



Building Relationships Through Better Communication - *The Customer*

Introduction

- How many of you have been involved in a project that required litigation to resolve a dispute?
- How many of you have been part of a project team that received a “WOW” from the owner at completion?

Introduction

- WHAT WAS THE PRINCIPLE DIFFERENCE BETWEEN THE TWO PROJECTS?

Agenda

PHASES OF COMMUNICATION

- Differentiation
- Acceptance/Pre-Qualification
- Breakout Session - Contract Terms and Change Order Process
- Schedule and Ongoing Communications
- Customer Satisfaction

Differentiation

- Owners

- Prefer Construction Managers with self-perform capabilities to “GC’s”
- Pre-Construction Services are extremely valuable (bill for them!)
- Don’t just give a # - No Value
- Look at drawings give feedback, is it constructible, or how can costs be reduced –VE (Value Engineering)
- Present Qty Take offs (MEP) “apples to apples” for GMP purposes and establishing Contingencies
- Schedule needs to be reality
- Provide timely (the earlier the better) feedback and solutions to problems
- Communications- Face to Face when email/vmail fails
- CM is on the owners side, hold subs accountable, but not hurt the CM/Sub relationship (keep them honest)
- Good job meeting minutes, email timely
- Communicate PCOs immediately, don’t wait “No Surprises”
- Understand today’s financing- all recourse-higher owner equity levels
 - The owner needs the CM’s expertise even more in the current lending environment
- Willing to Share Savings

Differentiation

- General Contractors
 - Subcontractor Performance (quality, cost, schedule & professionalism)
 - Subcontractor Stability (bonding capacity, work history, payment records, modification rate)
 - Subcontractor who brings VE ideas to GC
 - Subcontractor who identifies plan issues and offers solutions – immediately-No Big Change Order after Notice to Proceed
 - Limited Change Orders (don't be petty)
 - Drives the Schedule
 - Field Leadership
 - Confidence to Address CEO on Business Observations
 - Others from Audience:

Differentiation

- Set yourself apart
 - Elevator speech
 - Why are you different?
 - Why are you not a commodity?
 - Do we have a track record that proves it?
 - Why should your customers choose you over your competitors?
 - How do you get the message across?

Differentiation – The Message

- What kinds of work do you do? How often?
For whom? Where?
- Develop “Competitive Advantage”
 - Delivers “WOW’s”
 - to at least 30% of customers (9/10’s measure)
 - Become niche based – not just a good builder
 - Reinforce why you are different
 - Use “Best of Class” behaviors in customer service delivery

Acceptance/Prequalification

- Research Clients

- Understand the legal entity you are doing business for
 - Request a federal form W9 for that party
- Check for claims and judgements
- Obtain a credit report / Google for additional information
- Look at reputation within the industry
 - Talk to other subs/general contractors who work for them
- Request proof of financing
 - Ask for a copy of last years financial statement, bonding letter, customer/vendor testimonials, professional references

- Warning Flags

- Accountant / bank changes (D&B)
- Underbidding of projects
- Vendor avoidance
- Change in business address from street address to PO Box
- No recognizable / too many competitors on the “bid list”

Acceptance/Prequalification

Establish a Project Selection Scorecard

- Gives you criteria for evaluating and scoring the desirability of different projects
- Report card should include/measure:
 - # jobs
 - Gross profit
 - Revenue
 - Gross Profit percentage
 - Average fade/improvement percent
 - Average A/R days
 - # of jobs bid
 - # of jobs awarded
 - \$ of jobs bid
 - \$ of jobs awarded
 - Hit ratio (\$ and %)



Breakout Session

Visit us on the web: www.fdcpa.com

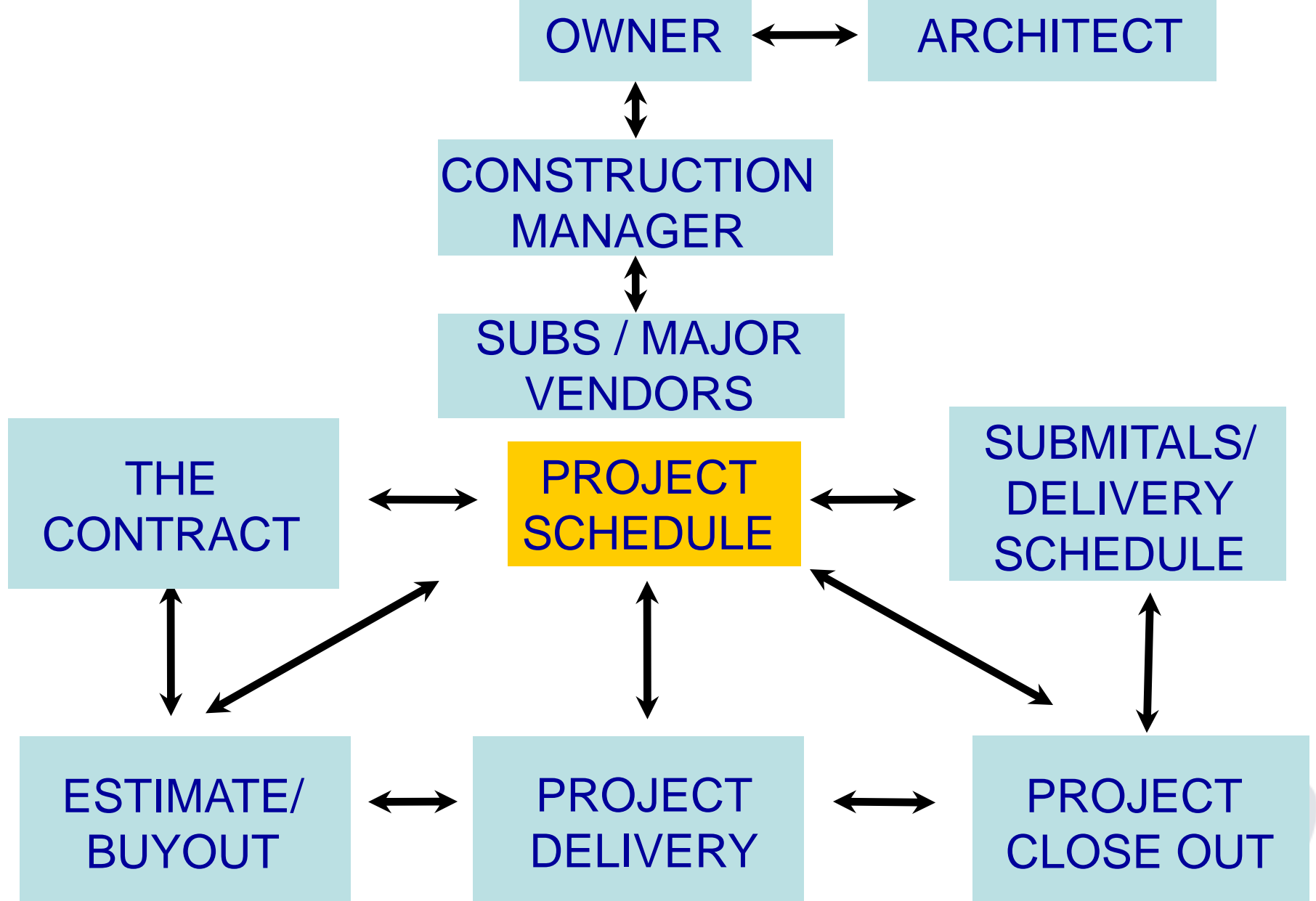
Or Call: 888-875-9770



Breakout Questions

- In your experience, what elements of the contract are most critical to success or failure?
- What are the most common hold ups in processing change orders?
- What is considered expected customer service vs. a compensable change order from the GC's perspective?
- From the sub's perspective, do change orders increase or decrease their profitability on a project?

Schedule & Ongoing Communications (coordination)



Scheduling & Ongoing Communication

- Is the project schedule a document that is shared on every job?
 - When?
 - How often is it updated?
 - Is it used as a valuable communication device?

Scheduling & Ongoing Communication

- What problems occur when there is not an efficient communication of the project schedule?
- Why do people feel the schedule is not shared and updated on every project?

Scheduling & Ongoing Communication

- A good plan is worthless if you don't communicate the plan
- Effective communication is delivered in a predictable way
 - Regular weekly staff meetings – with agenda before & follow up after the meeting
 - Regular memos - short-term goals, goals achieved, goals not achieved, and an action plan for meeting goals.

Scheduling & Ongoing Communication

- **Actions communicate louder than words**
 - Make productivity along with safety as a top priority
 - Meet with PM and Super/Foreman to agree on goals (planning, kickoff, monthly meetings etc)
 - Provide honest feedback on jobs
 - Improve communications with PMs and Supers
 - Instill sense of urgency on jobs
 - Require field managers to plan/communicate daily with crews
 - Work on standard practices and documentation to improve communication
 - Post project reviews (what went wrong) with whole team (estimator, PM/superintendent/foremen)

Scheduling & Ongoing Communication

- **Job meetings on site**
 - Superintendents and foremen meeting (daily)
 - Owner-designers-contractors meeting (weekly)
 - Safety meeting (at least weekly)
- **Field to office meetings**
 - To measure the progress of the project and take necessary actions
 - Areas of focus: customer services, actual costs to budget, actual schedule to planned, etc..

Scheduling & Ongoing Communication

- Operations meetings
 - Evaluating the status of current projects & resources
 - Information sharing & decision making
- Project closeout meetings
 - Strategic level: measure the success of meeting project goals
 - Operations level: plan closeout at beginning, track throughout, measure and manage during the job

Scheduling & Ongoing Communication

- **Milestone Schedule**
 - Significant Dates: Start and Finish Dates, Major Phases, Owner and/or Designer Decisions, Major Off-site Activities, etc.
- **Short Interval (Calendar) Schedule**
 - Increase the planning horizon of the job, at the job, from a few hours to 2-3 weeks in advance
 - objectives of the short interval and project schedule must remain linked
- **CPM / Pert Schedule**
 - Includes: The Critical Path, Duration, Float (Slack), Early Start and Early Finish, Late Start and Late Finish

Customer Satisfaction - Measure

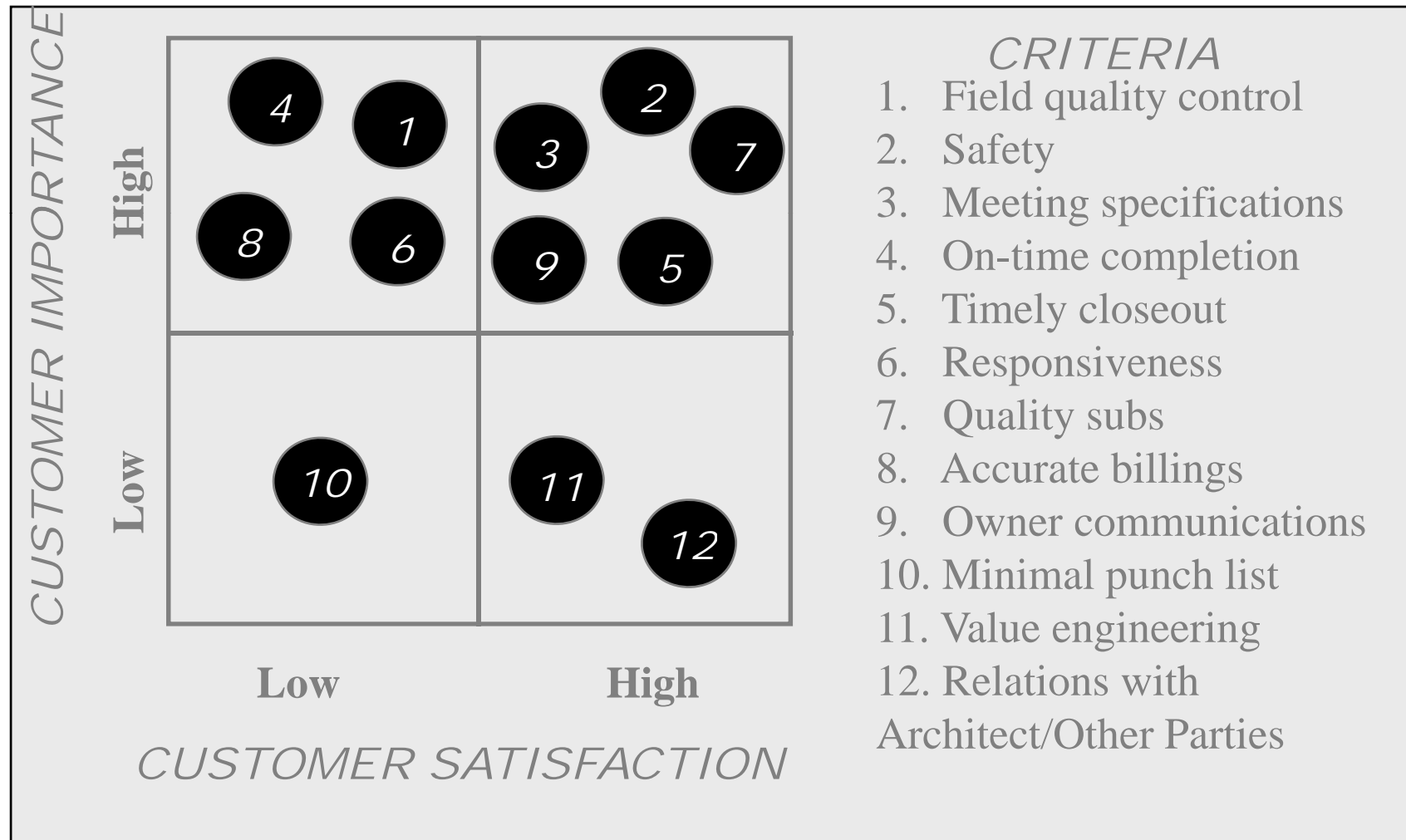
- Measure Your Success in Meeting the Important Needs of Each Client
 - Focus on issues of client needs and value received, not questions you could answer yourself
 - Regular feedback “interviews” by top management not directly involved in the delivery process
 - Job meetings

Customer Satisfaction

- Does your company administer a customer satisfaction survey as a standard process?
 - If so, what is done with them?

Customer Satisfaction - Measure

Importance / Performance Grid



Customer Satisfaction

- Subcontractor performance rating
 - Estimating
 - Consistency
 - Competitive
 - Responsive
 - Project management
 - Submittals
 - C/O's
 - Communications
 - Schedule
 - Field Management
 - Man power
 - Communications
 - Quality
 - Safety
 - Close Out
 - Punch list
 - Documentation

Customer Satisfaction – Measure

- Questions you SHOULD ask your customers
 - Are we keeping you adequately informed?
 - Have you being given the opportunity to participate in decisions that affect your key requirements for the project?
 - Is the project more or less disruptive to your operations than you had anticipated?
 - Have you experienced any “unpleasant surprises” that we need to correct?
- Questions you should NOT have to ask
 - Are we on schedule?
 - Are requisitions submitted on time?
 - Is the jobsite clean and well organized?
 - Did we attend project meetings regularly?

Customer Satisfaction

Net Promoter Principle Message

Number 1 Question

- Would you refer us to a friend/colleague?
 - This one measurement tells you if you are delivering as promised
 - Customer loyalty is the key to profitable growth
 - Accountability is a must!

Conclusion

- Communication is the key to success
 - To/from the market
 - To/from the customer
 - To/from your employees
 - To/from your vendors
- Do you have a system in place in your organization that guarantees this two way communication is occurring every day?