



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

The 12 Secrets to Successful Marketing

In our Website business poll, the number one issue trades people currently report is sales and marketing. Now that the real estate boom has ended and interest rates have stabilized, contractors and sub-contractors are finding it harder and harder to get work — the phone is just not ringing like it used to. Thus, they are putting back on their marketing hats (reluctantly for some) and struggling with just how to market their construction services effectively. With this in mind, my articles in the coming months will share with you my top twelve secrets to successful marketing. I hope these tips will energize you as well as provide some focus and direction on how to profitably market your construction services in the coming year.

So here are my top twelve secrets to successful marketing:

1. Profitable Target Market

To successfully market your business, you need to be looking for the right customers — people who have a need for your services and adequate funds to purchase them. If either of these two traits is missing, your business will never reach its potential.

If you are struggling to achieve job profitability, I suggest that you review your past jobs. Your goal is to determine which jobs were the most profitable and what the customers of these services were like both geographically and demographically. Once you have established this, you should then begin promoting the most profitable services and target your ideal customer. Your goal is to transition over time from doing the less profitable work for non-ideal customers to only doing the more profitable projects for the ideal clientele.

2. Strong Competitive Advantage

Once you have determined your more profitable projects and ideal customers, you need to do start communicating your competitive advantage — what makes you different from your competitors and why customers should hire you. Too many times, I see contractors fall short in this area and thus lose very good jobs.

When communicating your competitive advantage to your target customers, be sure your message focuses on the benefits of working with your organization, not just the features. These benefits might include saving time or money, less stress, peace of mind, a greater return on their investment, etc. Remember that

good customers want to work with a reputable contractor — one that does quality work, is on time and on budget and will return promptly to address any warranty issues. It is your job to help customers understand that you are that type of contractor, because if you don't, I assure you the contractor you lost the project to did.

3. Simple Marketing Plan

The reason most businesses fail is poor planning. This is also the case when it comes to marketing execution. If you intend to market, you need a written plan.

A marketing plan not need be complex. It can be as simple as two pages. It should include your sales and profit goals for the year, your target market, your competitive advantage, as well as the four Ps of marketing – price, product, place (distribution) and promotion. I will discuss the four Ps further in numbers four, five and six of my twelve secrets to successful marketing.

One rule of thumb with marketing planning is to budget between 2% to 3% of your projected yearly sales for your marketing expenditures. Your promotion plan should be balanced, include a calendar and costs for all tactics being used. There is plenty of material on the Internet that can provide you with marketing planning help, but if you have a specific marketing planning question you would like me to answer, please feel free to contact me.

4. Proper Pricing

As one of the four Ps of marketing, pricing is very important to your marketing success. When bidding, if you price a project too high, you will not get the sale, and if you price the project too low and win the bid, you may lose money on the job. Thus, it is very important to price jobs appropriately if you want to grow your organization.

To price your jobs appropriately, you first need to determine your gross profit margin objective. Most good contractors experience a 70/30 ratio (cost-of-construction to gross margin), thus a gross profit margin of 30% should be your goal as well. When pricing your next project, be sure that your bid achieves a 30% margin by marking up direct costs 1.43%. At this ratio, if you find that you are losing bids due to market overpricing, then you may need to look at ways to lower your direct costs (cost-of-construction) as well as indirect costs (overhead) so that a 30% margin is achievable. Lastly, if you are achieving a 30% or greater gross profit margin and staying busy, then you are pricing your work properly, so continue what you are doing.

5. Balanced Promotional Effort

Promotion is the third P of the four Ps of marketing. Promotion includes personal selling, direct mail, e-marketing, public relations and advertising. When creating your promotional plan, it is very important to use a balanced approach blending

all five elements. This assures the best bang for your marketing dollar. Relying on just one or two elements can really hamper your marketing effort's success.

I suggest putting most of your promotions effort into networking (with prospects and referral sources) and direct mail and/or e-marketing (to customers, referral sources and prospects), employing some PR and lastly, devoting only a small amount of your budget to advertising since it can be very costly. Lastly, you must have a good, up-to-date Web site. If you don't, this should be your first or next marketing expenditure. The majority of prospects go to the Web to find and learn more about the contractors they may hire.

6. Attracting Referrals vs. Leads

In all my clients' marketing plans, our focus is on attracting referrals first and leads second. The reason for this is that referrals are much easier to close and are less costly to attain than leads. This is why in secret number five I suggest putting the majority of your marketing efforts into networking, direct mail, and e-marketing.

As a general rule, you should be getting 60% to 70% of your business from referrals. To increase the number of referrals you receive from your customer base, you may consider sending them a monthly newsletter or at least a quarterly postcard. With your more recent customers, post-project follow-up calls three, six and twelve months after the project ends is a good habit to start. To increase the number of referrals you receive from referral sources (those who target your customer but do not compete with you), you should consider regular networking. You should then keep in touch with them quarterly, or at least bi-annually via an email or a postcard. Remember, out-of-sight, out-of-mind.

Lastly, to attract qualified leads, networking with prospects works well, as do job-site letters and quarterly postcards to a targeted prospect list. Again, don't forget the Web. A good Web site coupled with targeted pay-per-click advertising can also produce many qualified leads.

7. Dedicated Marketing Person

To run a successful marketing campaign, your business needs someone championing your marketing effort. Without a person dedicated to managing your marketing, it will be destined to fail. When I have asked contractors with unsuccessful marketing programs if they had a dedicated marketing person, nine times out of ten their answer is "no."

As the business owner, it is your responsibility to make sure your marketing is executed. If you do not have the time to oversee your marketing effort yourself, then you need to delegate it to someone who does. This person can come from within — possibly there is someone on staff who can manage marketing. If not, then you may need to hire someone to do your marketing. This may be either an additional staff person or possibly an outside marketing consultant. Hiring a

consultant can be a bit more costly, but it may be much more effective since this is their area of expertise.

8. Good Website

In today's high-tech society, having a good Website is a must. Because consumers often turn to the Web to find a local contractor or subcontractor to handle their next project, having a Website establishes credibility. If you do not have a Website, get one. If your's is out-dated, up-date it today. Please believe me when I tell you either of these issues is costing you business.

What makes a good Website? Well, your site should:

- a. Have a professional look
- b. Include the basic pages – Home, About Us, Services, Gallery of Projects, Testimonials and Contact Us
- c. Be easy to navigate
- d. Be search engine optimized
- e. Be submitted to search engines
- f. Be updated regularly

There are plenty of Web designers/developers out there who can help you with your Website. The key is to find one who works with the trades. The best way to find a Web person who works with the trades is to ask fellow trades people you know who have sites or to search the Web for trades-specific Web designers/developers.

9. Tracking Your Leads

The only way to determine if you are spending your marketing dollar wisely is to track your results. By looking at where your leads and referrals are coming from, you can clearly see which marketing tactics are working and which are not. Once you understand this, you can adjust your marketing effort accordingly — doing more of what is working and discontinuing or replacing what isn't. This will allow you to get the best possible ROI from your marketing program.

The simplest way to track your marketing efforts is to have all of your sales people ask all prospects and referrals how they heard of you. Then sort this information according to tactic (in a Word document, Excel worksheet or your CRM software) and review it on a weekly basis. This method permits you to make changes fairly quickly, thus preventing you from wasting your valuable marketing investment.

10. Qualifying Prospects

As you all know, the bidding process can be very time consuming, involving the initial prospect phone conversation, meeting with the client, putting together the bid, follow-up calls, etc. This process can easily overwhelm and thus distract you from other important areas of your business. One way to resolve this is through

better qualifying. You can easily gain up to eight hours of time per week (to do other things) if you do a much better job of qualifying your prospects. This is accomplished over the phone during your first contact with the prospect.

When qualifying, be sure to determine:

- a. Their project time frame?
It does not make sense to meet with a prospect if you can not meet their project deadline.
- b. Their budget?
Like project time frame, if the prospect has an unrealistic budget (too low), then this is not the prospective client for you. Many prospects feel uncomfortable giving a budget number. To get at this figure, I suggest providing them with a project price range — from X to Y. This will allow you to easily determine if meeting with them makes sense.
- c. What they are looking for in a contractor?
This allows you to determine fit and to see if your company aligns with their needs. This will also permit you to determine if an in-person meeting with them makes sense.
- d. Who else they are talking to?
This will open the door to sharing the benefits of working with your firm, thus setting you apart from your competition — a real sales opportunity for you.
- e. How they heard of you?
This allows you to track your marketing efforts.

11. Consistent Sales Follow-up

Consumers are very, very busy these days. Work and life can easily sideline a project. Consistent follow-up on all outstanding quotes is essential if you want to grow your business. One way to refocus a prospect on your proposal is through a simple follow-up phone call and/or an email.

Through effective follow-up, you will gain one to two key projects each year. To make this process easy and enjoyable, be sure to create a simple system that is organized and allows you to manage and track all outstanding quotes in a timely manner.

12. Great Customer Service

To thrive in the trades, you need to have fantastic customer relations. Always keep in mind that customer service begins with the initial new customer contact and continues throughout the life of the customer relationship. Great customer service, coupled with outstanding workmanship, will lead to a continuous stream of quality referrals. This is very important to your marketing effort, because referrals have a higher close ratio and are much less costly to attain.

One secret to great service is good communication. You must be in regular communication with your people in the field as well as with your customer. Most

problems that arise can be averted with good communication. One way to assure good communication with both your people and your customer is through the use of a lead carpenter system. There are plenty of books as well as seminars on this topic if you would like to learn more about it.

Another secret is dependable follow-through. When an issue arises, be sure to resolve it in a timely manner. During the project, this may include any construction problems, project changes, employee issues, punch list items, etc. After the project is completed, be sure to address warranty items in a timely fashion as well.

If you are serious about implementing a marketing process that will help you achieve outstanding 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 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.