How can contracting firms more effectively and profitably market their construction services?

While many subcontracting firms have come to the conclusion that they need to market actively their capabilities, precious few know how to go about successfully developing this important management function.

Many firms unfortunately discover that the idea of “selling” their services and the reality of putting together a solid marketing operation are worlds apart.

“So many firms believe that marketing is a simple process,” I’ve often stated. “Just give somebody a marketing title and watch the contracts (and money) appear like magic. Well, that’s just not the case. Each time that failure occurs . . . and it’s all too frequent . . . about $100,000 worth of hard operating cash and personal effort also goes down the drain.”

To help contractors avoid the problems associated with establishing a successful marketing program, I’ve outlined 11 ‘Do’s and Don’ts’ that should be adhered to when bringing in-house marketing services ‘on-line’ or evaluating the results of existing departments.

1) DON’T MAKE A DUMPING GROUND OUT OF MARKETING EFFORT

. . . unless someone’s a proven,
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dynamite salesman, too often, the marketing department becomes a “dumping ground” for all the company personnel . . . relatives or otherwise . . . who can’t seem to fit in anywhere else. A contractor would never knowingly jeopardize his work by making a questionable man a project manager, but it’s amazing how readily he’ll often jeopardize his whole company by making the wrong man its Director of Marketing. In short, make sure the person you hire to serve as your Marketing Director knows how to sell . . . and sell well.

2) DON’T FALL INTO THE ‘HAT AND A WHISTLE’ MENTALITY!

Many contracting firms who’ve hired an experienced marketing director believe his only ‘tools’ for success are company credit cards, an office and a car. This is like giving somebody a hat and a whistle and telling them they’re the captain of a ship, but in the meantime, they don’t have a compass, charts, radio, etc. Without proper marketing support materials . . . office brochures, special direct mail pieces, support publicity . . . even the best marketing captains are sure to flounder. Even more important, a structured, continuing, high-volume, new business lead-generating system must be established and refined.

3) DON’T UNDERESTIMATE YOUR COSTS IN ESTABLISHING A MARKETING DEPARTMENT.

In order to supply your marketing department with the necessary support explained in Point #2, most contracting firms must supplement their efforts with a marketing consultant firm.

Most contractors don’t build in agency support costs. Many firms believe the establishment of a marketing department is the cost of a salesman plus a few extra bucks. Actually, it’s much more . . . and
should reflect the team effort that all good marketing requires.

An agency knowledgeable in construction marketing can expose the company via publicity releases, create sales materials, set marketing strategy and so forth. But, the agency is not in the position to do the ‘face-to-face’ selling. That is up to the in-house marketing people.

Conversely, the person who knocks on the doors cannot be expected to prepare professional office brochures and news releases as well. Sure, the person may be talented and have that capability, but there aren’t enough hours in the day for one soul to attempt to do both jobs properly.

4) DO YOU NEED A DIRECTOR OF MARKETING?

When first establishing a marketing effort, many contracting firms make the mistake of hiring a $60,000 a year Director of Marketing when that person essentially has nothing or no one to direct. A lot of firms hire an executive, when what they really need is a bird dog who can sniff out the most advantageous leads for the principals of the firm to close (or for that person to close on if it’s a small job).

The contractor should also recognize that the bird dog isn’t necessarily closer.

Do you need a person capable of closing, that’s the real question. Chances are you don’t. The ‘bird dog’ is usually the best working arrangement during the first two years of the marketing operation. After those two years, the person on the street can become more of an executive type . . . if an assistant salesman is hired.

5) DON’T START ON A COMMISSION BASIS WITH YOUR KEY PERSON.

Depending on a contractor’s geographical location, a good bird dog should be salaried at between $35,000-$42,000; an experienced Director of Marketing should receive from $52,000-$60,000 annually. The critical point to remember is not to become involved in a commission basis . . . under any circumstances . . . during the first one or two years.

The contractor should be prepared to accept such an arrangement after the marketing person has a proven ability to acquire and (possibly) close on work. You can tell your candidate that you will be willing to go to such a commission arrangement, but don’t make that type of deal at the outset.

6) DON’T GIVE YOUR MARKETING PERSON PROJECT CONTROL RESPONSIBILITIES!

Contrary to a lot of engineering thinking, never, and I mean NEVER let your marketing person run the job (construction project) once it is brought into the office. The marketing man’s responsibility should be limited to doing the leg and paper work involved in acquiring the client and closing a deal. After he has successfully sold the firm and a signed contract is in-hand, the person should start selling again.

7) ESTABLISH REALISTIC TIME FRAMES FOR RESULTS.

Building a solid marketing department is like designing and constructing a spec office building from scratch.

A search for a good Director of Marketing will take three to five months.

It will take six months to one year before the person is oriented properly enough to be an effective profit generator.

Preparing the proper support materials for marketing use . . . if done right . . . takes a great deal of time and effort. A top quality brochure takes between six months to one year to develop; a quality flyer from four to five months.

Photographs are usually what holds the brochure and flyer process up. Most companies don’t maintain good, up-to-date pictures of their projects. So you must make arrangements with a professional photographer to go back and re-shoot completed buildings.

What’s the rule of thumb for recapturing your marketing investment? The contractor will probably lose money the first year on his investment. The second year you
should make a reasonable profit or at least break even. From the third year on, however, the investment should start to pay off.

8) MAKE SURE YOUR MARKETING PERSON IS ESTABLISHING RELATIONSHIPS!

. . . not just selling like a wooden Indian. Many contractors naive in marketing believe contact is the key that opens the doors to new business. It’s only the first step. Establishing and maintaining relationships with the client is the key to success.

Setting up ties with the client through telephone and letters is, of course, important, but relationships are not built using those vehicles. Understanding who the buyer is . . . his likes and dislikes as a person . . . is acquired over dinner, lunch, cocktails, breakfast meetings and other face-to-face semi-social functions.

You can tell if your marketing person is personable just by how much he’s been eating and drinking . . . which should be more than anybody else in the company! If the contractor has any questions about how friendly the marketing person is, the person’s expense vouchers for the last three to six months should be checked.

If they’re very, very low, the marketing person may not be saving you money, he may be losing it, and the contractor could have a very serious problem on his hands.

9) ACCEPT THE CONCENTRIC THEORY OF GEOGRAPHIC EXPANSION.

This rule is very simple. Expand into the states bordering you if the depth of the market can support this expansion move. Don’t jump from New York to Texas. Or from Kansas City to Florida. If the depth of the adjoining markets can support your objectives, expand in planned, concentric rings with your existing corporate office at the center of this matrix.

While there are many exceptions to this rule, it remains a generally valid point for most small to medium contracting companies. Very large contractors can successfully make a huge geographic leap, but most small to medium organizations simply cannot finance this kind of territorial invasion no matter how attractive the area looks.

10) DO SOME MARKET RESEARCH.

Compared to other industries the construction industry has very, very poor market research data available to marketing analysts and principals of contracting firms. Some data does exist, though.

A little market research on the territory a contractor wants to expand into could save the firm big dollars in the long run. In addition to discovering that the new area may not be as lucrative as was first thought, the contractor will most likely find out his firm does not have a large enough share of his existing market. In fact, after conducting a market research program, most firms realize very quickly that their first important marketing chore is to get more of the work available in their immediate area.

Increasing your existing market share is usually the soundest first step. A big increase in your market share is not unheard of, and is a realistic goal with a sound marketing program.

(Editor’s Note: The author, John R. Kubasek, operates his own construction marketing consulting firm, John R. Kubasek & Associates, Inc., of New York, and, writes extensively on the subject of marketing for contractors.)