills in fields not in demand can lead to frustration, job dissatisfaction, lower wages, and not necessarily to an anticipated promotion.

Network Development

Workforce development tackles systemic inequalities in the labor market by operating on both sides: efficiently connecting workers with jobs and employers with workers. Theories on networks have emphasized the importance of who you know, rather than what you know. Encourage and reward employees to attend and participate in networking with the electrical and construction industry.

Career Paths

Another key part in workforce development's service for individuals is career advancement. Providing guidance on paths is especially important as it allows employees to visualize a career trajectory with an employer. A career path provides predictability, stability, and long-term skill development.



Additional information can be found at the ELECTRI Research Center:

Attracting and Retaining Managerial Workforce (F3420) Aug. 2018

<https://electri.org/product/attracting-and-retaining-managerial-workforce-in-the-electrical-construction-industry/>

7. Receiving Timely Project and Financial Reports

Unfortunately, the vast amount of data available to be reported and the complexity of software systems used for project reporting have left many project managers, estimators, and senior management with few options other than to develop ad hoc tools that require manual reconciliation and duplicate data entry. This is often referred to as “project management by spreadsheet.”

Electrical contractors cannot afford to prepare and produce project reports in a reactive manner. Owners and management establish high standards for project performance to

help ensure that projects are delivered on time, within budget, and to the expectations established by the client. **To help accomplish these goals, projects should implement project reporting systems that are tailored to the electrical contracting industry and meet the reporting needs of the project.** This requires engaging an external professional consultancy to assist with an overall strategy from general ledger account design to system reporting and integration.



Additional information can be found at the ELECTRI Research Center:

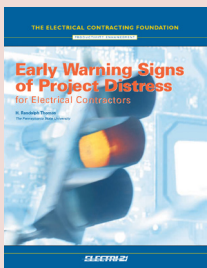
Improving Combined Time Cost Forecasting Capabilities for Contractors (F3106) Feb. 2012

<https://electri.org/product/improving-combined-time-cost-forecasting-capabilities-for-contractor/>

8. Company Financial & Project Analytics

Owners and management of electrical contractors are increasingly turning to data analytics. Analytics reporting solutions helps organizations counter low-performing trends in construction by asking the “right” questions, of the “right” people, at the “right” time to get data to help manage and improve performance.

Even if you use paper processes, engaging an external professional consultancy can assist you in selecting one of many rapidly deployable and easily customizable construction data analytics solutions to provide configurable dashboards and project sensing tools to help owners enhance portfolio and project delivery.



Additional information can be found at the ELECTRI Research Center:

Early Warning Signs of Project Distress for ECs (F2206) Nov. 2002

<https://electri.org/product/early-warning-signs-of-project-distress-for-electrical-contractors/>

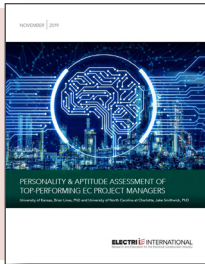
Guide to Benchmarking Field Operations (F2605) Dec. 2015

<https://electri.org/product/guide-to-benchmarking-field-operations/>

9. Trusting Employees to Grow the Business

The consulting research team found most business owners have both a deep passion and an obsession for their business. Many owners tend to be micromanagers. The number one reason owners resist delegating authority to employees is lack of trust. **It is hard work to build a mutual, trusting relationship. Putting an emphasis on trustworthiness during the hiring process can help establish your expectations from the start.**

Once you feel an employee is ready to take on more challenging assignments, start with small but important duties and work your way up to delegating more demanding responsibilities. Once you trust an employee to take charge (and that trust is accepted and understood), you might be surprised to find you suddenly have more time to think big instead of trudging around in the weeds.



Additional information can be found at the ELECTRI Research Center:

**Personality & Aptitude Assessment of Top Performing EC Project Managers (F3429)
Nov. 2019**

<https://electri.org/product/personality-aptitude-assessment-of-top-performing-ec-project-managers/>

10. Company Strategy

Write down and document the following areas. Consider that an external professional consultancy can provide templates and easy to use questions to help complete your business plan and strategy.

Establish a Company Baseline

- What is your business objective?
- Can you identify your core competencies? What is the company really good at?
- What is your source of work? Where does your work come from?
- What is your commercial objective? What do you want to achieve in terms of sales and revenue?

Establish an External Baseline

- Identify market dynamics and external factors that have an impact on your business.
- Define your market.
- Conduct a competitive analysis.
- Segment your customers by demographics, value to the business, behaviors, needs, or any other essential elements on which you would base your decisions.

Differentiate and Innovate

- Why do existing customers choose you?
- Can you articulate what makes you better than the competition?
- How can you innovate?

Align and Execute

- Communicate your strategy internally at every possible opportunity.
- Define priorities for salespeople. Align those priorities with valued compensation plans.

Review, Measure and Evaluate

- Test your assumptions. Demand proof they are working.
- Learn from your experiences and adjust plans, if necessary.

Throughout the process, it is very important to communicate across the organization. Once the plan is in place, share it with all employees. GE Capital surveyed its small and mid-sized clients and found that 52% had a strategic plan, but only the executive team knew about it. Employees should understand the part they will play in executing the plan as well as the decisions that result from it.



Additional information can be found at the ELECTRI Research Center:

Blueprint for Electrical Contracting Firm Business Development (F3401) Feb. 2014

<https://electri.org/product/blueprint-for-electrical-contracting-firm-business-development/>

Strategy for Improving the EC Industry (F2603) Feb. 2006

<https://electri.org/product/a-strategy-for-improving-the-electrical-construction-industry/>

Detailed Key Findings

Summary Findings

The most important issues identified by survey participants primarily focused on three major themes:

- Talent Acquisition, Development and Safety
- Financial Management and Reporting
- Revenue Growth

The Top Ten Issues

The top ten issues for survey participant companies with under \$15 million in 2019 revenue are shown in Figure 1 below. These top ten all clustered around the same level of importance (between 9% to 11%). Other issues after the top ten dropped off significantly. This means these top ten items are consistently at the forefront of contractor concerns as they look to grow their companies.

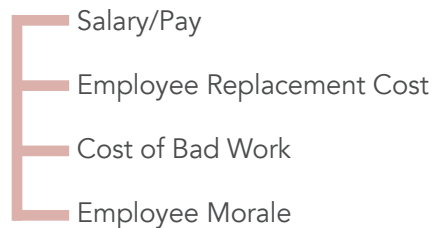
Company Issue	Point Ranking	% of Top 10
Hiring Qualified Employees	241	11%
Increasing Profitability	240	11%
Sales	240	11%
Safety	235	11%
Managing Cash Flow	229	10%
Workforce Development	213	10%
Receiving Timely Project and Financial Reports	211	9%
Company Financial & Project Analytics	207	9%
Trusting Employees to Grow the Business	207	9%
Company Strategy	201	9%
Total		100%

Figure 1 – Top ten company issues with point and % ranking

1. Hiring Qualified Employees

Hiring qualified employees was the study participants' top issue. A successful organization develops by choosing the right person to do the job. When a company starts recruiting, it affects the whole organization at very large scale. Hiring the right candidate is important. A good new candidate needs to be able to do the assigned task(s) as effectively as your current ground-level workers. If a candidate is not qualified for the job and the tasks, he/she will never achieve good work quality. This lack will then reflect in your services and products.

Hiring unqualified candidates is costly, takes time away from the business, and decreases the company's productivity. Study participants pinpointed hiring expenses including selecting candidates, scheduling interviews, taking interviews, expenses, travel fair and food expenses. The cost of a bad hire was significant in four categories:



The shortage of qualified labor delays projects and drives up prices, hurting every sector of the industry from high-rise developers to home builders. This issue will only get worse as more and more projects come online. The U.S. Bureau of Labor Statistics sees a 13 percent growth rate in the construction sector through 2025, creating approximately 180,000 jobs in the process. If you add in a conservative replacement rate for retiring Baby Boomers, you get a final total of approximately 458,000 jobs coming online in the next decade that construction companies will need to fill.

2. Increasing Profitability

The barriers to entry in construction are relatively low, creating a saturated marketplace with heavy competition. Study participants reported that competition is shrinking their profit margins and constraining essential reinvestment in new technology and better business practices. Current stagnant (or negative) construction labor productivity compounds this problem. This lack of productivity is reflected in the bottom line, where typical margins for construction companies range between 2% and 12%. Consequently, construction companies find themselves trapped between shrinking profit margins and stagnant productivity, unable to generate the profit necessary to invest in critical technology.

Other profitability issues were related to project performance—the clear lack of real-time project performance reporting and analytics.

3. Sales

Study participants highlighted jittery clients in the current business environment for delaying projects, an overall reduction in backlog, and sales lead pipeline funnel. They specifically identified:

- Declining activity in the construction sector, such that competing companies resort to reduced margins just to create cash flow.
- Sales teams competing on price, eroding margins through discounting.
- Sales teams commoditized by buyers via tender offers, preferred RFQ's and preferential suppliers and losing deals as a result.

4. Safety

Five categories of safety issues were identified:

- Skewed Perception of Risk:** Workers who have been on construction sites for many years are prone to becoming desensitized to smaller, ongoing, but very real hazards.
- Unavoidable Environmental Hazards:** This is one of the most frustrating issues for construction safety managers. When you cannot eliminate the small hazards (such as uneven surfaces), then you must change how employees behave onsite. One of the reasons for so many slips, stumbles, twisted ankles and same-level falls on construction sites is because the environment changes but construction workers do not make the mental adjustments required to avoid injury.
- High Turnover:** Many construction companies have high employee turnover, and with good reason: contracts tend to be short, the need for employees is constantly changing, and many workers are always on the lookout for jobs elsewhere. The end result is that there is often limited time for employers to conduct safety training beyond the mandatory minimum safety measures.
- Lack of Communication:** Not all good supervisors are natural communicators. Although they can ensure a job gets done well, they sometimes lack the skills required to deliver a good toolbox talk or provide clear, effective communications on essential safety issues. Communication failures make for a more hazardous workplace overall and, down the road, can lead to employees who are less engaged in safety as a priority.
- State of Mind:** Every construction contract comes with a deadline and a budget. Added to these pressures are employees' family, professional and personal concerns. All of this can create a powerful incentive to rush or can make workers fatigued enough that they forget about hazards on the construction site.



5. Managing Cash Flow

The construction business relies on invoicing, which can, sometimes, be an outdated system. If payments fall behind, it could negatively impact a company's cash flow. In turn, this can dry up a well of funds available for other projects and cause delays. Study participants identified consistent billing, timely collection and on-demand reporting on Job Costs, WIP and Profitability as major challenges.

6. Workforce Development

As noted above, the demand for a well-qualified construction workforce has never been greater. Yet, contractors acknowledge that challenges in productivity, performance, digitization, a decreasing construction workforce and sustainability could derail the industry's growth. One of the biggest challenges the construction industry faces is workforce development—especially the growing shortage of skilled construction workers.


Collectively, these challenges are starting to place intense pressure on construction companies trying not only to compete within their sectors but also to maintain safety at construction sites. Businesses that ignore these issues will struggle to survive. Some will wither and die. Businesses that confront these challenges head on, however, will enjoy tremendous growth. The key is taking proactive action at the right time.

7. Receiving Timely Project and Financial Reports

Owners and project managers reported the need to access accurate, real-time progress information that is presented in a concise and meaningful way. Effective project reporting helps them react to market dynamics, build relationships with external stakeholders, and make informed and efficient decisions about their projects.

8. Company Financial & Project Analytics

Construction companies reported that projects are often late, over budget and/or poorly executed. Contractors all face the following common challenges:

- 
- Repetitive reporting
 - Multiple data systems and multiple data entry points
 - Unprioritized and unorganized data
 - Mostly paper-based reporting
 - Lack of system interconnectivity
 - Difficulty finding deep insights across their portfolio, reducing on-time and on-budget performance.

9. Trusting Employees to Grow the Business

Study participants admitted that trusting their employees to grow the business is difficult. Most business owners resist letting go of the reins and transferring some of the power to employees. These owners and management team members have a really difficult time giving employees the latitude to take charge and to make decisions on expanding the business.

10. Company Strategy

Study participants reported that taking the necessary time to prepare an annual budget and strategic business plan is a challenge. Many companies do not have in-house experience developing annual budgets and strategic business plans. Some do not have the time or staff to devote to this annual process. Additionally, they identified another roadblock as their inability to monitor progress against plan Key Performance Indicators during the fiscal year.

Data Collection and Methodology

The study utilized SurveyMonkey offering the questions in the following two tables.

The first questions were related to the survey participant's profile.

Survey Participant Information
Company Name
Contact Name
Contact Email Address
Contact Phone Number
2019 Revenue
Number of Office Employees
Number of Field Employees

Figure 2 – Participant survey questions (set 1 of 2).

Sales
Succession Planning
Increasing Profitability
Hiring Qualified Employees
Managing Cash Flow
Avoiding Client Dependence/Client Diversification
Leadership Delegation
Trusting Employees to Grow the Business
Financial and Bonding Limitations
Industry Consolidation/M&A Targets
Company Core Competencies
Integrated Company Support System
Business Development Approach
Company Mission/Core Values/Vision Statements
Receiving Timely Project and Financial Reports
Workforce Development
Company Financial & Project Analytics
Company Business Plan
Company Strategy
Working with Qualified Professional Advisors
Safety
Healthcare
Other High Priority Issues

Figure 3 – Participant survey questions (set 2 of 2).

The second set of questions related to how important the following challenges are to their company. Participants provided a ranking on a scale of 1 (Least Important) to 4 (Most Important).

Data Set

The study collected data from **93 respondents** from **90 contractors** across the United States in **20 different states**. Participants in the study took less than five minutes to complete the study. This indicated that participants took the time to read each question and provide a thoughtful response.



The survey participants represented 20 different states in all regions of the United States.



**AVERAGE TIME
TO COMPLETE**

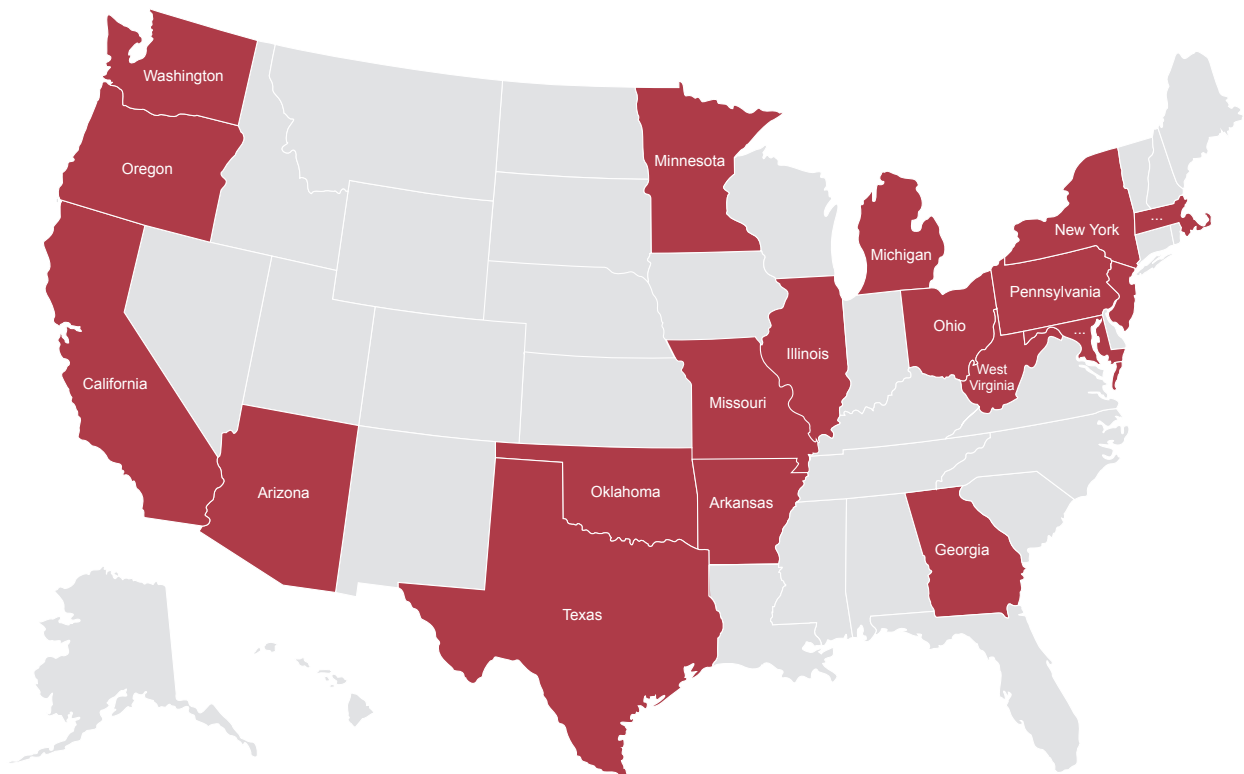


Figure 4 – State distribution of participant survey data

The data samples and relative number of samples were consistent across regions, giving the research team a well-distributed sample set in major construction markets. The larger the circle, the more data was sourced from that geographic area.

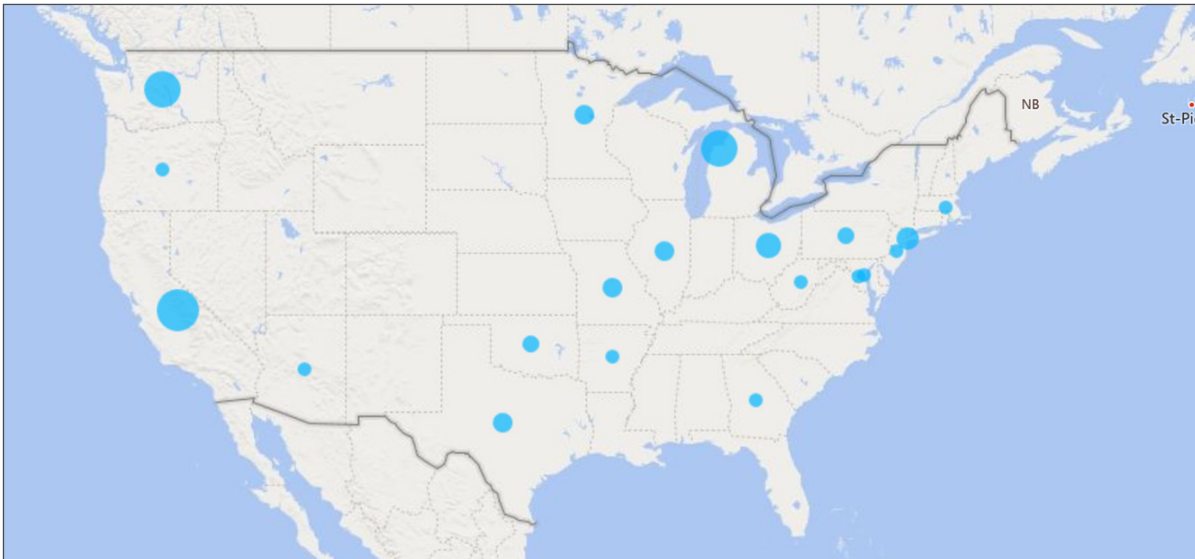


Figure 5 – State distribution "heatmap" of participant survey data

Two-thirds of the companies participating in the survey had revenue of \$10 million or less in 2019.

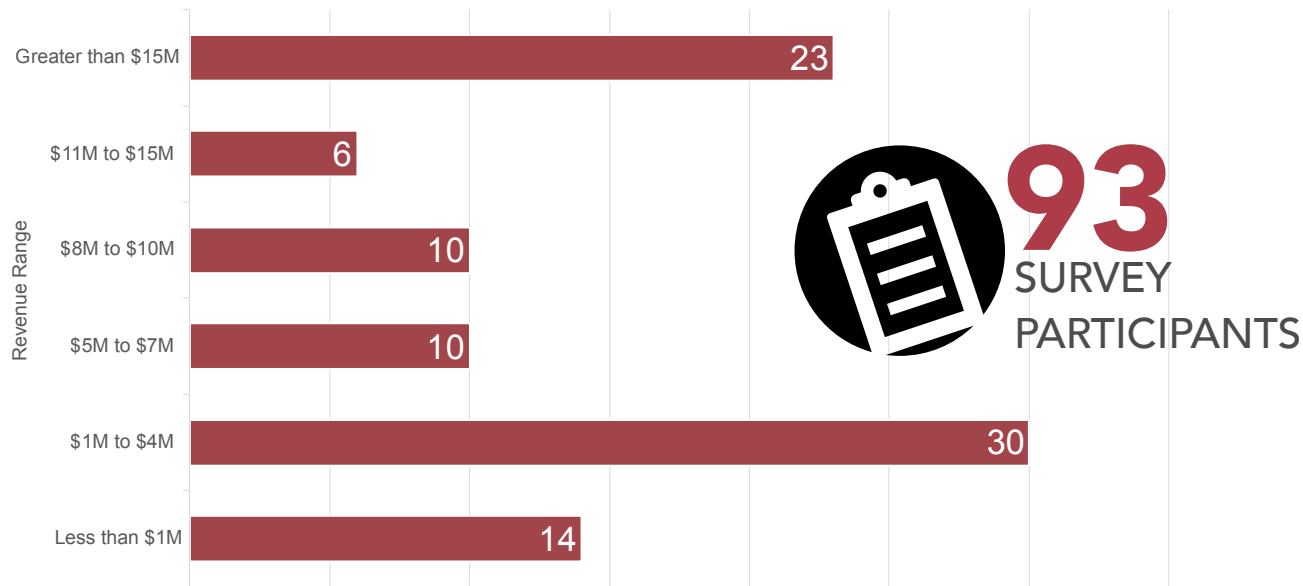


Figure 6 – Number of survey companies by 2019 revenue range

The majority of the companies in the study had fewer than 50 employees.

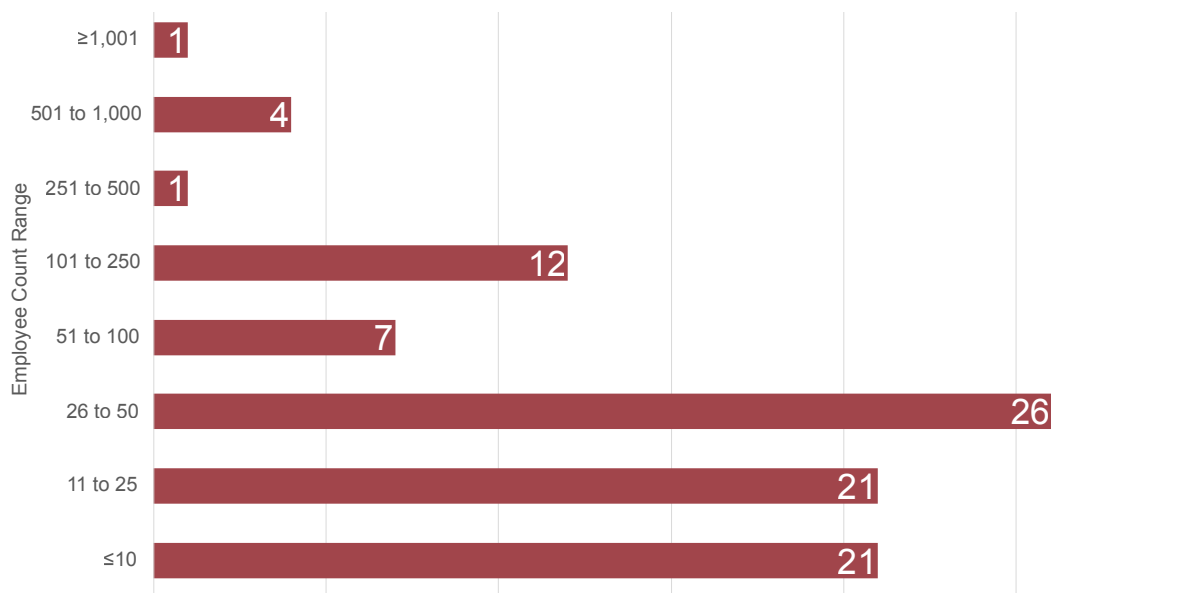


Figure 7 – Number of survey companies by employee count range

Figure 8 shows the distribution of the number of company employees for each revenue range.

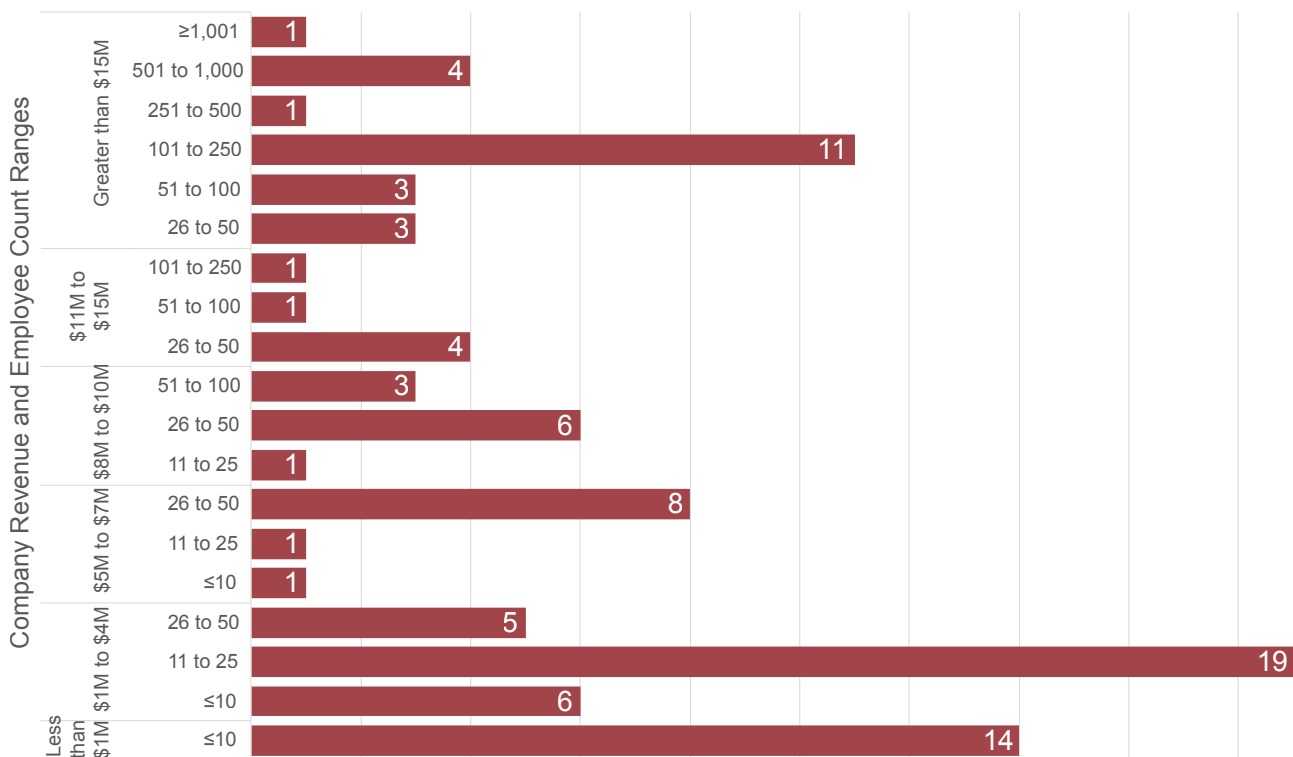


Figure 8 – Number of survey companies by 2019 revenue and employee count range

For all survey participants, Figure 9 reports the issues about which companies are most concerned.

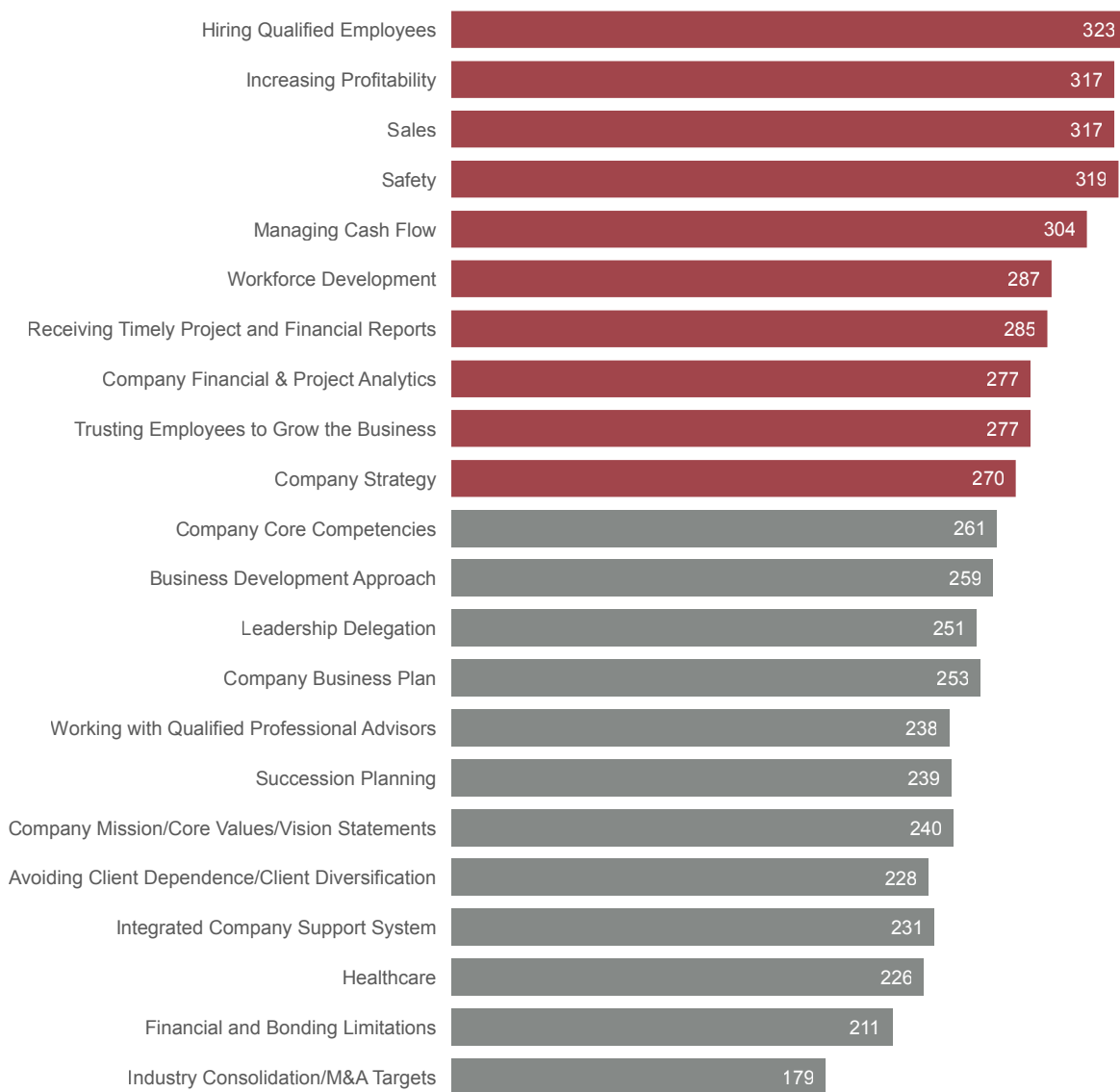


Figure 9 – Top ten issues for **all companies** in the survey

By using only the data from surveyed companies with less than \$15 million in 2019 revenue, **this report is focused on those issues most relevant to these companies** as shown in Figure 10.

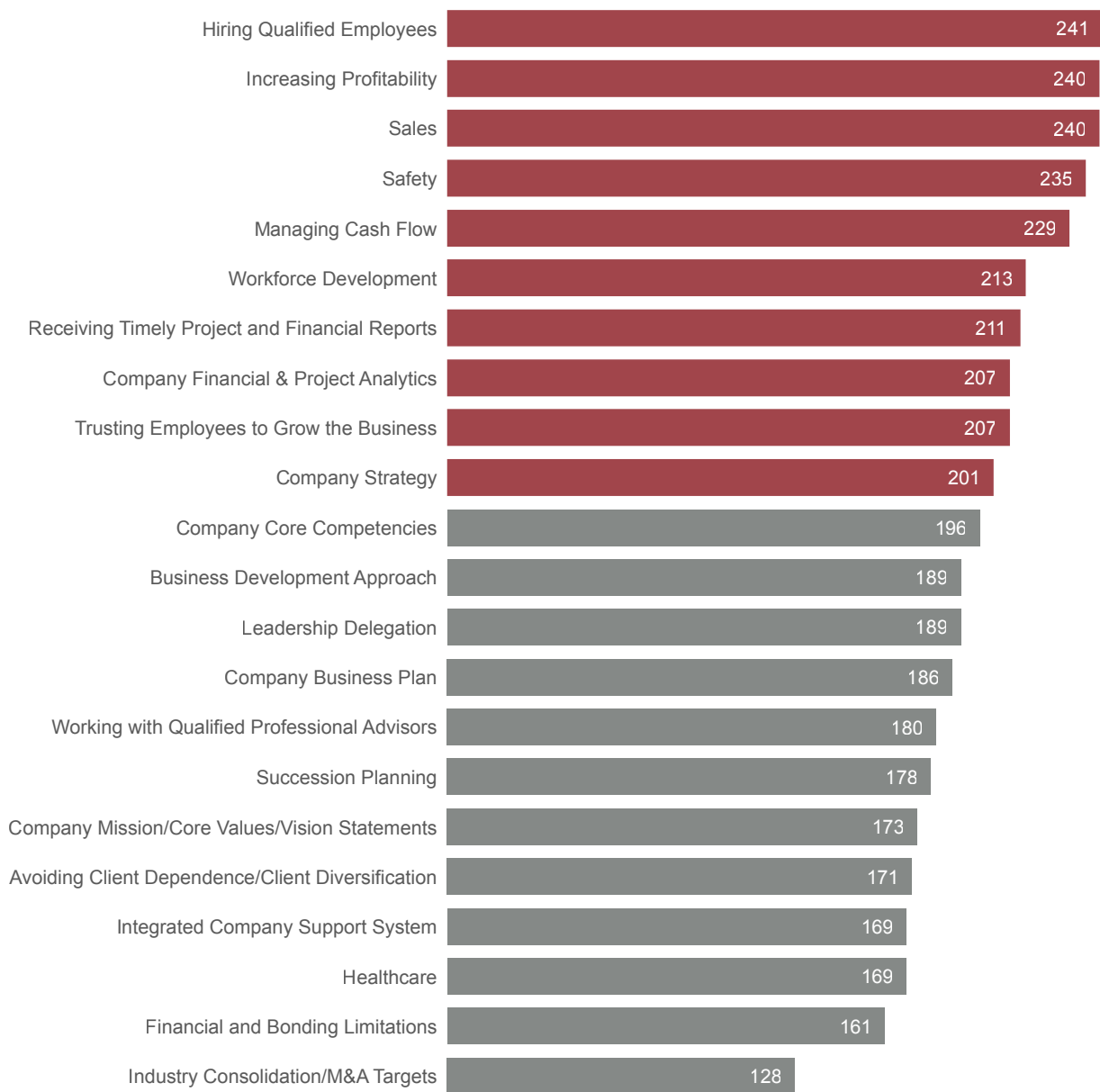


Figure 9 – Top ten issues for **all companies** in the survey

The Consulting Research Team



Dan Doyon, Director at Maxim Consulting, works with construction-related firms to solve complex business challenges that drive revenue and profitability. His broad experience in business process improvement across construction and related industries provides him with a unique perspective to identify and solve operational issues. His subject expertise includes organizational assessments, strategic business planning, financial planning and analysis, technology, organizational design and transition, productivity improvement, peer groups, and prefabrication system design. With his guidance and recommendations, companies have driven over \$160 billion in top line sales growth and hundreds of millions in operational savings through improved processes.



Michael McLin, Managing Director at Maxim Consulting Group, works with construction-related firms of all sizes to evaluate their business practices and assist with management challenges. His areas of specialization include organizational assessments, strategic planning, project execution, productivity improvement, prefabrication, peer groups, and training programs. McLin has consulted with some of the most sophisticated contractors in the U.S. and his industry experience includes some of the most complex construction projects undertaken across the country. He is adept at utilizing available tools and analysis to identify opportunities and challenges within an organization. In addition to his expertise in many facets of the construction world, McLin is a nationally-recognized public speaker and published author.



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