

How to Increase Your Sales to Commercial General Contractors



By
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Sometimes the Key Is in Your Proposal, and Sometimes You Just Have to Be in the Right Place at the Right Time

Selling your services to commercial general contractors can be frustrating. You respond to their requests for a bid and you're sure your prices are competitive. But you just don't seem to get the work at award time. Running a wall and ceiling firm is difficult enough without having to spend hours preparing quotes that don't generate work for your people. Yet if you don't deliver quotes, you're virtually guaranteed not to get any work. What do you do?

Perhaps there are other reasons, not so noticeable, that hamper your success rate. Understanding the motivational force and the operations of the commercial general contractor can help you increase your chances for more sales.

Let's begin about the commercial general contractor. I'm comfortable speaking from this vantage point because, as they say, "I is one." More precisely, I'm senior estimator and project manager for a commercial GC in the Midwest. For years, I've evaluated, hired and negotiated with many wall and ceiling firms—most of them good, some of them not. I've also sorted through thousands of subcontractor bids. There is a tremendous chasm between the best and worst. Many of the

reasons I do and don't choose a contractor seem to fall under one umbrella heading: professionalism.

"Great," you say "What does professionalism mean?" It's important to understand one thing right away. Despite what you may think, commercial general contractors want to employ you. We spend much more time trying to figure out how we can use you over how we can't. In the back of our minds, we hope that every proposal is the one that is clear enough, complete enough and competitive enough to go the distance.

Hello? Am I Out There?

First, if you haven't done this already, target the CGCs you want to work with and make sure they know you're around. If you haven't been receiving bid requests on a regular basis from a particular CGC, try the following:

Have a one-page introductory (or re-introductory) letter telling about your company. Include your current address, phone and fax numbers, principals' names, e-mail address and types of services you offer. Be specific. If you offer other ser-

vices besides wall and ceiling, list it in your letter. Don't assume they know everything about you and your company.

Follow with a call to the prospect. Most CGC estimators keep a file of subcontractors broken down by trade. When a job comes out for bid, they will send out letters requesting bids, A good opening line is, "I called to update my information for your wall and ceiling list." They will almost never just take the information and hang up. A conversation normally follows, and it gives you some insight about work.

Increasing Your Chances

When it comes to increasing sales, the goal is to always give the prospect a reason to choose you. Low price helps tremendously, of course, it's not the sole determining factor. There are many times that I've chosen to go with the second or third highest number because I simply felt more trusting and confident in the subcontractor's ability to get the job done. The CGC mindset isn't hard to understand. A few thousand dollars is peanuts compared to the money that would be lost for nonperformance (or correcting the work later on).

Here are a few other suggestions that can increase your odds for the sale:

Offer to give "budget" numbers. CGC estimators are always working up budget numbers for clients.

Having your budget number used up front increases your odds that they'll call you come bid time.

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Subscribe to the reporting services of groups such as F.W. Dodge or Construction Market Data. These reports tell of projects coming out for bid in your area, and the bidding CGCs are normally listed. Check this again come bid time, because names will have been added. These services also publish reports on contract awards, work in planning stages and negotiated work where subcontractor proposal are requested by one specific general contractor. If you don't think you can afford this type of service, ask your dry-wall supplier or lumber yard (they often subscribe) if you can see their reports. They generally don't mind. With this knowledge, you'll be aware of what's out there to bid and be ready to discuss it with the CGC.

Another option is to get out there and practice the age-old art of the "cold-call." This is where you walk in unannounced just to let them know you're around. Never underestimate the power of social skills. I've seen it work too many times. Anyone, no matter how business-like they may appear, wants to work with someone they consider a friend. It's human nature.

Also, you may also pick up work by just being there. Many times, the importance of getting the job done "right now" far outweighs any minor advantages in price that may be gained through bidding. I've been doing this for many years and am still amazed at how often I give work away because the person was standing in front of me at the right time (dispelling the age-old belief that we scrutinize every number).

Make an effort to become familiar with,

and even solicit, area manufacturers and utilities who have their own construction departments. The benefits are two-fold. You'll not only pick up work that they choose to bid direct, but you will also find yourself knowing about upcoming manufacturing or utility work that will be coming out. They may even ask if you know a good CGC. Pick one you like. Give the CGC a call and let them know. The CGC would be hard pressed to not be grateful and obligated should the job come to fruition.

The Proposal

The written proposal you submit says as much (or as little) as you want it to about your expertise, attitude and abilities. Besides the actual work itself this is the most important tool you have to impress and win over a prospect. In the mind of a CGC estimator, a sloppy proposal translates into a sloppy contractor. On the other hand, a neat, well-organized and complete proposal that follows the rules will get you the job.

Here are a few things to consider when creating your proposal:

Be professional. There's that "I?" word again! I know you're a blue-collar kind of guy, but a little refinement at the proper times can make the difference between winning and losing the job.

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Type the proposal. No handwritten quotes should ever be submitted. Use professional letterhead, and make sure your phone and fax numbers are on it. It's common for an estimator to have last-minute questions as the deadline approaches. He doesn't have time to search the phone book for your number. Also, there are still a few of you out there who do not have an answering service or machine. During working hours, somebody (or something) should answer your phone or be able to reach you.

Address your proposal to the CGC and the estimator by name. I know this sounds petty, but it shows the CGC that you care enough about establishing a working relationship with them to not just throw your number out on the streets to anyone who will take it. This doesn't mean you can't bid to more than one CGC; it simply means you hold the CGC in importance. CGCs look for subs that are going to be loyal (within the realities of contracting) and who genuinely appear to want to work with them. It can be these small, personal touches, such as Christmas cards, personal attentions and the occasional favor (loan a lift, etc.) that creates an atmosphere of camaraderie, while creating profits for you.

During the bid period, get a copy of the actual CGC bid form. The form often asks for breakdowns, unit prices and

alternate pricing. Your quotation isn't complete until you've assigned costs to all the items in your scope of work on the bid form. Don't assume this is optional. The CGC is normally required to fill in every line on the bid form, or face being disqualified. Also, don't assume someone else will do provide them—that's part of the service you want to perform.

Speaking of alternates, a common mistake is to take their importance too lightly during the bid process. Alternates are becoming very common in most bid packages, and many awards are decided on a combination of the base bid and any alternate scenario that may be added or deducted from it. It

can be quite tempting to, while approaching a deadline, take a "conservative flyer," otherwise known as a "guestimate," at an alternate—but it can end up costing you the job.

Addenda are changes that have happened after the documents have been let out for proposals. Generally, these are clarifications flushed out during the bid process and then sent to the bidding CGCs by the architect. If your bid proposal doesn't include all addenda, it may not be accurate. It is common for addenda to come out deleting/adding an item(s) to your scope of work. Either way, you lose. If you miss something that should have been added, you either eat it or argue it out.

At some point in time, the CGC will probably ask you to break down your bid into component numbers, or ask you to submit your bid earlier. If this happens, don't get defensive. As a matter of fact, be as helpful as possible. This is another one of those "trust building" scenarios, and you want as many of those as you can get. Don't fall into the trap of becoming overly paranoid about being "shopped" (your number leaked to the streets) by the CGC. This is small-minded thinking and simply doesn't happen as much as most people think. Contrary to belief, most CGCs are quite ethical when it comes to keeping your number a secret.

But it's not just the ethics that drive the

decision to keep quiet—it's also good business. We're not idiots. We know if word gets out that we've been spreading numbers to competitors, our sub and supplier bids (our life's blood) will dry up. We may employ some of our own trades, but we still need outside help, a lot of it. The logic pattern is straightforward: No Bids means No Competitiveness, which means No Work, No Money, No CGC.


Most of you probably know that the Construction Specification Institute division number for walls and ceilings is 9.000, and that it includes many subdivisions. In the specification manual, this is the division where you'll find most of the that you need to generate your quotation. But there's another important

division to read and understand—Division 1: General Conditions. This division outlines everyone's responsibilities concerning the project and performance of the work. These responsibilities can include the necessary types of insurance, bonds, warranties, scaffolding, staging, winter weather protection and much more. All these things cost you money and should be accounted for in your quotation.

Performance

Obviously, none of what we've discussed is worth a dime if you can't perform the work skillfully, completely and timely. Project schedules are extremely important in commercial construction. It commonly serves up

substantial penalties for the CGC if exceeded. Be prepared to deliver.

No matter what, proper procedure, quality-control, safety and professionalism is a learning process that never ends or gets easier. But keep it up. By practicing and implementing the items we've covered, you will create new opportunities, increase your sales and enjoy greater success. 

About the Author

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