A recessionary economy sends financiers seeking safe haven in treasury bills, consumers looking for security in their bank accounts and spawns the phenomenon of construction known as the "building-contractor-turned-interior-contractor." In a normal economy, these radically different worlds of free-standing building and interior construction are successfully bridged by less than 40% of all commercial and industrial contractors capable of working in both areas on a regular basis.

However, points out one construction marketing expert, John R. Kubasek, President of John R. Kubasek and Associated, Inc. of Staten Island, New York, when the economy contracts and building construction markets evaporate, contractors begin stalking new business wherever it can be found—and the interior construction market has traditionally been the safe haven through every recorded recession in the history of the United States.

Successfully selling/working in this market is very, very different than in any other phase of the construction industry, warns Kubasek. "A recession really blows the peculiarities of this market out of perspective," says Kubasek, "because of the glut of contractors who begin to operate in this area. A ‘Select List’ of bidders on a major interior construction job that would normally consist of six to eight firms, now totals 25 bidders—closely akin to an attack by a motorcycle gang.”

The frequent lack of construction sophistication and savvy among owners, major tenants and facility managers who comprise the decision-makers in this interior construction market only adds fuel to this ridiculously competitive situation.

John R. Kubasek and Associates, Inc. represents construction clients exclusively throughout the United States. Its clients range from general and major subcontractors who put in place anywhere from $1.5 million to $200 million worth of construction annually. Mr. Kubasek also conducts construction marketing seminars throughout the country. From these experiences, he has compiled an eight point "Checklist for Marketing Interior Construction Services" that can serve as a guide for successfully securing more interior construction work.

Whether you are an experienced interior construction contractor or a seasoned building construction contractor looking toward the interiors market for the first time, here are some of the special problems/conditions you must face and overcome today if you are to succeed in capturing new interior work.

1. **Build volume or die**

The typical free-standing building contractor, explains Kubasek, is dealing with a construction cycle of 12 to 18 months. The typical interior job runs 60 to 120 days. "The interior contractor needs three things to ensure his success: volume, volume and more volume!" says Kubasek. "They eat up work at a phenomenal rate."

Make sure you establish an excellent bookkeeping-financial system for interior work, Kubasek advises, because the interior contractor has to be a juggler to survive. Using an aver-
age (and generous) cost of $80,000 for a typical commercial/industrial interior job, the interior contractor needs 13 projects to build a $1,000,000 annual volume. The building contractor can often do that in one project. ‘With some simple multiplication, it’s not hard to see the importance of volume,” explains Kubasek.

On the positive side, the consultant noted the interior contractor tends to generate greater client loyalty and has to deal with far fewer (and less severe) headaches than a multi-million dollar project generates. “Let’s face it,” Kubasek says, “the risk factor on a $100,000 job as compared to a $1 million job is minimal and much easier to handle. Since it is also very rare for an interior job to require a performance bond, the multi-project volume becomes somewhat easier to build.”

2. Be quick, cheerful and clever in offering budget bids

Most building contractors are appalled (and totally at their wit’s end) when they see how incomplete the set of plans and specifications that are frequently used when interior contractors are asked for prices. Sometimes, plans and specifications don’t exist at all, says Kubasek; pricing is done on a verbal description of what a facilities manager would anticipate doing with a space.

“The most successful interior contractors are those who know how to handle budget bidding,” states Kubasek unequivocally. Corporate budget planning is often done in September for the forthcoming year, beginning January 1. Consequently, to have some kind of realistic numbers for budgeting purposes, the interior contractor who can work with and help the facilities manager with budget bids is on a fast, inside track when (if) that work materializes, says Kubasek.

“A budget bid is a work of art,” Kubasek explains. “It must be tight enough to be realistic, loose enough to be adjustable as details materialize and serious enough that you can live with and profit from it if and when the work goes ahead. You also can’t spend days putting these things together. You have to learn how to do them very, very quickly or it’s a waste of office manpower.”

3. Feed egos... at whatever cost

To many corporate executives, their offices are sacrosanct, classified just short of Holy Ground. Their offices, like their cars, reflect their level of success, explains Kubasek.

“Imagine for a moment that you’ve just completed the interior renovation of executive offices for a major U.S. corporation. The job included the creation of two executive offices intended to be identical in every respect. Now envision being called back to remove and rebuild the common wall, because one room was two inches wider than the company’s policy stated... and the executive
measured the space precisely! Fiction? No, it happened and it happens more than once.”

The wall in this story, said Kubasek, was ripped out and rebuilt at a cost of several thousand dollars simply to appease the ego of the executive involved. Develop patience if you want to make friends and survive in interior construction, Kubasek advises. Learning how to solve people problems in interiors can be just as difficult and complex as learning how to solve the technical problems in multi-million dollar building construction.

4. Promote/publicize your firm effectively

Effectively marketing your firm’s construction services becomes 10 times more important in the interiors arena than anywhere else. Free-standing building construction enjoys a variety of natural opportunities for visibility: job signs on major highways; truck and heavy equipment; etc. Work is out in the open and readily visible.

People don’t “drive by” an interior construction job. Many building managers don’t even want job signs hanging anywhere in their building. Consequently, develop a continuing marketing program of direct mail, brochures, calling on designers, advertising, special events, etc. to create the visibility your firm will need to gain market recognition and be invited to bid on new work, advises Kubasek. If you don’t, you’ll find a lot of other lesser experienced, newer, but more aggressive firms walking off with jobs that should have been yours.

5. Educate clients—or risk losing them

If you want to effectively sell interior construction services, the first thing you must come to grips with, explains Kubasek, is that you’re going to spend 60% of your time educating clients about construction and the other 40% of your time doing the job—if you want to make long-term friends.

Building construction people will claim the same is true with their business (and so it is), but Kubasek contends that this demand is three times greater in interior construction because of the lack of peer construction people the contractor has to deal with on a daily basis.

“Things are getting better,” admits Kubasek, “now that we have professional facilities managers in larger companies who are responsible for space renovations. This is a whole group of people who didn’t even exist 30 years ago.”

Nevertheless, the consultant doesn’t see any dramatic improvements, because he contends that: a) 60% or more of the interior construction work in any region of the U.S. is not under the supervision of a facilities manager; and b) many interior construction projects are accounting-driven. The first major hurdle, says Kubasek, is to get everyone talking the same language; that usually takes the life span of the first job they work on together, Kubasek says.

6. Interiors: A Uniquely Concentrated Geography

It is not unusual, in a large city, to be able to do $3 million to $10 million worth of interior construction in
an extraordinarily limited geographic area such as New York’s five boroughs. Even in other urban centers such as Chicago, San Francisco, Miami, etc., this means you can operate in a very, very limited geographic area and be quite successful.

This extremely concentrated market translates into very real advantages in building an interior construction business: salesmen can make 35% more calls; jobsite visits are quicker and easier to make; salesmen and other executives don’t really need company cars—taxis, buses and subways are usually faster; marketing and costs-per-sales-call are a lot lower because no one is getting on airplanes or driving throughout the state.

There are the usual disadvantages to operating in this closely knit geographic market, too, including the possibility of a single error in judgment traveling rapidly throughout an entire segment of your potential clients, warns Kubasek.

7. For Maximum Success, Learn How to Sell by Project Type

Interior construction is one of the few places where the “have-you-done-my-type-of-work-before” mentality still persists. Serious construction professionals all know that there is really little or no difference in creating general offices for an insurance company, a brokerage firm or an import-export concern—but each tenant/client would like to think there is! Learn how to effectively play to that concern on each sales call and you can be far more successful than your competitor(s) in closing a profitable job, advises Kubasek.

8. High Profits... If You Know How to Run a Service Bureau

No one is ever successful in selling interior construction until they come to understand what they are really selling is service—not just a nicely painted wall or properly installed cabinetry.

“At some point in time,” explains Kubasek, “even a responsible general building contractor walks free of his newly erected building. An interior contractor, however, must stay readily available to solve peoples’ (companies’) immediate problems: the need for quick new computer space; additional electrical capacities; a reshuffled office arrangement, because of a reorganization of personnel; etc.

“Because people are willing to pay for service, mark-ups on these smaller, almost maintenance type assignments, can be very high. No one will complain about these costs either, if the work is performed quickly, professionally and competently.”

If you can effectively handle this type of interior construction work where assignments may only be worth $5,000, $10,000 or $25,000, you could find—collectively—that this is a very profitable business.

The world of interior construction offers contractors some consistently unique advantages in good times as
well as recessionary ones, says Kubasek. There are no soil or subsurface problems to contend with; weather is rarely a problem since all work is on the inside, and there are definitely fewer municipal inspections/approvals necessary than on building construction.

However, the consultant points out, the good interior general contractor, especially if he is dealing with “gut” rehabilitation work, must have a greater imagination than most people and the ability to solve problems immediately in the field. The successful interior contractor, says Kubasek must know how to deal with the most demanding architects and designers in the business, as well as work around the tenant/occupant who often is trying to get their work done in the same space the contractor is trying to renovate.

Most importantly, says Kubasek, interior work is a market that never dies. When all other segments of construction come to a screeching halt, interior construction still goes on. It is a “pocket of money” in otherwise difficult times. There is always someone who is willing to spend money to alter, modernize, expand, reorganize, recycle, add to, preserve, rehabilitate or otherwise change, the environment/space in which they live or work.

“Be thankful for those people,” concludes Kubasek.

John R Kubasek, president; John R. Kubasek & Associates, Inc.