In today’s construction environment, many executives, business developers and marketing managers are concerned about the increasing costs of acquiring new customers and are constantly looking for creative ways to do something about this growing problem. Add to rising costs increasing competitive pressure, and you’ve got yourself a major marketing challenge.

One response to this condition is to focus not on accumulating more prospects and customers but on getting more business from the customers you already have. This strategy can be seen in the construction industry by many companies trying to “differentiate” themselves by offering services such as design/build or self-performance capability, or by establishing strategic alliances with owners. These strategies can be successful, but they are sometimes costly and time-consuming.

Just now do you make your turn more valuable to existing customers and also more cost competitive in the marketplace? And how do you do it right away?

A new approach to keeping valued customers is described in The One to One Future: Building Relationships One Customer at a Time (Currency Doubleday, 1993) by Don Peppers and Martha Rogers, two former advertising executives. The aim of this approach is not to find more customers for your products or services, but to find more products and services for your existing clients.

Forget the days of striving for volume-driven market share and economies of scale to protect those already-thin margins prevalent in the construction industry. The time has come to “differentiate” your firm by making it more valuable to your existing customers. As some successful contractors have come to learn, “Volume kills, profit thrills.”

The objective of one-to-one marketing is to take good care of the customers you have and give them more added value and services.

Get the Proper Tools

The one-to-one marketing philosophy builds on several popular marketing concepts and fact-gathering tools: relationship marketing, database marketing, customer-satisfaction initiatives and feedback mechanisms. The new cyber technology allows companies to use the Internet and World Wide Web to communicate electronically with their valued customers as well as monitor their customers’ changing needs and desires for new products and services.

All this new technology permits greater
interaction with customers. You can track every customer transaction, baseline customer satisfaction and, most importantly, identify future customer needs and services. These methods also can be effective tools for gathering competitive data.

An example of this “one-to-one” approach has been demonstrated recently by a successful Midwest contractor. The company established an “executive customer focus” program that gives sole responsibility for key customer satisfaction to the company’s executives. They’re called “Client Contact Officers,” or CCOs. In addition to their regular duties, they have the added responsibility of establishing individual relationships with their primary customers and building long-term relationships by increasing their contact with these clients. Other assignments include gathering in-depth information on assigned key contacts’ personal background, family background, hobbies and interests. This information gives the CCO an edge on building a more personal relationship over time.

Business goals, company strengths and weaknesses and the customers’ buying practices are important data to capture. This intelligence puts the contractor on a different level in the eyes of its clients. This information also enables the CCOs to communicate better with their clients by focusing on industry-specific issues that might have an impact on their customers’ businesses.

Anticipating a customer’s need and providing a solution with your construction services can possibly give you the competitive edge you need or help solidify that long-term relationship with a valued customer.

Implementing this ongoing strategy can differentiate your company from the pack and possibly give your client, too, a competitive advantage. That’s the kind of service and added value that will keep your customer relationships growing and healthy. It is also a good way to increase your chances of staying on their short list or securing more negotiated work for your company.

And finally, as one seasoned construc-
tion marketing veteran has said for years, “Customer satisfaction begins with customer selection . . . and you deserve the customers you have.” Why not start a program today that’s designed to select customers who meet your criteria for success?

The one-to-one strategy, while not new to other service industries, is still not pervasive in the construction industry, although many of our recent surveys show that this kind of management practice and marketing approach is growing fast. As contractors battle for those “special” clients and customers, competition and a more educated customer will drive this “high touch” approach to building long-term customer relationships.

**Gaining an Edge**

In keeping with this strategy for building customer relationships, the following list of information and ideas include my experiences working in “high” service industries and the construction marketplace. The ideas from The One to One Future: Building Relationships One Customer at a Time, although not specifically written for the construction industry, can be applied to our market. They are designed to enhance long-term customer relationships, keep the competition out and keep profit margins healthy. Please note: The construction firms that best execute these ideas over time, though not guaranteed success, will have an “edge” over the competition and very happy customers.

Here is my “Top 8 List” for keeping valued customers:

- **Apply the 80/20 rule to your existing and potential clients.** Normally 80 percent of your company’s revenues come from the top 20 percent of your client base. Review it often and cut out clients who don’t fit your financial goals or market profile.

- **Calculate the potential lifetime value for each of your cus-**
customers. Knowing what a customer is likely to spend over time will help you apply the 80/20 rule.

- **Identify your customers in detail or get them to identify themselves** by collecting and documenting names, product and service needs and sales transactions.

- **Gather and record project completion questionnaires or post-project outbriefing notes in your customer contact system.** This information can be used to enhance your customer relationships. By building on what they liked about your services or how you responded to a problem, you can influence their buying decisions for future work.

- **Have your business development executives “profile” existing and potential clients.** Make this standard procedure when meeting a prospective client or to better serve your existing ones. You can also have an administrative person call your clients directly to update and verify new changes on a periodic basis. Database marketing and the Internet are becoming key information-gathering tools used to keep you closer to your valued clients and potential customers.

- **Practice “just-in-time marketing.”** A concept used in the manufacturing industry for inventory control and customer satisfaction, this marketing approach is based on timing and maintaining your inventory of the product used in your customer’s products. Whether for cars or construction services, customers’ budgeting and purchasing cycles can be measured in months and years. Identify when your customer is planning to buy or has an upcoming project need for your brand of construction service.

- **Enhance your customer satisfaction program by taking the time to customize what you say to each of your customers.** For example, you can phrase survey questions to capture an individual cus-
tomer’s “wish list” for construction services, current business issues or potential markets. Constant and frequent contacts position your firm as a “high touch” and “high tech” service organization. Clients will remember this extra amount of service and personal interest by your people.

- **Build a system to treat customer complaints as opportunities** for additional business and further relationship building. At project close-out or postmortem meetings, ask lots of questions, listen and take good notes. The lessons learned from the frank discussion of the quality of your products and services can lead to higher levels of customer satisfaction and future business.

- **And finally, don’t forget that the construction business is a contact sport.** One-to-one marketing is fast becoming a competitive necessity As you learn more about your customers and their customers’ needs, you will find that you can better anticipate and solve their individual daily problems. This proactive approach by your company’s business development people will build trust, confidence and a satisfied long-term client. Future business and high profit margins are the results of your client service efforts if you constantly keep your eyes on the target . . . the customer.

**About the Author**

Ron Johnson is a client services manager for FMI, management consultants to the construction industry, with offices in Raleigh, N.C.; Denver, Tampa, Fla.; and Minneapolis. He serves the Midwest region of the United States from his Raleigh office.