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*Thank you for requesting this informational report. We hope you will find it to be both interesting and useful.*

## **The 7 Proven Steps to Increased Profit**

Ultimately the success of any construction business depends on the creation and implementation of an effective business plan. Unfortunately far too many contractors rely solely on setting one to two annual financial goals and then hope and pray they hit them by year's end. While this may prove to be a successful short term strategy, this approach unfortunately often leads to the lackluster results many construction companies are experiencing today.

Business planning need not be boring, cumbersome and complex. Quite the opposite. If done properly, strategic planning can be interesting, manageable and easy to implement and monitor. And most importantly, it can produce outstanding business results.

*Chris' contracting business was plodding along. Now in his third year he wasn't where he expected to be at this stage in his business. He seemed to be working lots of hours, but his pay (when he took it) did not seem to reflect this hard work. The feast or famine nature of his workflow played havoc with his cash flow. His expenses were increasing. He could not find good employees. And he couldn't seem to get away from those customers that only seemed to focus on price. But more importantly, he was beginning to dread going to work.*

*Out of sheer desperation Chris contacted us. By using our strategic planning system, we were able to jointly develop a very effective business plan. The plan addressed all the specific business challenges Chris' company was facing. But more importantly it was simple (two pages), easy to follow and best of all, produced outstanding results.*

*We then worked with Chris on implementation. By the end of year three Chris had doubled his gross revenue. He was taking a consistent pay check. His work flow was leveling off. Cash flow was good and he even had a bit of money in the bank. His employees were a much better caliber and his client base was getting better as well. But most of all, he really enjoyed the contracting business again.*

*Today Chris' business continues to grow. Revenue is six times what it was in year three. He continues to work with us weekly He continues to enjoy the business and next year looks even better.*

“So how do you create a simple yet very effective business plan?”

The good news is that the answer is clear-cut and straightforward. If you adhere to the following 7 steps, I promise that you will be thrilled with the outcome.

## **The 7 Proven Steps to Increased Profit**

1. *Define Your Company Values*
2. *Conduct a SWOT Analysis*
3. *Create Your Vision for Your Company*
4. *Determine Your Company Mission*
5. *Establish 3 to 4 Key Business Objectives*
6. *Craft 3 to 5 Strategies to Achieve Your Business Objectives*
7. *Construct 2 to 4 Tactics to Realize Your Strategies*

### **Step One: Define Your Company Values**

Values are those beliefs and behaviors you hold closest to your heart regarding your business. The values you define for your business become the representation of your business. They create the framework for all business decisions and are the foundation of your company's culture. Values should be shared with all employees and your staff should appreciate them as well. And when communicating to and working with your clients, your values should be evident — your clients should recognize what your company stands for.

Typical values might be:

- *Integrity*
- *Positive Attitude*
- *Quality Workmanship*
- *Solid Employees*
- *Reliability*
- *Regular Communication with Clients*
- *Site Cleanliness*

And the list can go on and on. Once you have defined a list of 5 to 7 values, the next step in the process is...

### **Step Two: Conduct a SWOT Analysis**

Probably the most critical stage of planning is conducting the SWOT analysis of your business. SWOT refers to strengths, weaknesses, opportunities and threats — internal and external factors that can influence whether your business follows the path to success or heads down another road.

You need to identify what it is you possess that can be leveraged (strengths), what you need to work around (weaknesses), what's occurring in the market that you can take advantage of (opportunities) and what obstacles and challenges exist that need to be addressed (threats). Otherwise, you won't have the raw material necessary for developing a sound business strategy.

Here are a number of aspects you should consider when conducting SWOT analysis:

<p style="text-align: center;"><b>Strengths</b></p> <ul style="list-style-type: none"> <li>▪ Your capabilities?</li> <li>▪ All competitive advantages?</li> <li>▪ Your USP's (unique selling points)?</li> <li>▪ All resources, assets, &amp; people?</li> <li>▪ Your experience &amp; knowledge?</li> <li>▪ Financial reserves, likely returns?</li> <li>▪ Your marketing - reach, distribution, awareness?</li> <li>▪ Any innovative aspects?</li> <li>▪ Your location and service area?</li> <li>▪ Price, value, quality?</li> <li>▪ Any accreditations, qualifications, &amp; certifications?</li> <li>▪ Your processes, systems, IT, &amp; communications?</li> <li>▪ Your culture, employee attitude, &amp; behavior?</li> <li>▪ Management succession?</li> </ul>	<p style="text-align: center;"><b>Weaknesses</b></p> <ul style="list-style-type: none"> <li>▪ Gaps in your capabilities?</li> <li>▪ A lack of competitive strengths?</li> <li>▪ Your reputation, &amp; market presence and reach?</li> <li>▪ Financials?</li> <li>▪ Unknown vulnerabilities?</li> <li>▪ Any timescales, deadlines and pressures?</li> <li>▪ Cash flow and cash-drain?</li> <li>▪ Your suppliers and sub-contractors?</li> <li>▪ Effects on core activities, distraction?</li> <li>▪ Reliability of data, plan predictability?</li> <li>▪ Overall morale, commitment, &amp; leadership?</li> <li>▪ Accreditations, etc?</li> <li>▪ Processes and systems, etc?</li> <li>▪ Management succession?</li> </ul>
<p style="text-align: center;"><b>Opportunities</b></p> <ul style="list-style-type: none"> <li>▪ New market developments?</li> <li>▪ Competitors' vulnerabilities?</li> <li>▪ Industry or lifestyle trends?</li> <li>▪ Any technology innovation?</li> <li>▪ New markets, vertical, horizontal?</li> <li>▪ Niche target markets?</li> <li>▪ Geographical?</li> <li>▪ New possible USP's?</li> <li>▪ Possible partnerships?</li> <li>▪ Increased volumes, production, economies?</li> <li>▪ Seasonality, weather influences?</li> </ul>	<p style="text-align: center;"><b>Threats</b></p> <ul style="list-style-type: none"> <li>▪ Future legislative effects?</li> <li>▪ Environmental effects?</li> <li>▪ Competitor intentions - various?</li> <li>▪ Market demand?</li> <li>▪ New technologies, services, ideas?</li> <li>▪ Vital contracts and partners?</li> <li>▪ Obstacles you are facing?</li> <li>▪ Insurmountable weaknesses?</li> <li>▪ A loss of key staff?</li> <li>▪ Sustainable financial backing?</li> <li>▪ The economy - home, abroad?</li> <li>▪ Seasonality, weather effects?</li> </ul>

You may also want to conduct similar analysis for one of two of your closest competitors. This will provide you with even more valuable information on how to shape your company's future.

*John came to us to for direction. Like Chris, he had been in the contracting business for a few years and wasn't happy with his company's financial performance. While conducting SWOT analysis during the strategic planning process it became very apparent that roofing was one of his core strengths as well as a lucrative market opportunity. After some discussion John decided to stop doing general contracting and to only focus on residential and commercial roofing. We then created a very effective business plan and are working with him on an ongoing basis to implement it.*

*Today John's roofing company is booming. Sales will be twice what was initially projected, profits and cash flow are healthy, his stress level has been reduced and John is really enjoyed the business again.*

### **Step Three – Create Your Vision for Your Company**

Your vision is the future you hope to realize for your business. It is where you see your company five years down the road. It is shaped by your values and is the focal point for all your planning efforts.

Defining your vision is probably the easiest yet most important preliminary task in business planning, however most business owners find they haven't given it a thought. Having a vision for your business is fundamental to helping you determine your goals and providing motivation for you and your employees.

An example of a well-rounded vision would be:

*By 200X transform XYZ Remodeling & Construction into the premier, financially-sound, residential, remodeling company to the upscale market in the greater Boston area providing uncompromised quality with great employees and fantastic customer service.*

To help you create yours I have provided a fill-in-the-blank template below.

*Within the next \_\_\_\_\_ years, grow \_\_\_\_\_ (name of company) \_\_\_\_\_ into a successful  local  regional  national \_\_\_\_\_ (description of business) \_\_\_\_\_ providing \_\_\_\_\_ (description of services) \_\_\_\_\_ to \_\_\_\_\_ (describe your customers) \_\_\_\_\_*

Once you have crystallized your vision, the next step in the process is...

## Step Four: Determine Your Company Mission

While your vision is developed by you and shared internally, your mission is created with the input of your entire team and shared externally with clients as well as the sub-contractors and vendors you work with.

A company's mission describes what it is the company delivers to its clients in the way of products and/or services, but it also demonstrates the company's attitude and commitment to what it offers. A mission statement explains the "how" as much as it provides the "what."

An example of a basic mission statement is:

*We are dedicated to providing our clients with the highest quality of workmanship at a reasonable price and in a timely manner.*

To help you craft yours I have provided a fill-in-the-blank template below.

<p>The mission of _____ (<i>name of company</i>) _____</p> <p>Is to provide _____ (<i>description of products/services</i>) _____</p> <p>to _____ (<i>describe your customers</i>) _____</p> <p>These _____ (<i>description of products/services</i>) _____</p> <p>will _____ (<i>describe how the products/services will benefit the customer</i>) _____</p>
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Once you have determined your company mission, the next step in the process is...

## Step Five: Establish 3 to 4 Key Business Objectives

The fifth stage in the business planning process is determining your broad-based key objectives — what it is you want to accomplish for your business. A good rule of thumb is to have three or four objectives established that your company is striving toward:

- *1 or 2 financial objectives (i.e. increase revenue, decrease costs, or increase profitability)*
- *1 employee-related objective (i.e. enhance employee morale)*
- *1 customer-related objective (i.e. improve customer satisfaction)*

It is important to address all three areas of your business - financial, employee and customer – else the plan will be unbalanced and thus not as effective. It is also essential that your objectives are more than stated goals — they should be SMART: specific, measurable, attainable, relevant and time-bound. And remember these objectives are directly related to the results of your SWOT analysis.

An example of 4 SMART Key Objectives are:

1. *Increase gross revenue by 50% by year-end*
2. *Boost overall profitability by 20% by 200X*
3. *Improve employee morale by 10% by year-end*
4. *Enhance customer satisfaction by 10% by 200X*

Once you have determined your key objectives, the next step in the process is...

### **Step Six: Craft 3 to 5 Strategies to Achieve Your Business Objectives**

Your strategies are sub-goals tied to your key objectives. Each key objective should have 3 to 5 strategies and like your key objectives, they should be tied to your SWOT.

An example of three sound strategies are:

1. *Increase gross revenue by 50% by year-end (Key Objective)*
  - A. *Increase labor rate 20% by February 200X (Strategy)*
  - B. *Create and implement a sales and marketing plan by March 200X (Strategy)*
  - C. *Identify and exploit all future market opportunities throughout 200X (Strategy)*

Once Mark's financial objective was established the next step was to develop 2 to 3 strategies that would allow him to realize it. After some discussion it became clear what Mark needed to do to increase revenue for his home improvement business. The three strategies employed were to increase his labor rate (since he was undercharging for his services), create and implement a balanced sales and marketing plan (eliminate sale peaks & valleys) and add a handyman service (additional revenue as well as referrals).

Today Mark's business is steadily growing. He is booked months in advance, is looking to bring on another crew and is in process of getting the handyman business running.

Once you have determined your strategies, the next step in the process is...

### **Step Seven: Construct 2 to 4 Tactics to Realize Your Strategies**

Your tactics are sub-goals tied to your strategies. Each strategy should have 2 to 4 tactics and like your strategies, they should be tied to your SWOT as well.

An example of three solid tactics are:

1. *Increase gross revenue by 50% by year-end (Key Objective)*
  - A. *Increase labor rate 20% by February 200X (Strategy)*
    1. *Update estimating software in week one 200X (Tactic)*
    2. *Update accounting software in week one 200X (Tactic)*
    3. *Update change order sheets in week one 200X (Tactic)*

Your business plan should be two, possibly three, pages in length. Page one should contain your SWOT analysis, values, vision statement, mission statement and your key objectives – in this order. Page two should contain your key objectives, strategies and tactics. To be most effective, your business planning should be reviewed regularly and reassessed yearly. Your business plan should not become a static document — your business constantly evolves and changes, and so should your business plan.

One of the main challenges facing most business owners is finding the time to do this crucial exercise. Creating and then implementing your business plan is very important to your company's success. In my experience I have found that most companies never truly reach their full potential due to improper planning.

For those of you who may be interested, we offer a couple of services.

If you need assistance getting started with developing your business plan, we can steer you through the various steps of the strategic planning process. As you define your vision, identify your values and establish your objectives, we will provide valuable direction, insight and feedback, as well as establish accountability for you and your team. We commit ourselves to ensuring you have an effective, achievable plan with attainable goals.

And since implementing your plan is just as important as creating it, we can also provide you with follow-on guidance. We will work with you on a continuing basis to keep you focused and on the right track to seeing desired results. If you're experiencing conditions that can impact your progress — such as slumping sales, decreasing profit, poor morale and teamwork, loss of customers, declining productivity, and rising costs — we remove these barriers by helping you apply the techniques that will revive sales, sustain profitability, raise employee morale, and, ultimately, achieve success.

If you are serious about implementing a process that will help you achieve outstanding business results, we suggest that you contact us to discuss how we can help you quickly and easily realize the success you deserve – we offer a free one hour telephone consultation. Please call (508) 480-0010 or email [klister@ParadigmStrategies.com](mailto:klister@ParadigmStrategies.com) to discuss our services in more detail.

I hope this report has given you some “food for thought”. I appreciate your interest in our work and wish you much success in your future business endeavors.

Best Regards,

*Kevin Lister*

## About The Author



Kevin Lister, founder and president of Paradigm Strategies, the business advising firm to the trades, is a leader in the field of business performance improvement. He possesses nearly 20 years experience in business management and consulting, effectively operating his own ventures and assisting others with realizing business success.

With an entrepreneurial spirit and a business owner's point of view, Kevin brings hands-on expertise to helping building contractors, sub-contractors, and suppliers. Kevin has deep knowledge and understanding of the trades, based on fifteen years in the construction industry, a family history of owning trades businesses, and a genuine interest and enjoyment in helping blue collar enterprises.

Kevin possesses a Masters of Business Administration (MBA) from Olin Graduate School of Business at Babson College and a Bachelor of Science in marketing from Bentley College. He teaches management and marketing for the University of Phoenix Online.

Kevin is a member of several professional and business organizations, including the Institute of Management Consultants (IMC), the Associated Subcontractors of Massachusetts (ASM), the Builders' Association of Greater Boston (BAGB) and the Boston Chapter of the National Association of the Remodeling Industry (NARI).

Kevin has been awarded the Certified Remodeler Associate (CRA) designation from NARI. He has also been named to the board of directors of the Eastern Massachusetts Chapter of NARI.

## About Paradigm Strategies

Paradigm Strategies is one of the country's leading business consulting firms to the construction, automotive and motorcycle industries. Our clients include contractors, sub-contractors, auto repair shops, small auto dealerships, motorcycle repair shops, and motorcycle dealerships, as well as suppliers to these trades.

We are dedicated to helping small to mid-sized companies become more successful by improving sales, cash flow, profitability, productivity and competitiveness. With an understanding that each business is unique, we take an individualized approach when counseling our clients.

To every client relationship, we bring new ways of thinking, new ideas and a straight forward approach that ensure and consistently deliver positive changes and significant results. Based on your needs, business goals and an internal assessment of the issues that are inhibiting growth and success, we develop a customized, strategic program plan that provides you with focus and momentum, and enables you to create the future you envision for your company.