

Les Cunningham at Business Networks

PREPARING FOR

CONSTRUCTION SUCCESS IN 2015

**A PROBLEM-SOLVING RESOURCE FOR
RESTORATION AND REMODELING COMPANIES!**



“I have worked with Les for over 10 years. His network and discipline has been invaluable in helping our business grow and be successful. On top of this he is a gentleman!” - Ras Fenger - President, Disaster One, Inc.



Table of Contents

<u>3</u>	<u>Letter from the author</u>
<u>4</u>	<u>Three Important Reasons to Budget in 2015</u>
<u>8</u>	<u>Defining Value</u>
<u>10</u>	<u>Don't Rush Recovery</u>
<u>12</u>	<u>Daily Four</u>
<u>13</u>	<u>Grow Your Business, Shrink Your Stress</u>
<u>17</u>	<u>In the Air and On the Ground</u>
<u>21</u>	<u>Growth: How to Expand Without Exploding</u>
<u>26</u>	<u>Handling Disgruntled Clients</u>
<u>28</u>	<u>The Importance of GPS</u>
<u>31</u>	<u>Meet the Author</u>

Letter from the author



Contractors are very smart, especially when they honestly share with each other.

I've had the opportunity to work with a lot of very smart contractors over a lot of years. They are capable of doing anything they put their minds together on, much like the Borg in Star Trek. The information contained in these chapters is the product of many minds coming together to solve issues and move on! The key is that this knowledge gave them the answers that they needed. Hopefully you will find it as helpful to you as it was to them!

Les Cunningham

Three Important Reasons

Three Important Reasons to Budget in 2015

Reason No. 1

The first reason is because a lot of you did not do a budget for this year and maybe not for all of the previous years that you have ever been in business! So, as a first step, let's admit to yourself and to your company that you haven't done as good a budgeting job as you should have done in past years.

The next step to take is to explain why a budget is important to both your success and the company's success. When you run a company, the owner of all people knows that the company must do what has been estimated on a job or it stands a good chance of not making the needed profit. We also know that most of the jobs that the company does do not come in at the profitability that they were bid at. In addition to that, the amount of the differences varies a great deal.

Most of the expenses in business are fixed or can be fixed - if the company works at it. As we know, the biggest variable in a job is usually the cost of labor. That being the case, when the job is estimated in Xactimate for example, it tells everyone how many hours have been estimated to do the job, the cost of material allocated to complete the job, what the subs will cost and any other oddball item that is required to do the job as estimated. So every estimate has budgets for each phase by room needed to complete the job.

As an owner, aren't you expecting the estimator to bring the estimate in just like they estimated it? I can assure you that if each of your jobs comes in on budget, you will be a much better company in the future than you have ever been in the past. So let's take this logic

and apply it to your past performance regarding not operating with a budget, you will be a much better company in the future than you have ever been in the past. It means that you will have to admit to your company and yourself that you will be expecting improved performance from them and they can expect the same from you.

Reason No. 2

Involve the rest of your team leaders into setting the budgets for their portion of the company that they are going to be responsible for in 2015.

The most important part of being a leader

is to get each of your team members buy in as to what you expect and need from them. The key is that they have to agree with you as to what you expect them to do. It must be prior to setting the budget and they must see it as a task that they can achieve through their efforts. They can get others to help assist them, but they need to own it and take responsibility for achieving the goal that they bought into.

"When it's small, it's easy to put your arms around the trunk of the tree and clasp your hands together. As the tree grows, you reach a point when you can no longer clasp your hands together..."

When you first started the company, you did all of the tasks, because you had the time to do it and you were therefore capable of doing the work without help. As the company grows, it's kind of like a tree growing. When it's small, it's easy to put your arms around the trunk of the

tree and clasp your hands together. As the tree grows, you reach a point when you can no longer clasp your hands together around it. Unfortunately, a lot of owners still think they can do what they did earlier in the growth of the company and do not want to admit to themselves or to others that they are not able to do the job as it needs to be done now. A leader who admits that their team member can do the job better than they can is an enlightened and successful leader that can look forward to having responsible help to assist them in growing the company.



Reason No. 3

The third reason for preparing an annual budget is to plan for what you and your team will be held accountable for and responsible for in the next year.

In order to run a successful and profitable company, you need a team that you can count on, so as to allow you to work on the business while they work in the business. As you grow the company, it has a lot of the characteristics of a snowball rolling downhill. Someone has to be working on the business and keep it heading and growing in the correct direction. If you do not do this, the snowball will venture off course and break apart. As a company is progressing, the owner

"Someone has to be working on the business and keep it heading and growing in the correct direction. If you do not do this, the snowball will venture off course and break apart."

is usually not capable of doing all of the functions necessary to keep the company successful and profitable. Using the budgeting process, you know what your team members are responsible for and, more importantly, they know what they are responsible for. As their leader, it becomes your responsibility to help them and coach them

to achieve the goals that they have committed to and know that they are responsible to complete. Indeed, they will feel that they have "skin in the game."



Chapter 2

Defining Value

What Does Value Look Like?

Evaluating the Definition of Value

Potential clients are always looking for the highest cost-versus-value ratio on their remodeling projects. You need to be sure that your price meets their idea of value. Include questions on your lead sheet that will help you evaluate a potential client's definition of value.



To make the analysis easier, you can assign positive or negative points to each question. For example, list types of projects from your most profitable to your least profitable, and assign point values based on the jobs you would prefer to accept.

Add points if your clients have lived in their house for more than six years, if they have been thinking about their remodeling project for a year or more, or if they are realistic about the investment the project will require. Subtract points if they are shopping the bid to other contractors.

Ask These Questions

To help you determine the potential client's view on value, you should ask these questions:

- Does the project fit the house and the neighborhood?
- Is the owner improving the house for use as a rental property or for their own use?
- Does the house have enough equity to support the project?
- Has the owner lived in the house long enough to know what they want?
- Does the potential client value the experience and the time your company will spend on the project, as well as the value the project will provide them over the years they plan to remain in the house?
- Are they willing to spend the time on the details and planning?
- What do they expect from their remodeling contractor



Asking these questions will allow you to provide the value your clients are looking for, as well as increase your close rate and decrease time wasted on clients who have a value system that does not match your firm's services.

Chapter 3

Don't Rush Recovery

Have You Hit the Bottom of the Downturn?

Market Indicators



Q: What indicators will tell you if you've hit the bottom of the downturn in your market?

A: The simplest way to know when things are going from bad to good is to analyze your numbers, not anyone else's numbers.



"WE'VE EXPERIENCED SOMETHING OF A RECESSION,

The best way to start is for you to remember what happened as things went downhill for you. Do not do this just from memory. If you do, you may not get an accurate answer because your memory can be inaccurate. Start by following the money — do a little research with your numbers and see what your indicators were.

A List of Nine Indicators

To help you with this, here is a list of nine indicators that some of my clients noticed when there was a downturn in their local market. My clients tell me that they began to notice some of the indicators as they were completing the last projects in their backlog.

1. Leads began to decrease.
2. Potential job size began to decrease.
3. Close rates of leads to sales began to decrease rapidly and significantly.
4. Competitors — some of them good companies — began to bid below what these remodelers knew it would cost to build a project.
5. Clients began canceling projects at the design stage.
6. The remodelers had to find ways to keep their crews busy by having them clean the shop, etc. If they could not, they considered cutting hours.
7. Existing clients were taking longer than usual to pay the remodeler.
8. The remodelers had to work with subcontractors and vendors to update and change payment schedules.
9. The remodelers began evaluating staff performance to decide on potential layoffs.

So, if the above nine indicators were precursors to the downturn, then it would follow that the reversal of these nine items would indicate that you have reached the bottom of your market and you can expect things to get better.

Many remodelers I've spoken to are overly optimistic. They see a change in one indicator and automatically think that they are back on track, and they begin to return to business as usual. However, I would advise everyone to be cautious. Be conservative when it comes to re-hiring laid-off employees. Do not make any major changes in your business until you see several of the indicators change.

Daily Four

Four Questions For Team Members

Four Questions For Team Members

When you're running a remodeling company, it's easy to get bogged down in the details of each job. However, every staff member should be aware of the bigger picture and realize that they are working toward a goal. To stay focused, there are four questions team members should know the answers to every day:

- 1. What can I do to help the company sign a profitable sale today?** This is the prime directive. Every employee must know the answer to this question every day they desire to continue in business. For each day of business, a company must sign and produce enough profitable work to cover direct and indirect daily break-even costs.
- 2. How much cash and/or credit does the company need to operate?** At every moment, you must have the cash and/or credit to pay the company's daily operating costs. These include labor (as well as the appropriate taxes for labor), materials, subcontractors, and indirect costs.
- 3. When will I be paid on my receivables?** You must set a schedule of the date and the amount that the client is going to pay you. Make sure it is in writing, and let the client know that if those payments are not made, you'll have to stop work on their project. Each draw amount will fund the next amount of scheduled work, including your profit and overhead.
- 4. When do I pay my payables?** You should pay the percentage of costs of the job shortly after you have been paid for the job. Specifically, within five days or less, preferably by Thursday of the week you collect your draw.



Chapter 5

Grow Your Business

Grow Your Business, Shrink Your Stress

How to Grow Without Adding Stress

It seems that the current trend in the industry is to grow one's business by opening an additional office in another town, the logic being that if your existing office is doing \$1 million, then opening a second office will bring in an additional \$1 million.

Uh huh. Having watched this process occur over and over, it appears that most of the time, it doesn't quite go that way. Actually, what seems to happen most of the time is:

- The owner starts working more hours.
- The owner starts spending more time at the new location.
- The owner starts spending less time at the first location.
- The first location starts to lose direction, momentum and money.
- The second location has to hire some, if not all, new people.
- The second location needs additional equipment.
- The second location takes jobs at below normal pricing to get started.
- The second location starts to be a drain on the cash of the first location.
- The headaches increase at both locations.
- The risk has at least doubled for the entire company.

A restoration company needs at least 10% of its sales volume in cash to keep the company running smoothly.

A restoration company needs at least 10% of its sales volume in cash to keep the company running smoothly (I strongly suggest keeping 20% liquid). Unfortunately, most company owners believe that they will “lubricate” the new office out of their existing operation’s cash flow.

What usually happens is that both existing and new become starved for cash. It’s the equivalent of “leaning out” the economic engine to the point of starving both companies of cash, and both locations will come to a screeching stop.

Think back to the time when your business was smaller and a lot simpler to run. If you went back and analyzed it, you would find that, for the effort you were expending, you were actually making the maximum return on your efforts. This is known as the “sweet spot” in business and is the lowest stress point in a business.

Stress is a major factor that affects health. The higher the stress level, the higher the potential risk to your health. A lot of owners do not get an annual physical. As a result, they are unaware of what stress is doing to them.

When they finally do have a health issue, it’s much more serious than it would have been had they been getting regular check-ups and addressing issues as they occurred. I believe that, for the risks a working owner takes running the business and the stress being shouldered, he or she needs to earn 10% of their total sales in compensation and 10% of their total sales in net profit.

I know, you are a lot less stressed when you have what you consider to be a “comfortable” cash cushion. A word to the wise: dealing with banks, when you need money, they will not lend it to you. When you don’t need the money, they will lend you all that you care to borrow. So have the ability to borrow the cash you need before you need it.

The most stress that I see is when companies grow their volume and outrun their available cash. It's very easy to get ahead of your cash when you do not control your receivables. Where there is much less stress is when the owner grows and controls their profitability.

Let me ask you, which company you would rather have?

- A company that does \$1 million and pays you \$200,000.
- A company that does \$10 million and pays you \$200,000

A lot of owners believe volume is synonymous with intelligence, meaning that he who has the largest volume in the business is the smartest person in the business. Ego is a very necessary requirement to be successful in business; it's just as necessary to learn how to control it.



I don't know about you, but I would much rather make the same money running the former; it's easier to run a smaller company!

A lot of owners believe volume is synonymous with intelligence, meaning that he who has the largest volume in the business is the smartest person in the business. Ego is a very necessary requirement to be successful in business; it's just as necessary to learn how to control it.

For example:

A young and very aggressive Harvard MBA who had no industry experience was determined to show his business network how it was supposed to be done. He refused all help, bought the company and proceeded to add multiple additional locations around his state. His avowed goal was to grow his volume at a rapid pace.

As he grew the volume, the easy part, he quickly discovered was that insurance companies are slow to pay companies, and that he was unable to borrow enough additional money to operate the business on while he was waiting for payment. The standard bank line of credit is based on collateral and/or a percent of your receivables, usually 70% and for a term of time, usually 60 days. What he discovered was that when he needed additional money, no one was willing to loan him any. In spite of his Harvard MBA and his motivation, he ran out of money and both he and the company went bankrupt.

Example two:

A company's owners decided to grow their profitability and let volume happen out of the effort. Their prime motivation was very simple: they "wanted to be able to sleep at night." They worked constantly at every job being produced at their bid margin, believing it wasn't worth taking a job that they could not make money on. It did not go perfectly, but it did go forward and upward. They have quadrupled their volume at their desired profit margin. They have also saved a sizeable amount of money and are able to build a new building this year.

What am I trying to tell you? You need to grow your profitability first, your volume second and your ego third.

In the Air and On the Ground

Different Businesses, Similar Goals

I spent 20 years working as a commercial airline pilot at the same time I ran my own construction company. I would drive to the airport from my office, actively empty my mind of my company's business, and fill it with what I needed to know and do to fly the aircraft as safely and as efficiently as possible.

As a result, I was constantly comparing the ways each business was being operated and how to get the best bang for the buck from the experience. I was able reach some very good conclusions as to the "right way" to run both businesses.

As the owner of my own company, I had the responsibility for making the company successful for whatever profit I could generate. When I functioned as a pilot, I worked as a company employee who was paid by the hour.

My No. 1 responsibility as a pilot was to operate the aircraft in a safe manner, with no harm coming to anyone or anything. If I could not operate the aircraft in a safe environment, I was required to get help as soon as possible.

To be able to operate the aircraft safely, I had to be trained to a specific level of ability and knowledge, and then I had to be regularly tested to ensure I was constantly operating at the required level. The training was regular, conducted in realistic situations, and always helped me get better.



I knew what was expected of me, and I attempted to fly the perfect flight every time I was in the air. You guessed it: I never achieved the perfect flight, but I never lost sight of the need to keep trying to reach my goal.

Compare the way your company runs to the way a commercial airline runs. I get the opportunity to travel and work with a lot of restoration companies, those in good shape and those working hard at improving.

One common trait is that employees feel they are not told enough of what is going on in their company. They want to know more so they can be more effective in their jobs.

A lot of owners, when asked why they don't keep their employees informed, get very frustrated. But when they realize it is not a complaint about their management skills, they begin to realize that it is actually an opportunity to help move the company to the next level.

When the entire team knows what is required, they go to work striving to do the best job they possibly can.

Today's economic situation is the toughest business environment I have ever been involved in. If you have been following the homebuilding and the remodeling industries, believe it or not but they both have it much worse than the restoration industry.

I would hasten to add that the current restoration economy could get worse than it already is, and it could do so very quickly. What I would have you do is look at your existing company and see where and how it might be improved.

I believe the smartest people in the restoration industry are the contractors who compare notes with other contractors regarding "best practices." That said, you must be very sure that you are getting factual answers to your questions.

Some contractors have a tendency to fudge things the further away they get from their place of business. In fact, the further they get from their business, the higher the amount of money they are making and the better their company is operating.

Let's compare workflows:

Compare Workflows of Restoration Company and Airline

1. The contractor and the airline have to brand the company and make the public aware of what it does. Your goal is to convince potential customers that you will treat them fairly, safely and return them to their pre-existing condition. Both industries do their business development along the same lines.
2. Both businesses have to keep track of and respond to all leads, bids and sales. You usually get paid after the job is completed, while the airline is paid at delivery of the ticket.
3. You prepare for the job the policyholder needs performed, assembling your equipment, people and materials and then transporting all three items to the job site. The airline does the same thing, but instead of going out and rounding up the necessary pieces, the passengers bring themselves and their luggage to the airport for transport.
4. Once you are on the job, you (usually) have the advantage of working at a fixed location. At the airport, the passenger and their belongings will be transported by aircraft from one airport to another.
5. On the jobsite, you communicate with your people electronically and physically. At the airport, the aircraft is communicated with electronically and physically on the ground, both when leaving the airport and arriving at the next.
6. Both companies have protocols that are supposed to be followed by each set of employees for their respective company from start to finish:
 - When the job is repaired and clean, you return any goods you removed back to the jobsite. The airline does the same thing in their baggage claim area.
 - Both companies sometimes have to deal with broken or missing pieces.
 - You try to deliver the job as promised and on time. So does the airline.
 - You hope that when they or their friends have a need for your services they will call you again. The airline has the same hopes regarding past clients.
 - You both start the business development process all over again, always attempting to do it better than the previous time.

Here is What I Learned:

Here is what I learned from my 20 years as a pilot employee vs. a contractor employer and what I tried to do to improve my company:

- Checklists are not a luxury, they are a requirement.
- You must have a plan as to what is supposed to be done by each and every person from start to finish.
- You must train all of your people in all of your necessary company procedures.
- You must conduct on-going training with all of your people to maintain the company level of needed proficiency.
- You must trust, but verify, that all of your people are functioning at the company desired level of needed proficiency.
- You must be constantly learning and leading your company to use correct industry trends through education.
- You must keep in mind that both you and your company are going to make mistakes. The outcome must be that whatever is done incorrectly will be corrected and made right by you and your company as soon as the mistake is discovered.
- The use of checklists, electronic communication and software allows all company members to know what is going on, how they can help to bring the work experience to a successful completion and a profitable completion.
- Learning is an on-going process that all company members need to regularly and continually participate in.
- The company must operate at a 10 percent net profit before taxes or there can be no long-term future for anyone in the company.



Chapter 7

How to Expand

Growth: How to Expand Without Exploding

How to Expand Without Exploding

I heard a great expression once from a person who is a real optimist. “I feel like a mosquito in a nudist colony!” he said. “Where do I start biting first?”

Is It Possible to Expand?

You may be asking yourself if it is possible to expand in an economy where companies are down 40 percent? Would anyone in their right mind be thinking about expanding? Forget right mind; is it possible to expand in this current marketplace? For a few brave souls, I believe it is possible, depending on your plan and your assets.

If I were interested in expanding what would be the first step? If you’ve read any of Stephen Covey’s books, you know that the first thing that you have to answer is the question of yourself, “What do I want to be?”

Let me share a story with you about one of my clients. He was ranked No. 1 in my client base and was doing very well. Life was good and he had his existing business pretty well wired. He was offered an opportunity, as he saw it, to acquire a group with five offices. The five offices as a whole were not doing well; a nice way to say it is that they were in deep stuff and they were not going to make it with their current company management.

He asked some trusted peers what they thought of the opportunity and what would they do if they were in his shoes. Most told him in no uncertain terms that it was not something he should do under any circumstances.



Well guess what; he decided to do it in spite of their sage advice. Not only did he pull it off, but he's grown the business to a level that very few thought possible. What comes to mind is a famous quote: "A true leader has the confidence to stand alone, the courage to make tough decisions and the compassion to listen to the needs of others. He does not set out to be a leader, but becomes one by the quality of his actions and the integrity of his intent."

So where do you start first? That's pretty easy: once you decide you want to grow, you will begin to see all kinds of opportunities around you.

One national company that is corporately owned started out as a small company making awnings. They continued to look for opportunities over the years and they continued to grow. As the second generation of family members joined the business they began to see opportunities, and they pursued those opportunities, one of them being insurance restoration.

The company was later purchased by a large U.S. conglomerate, sold to a large international conglomerate, then broken off and sold to a group of employees. In their last few years, they've done a larger volume in one year than the amount they paid for the entire company. They continue to

acquire new companies and open up new locations.

Just so you know that it is not a cake walk, there have also been several large scale failures. One large franchisor purchased a smaller group of companies for a reported nine-figure sum. Very shortly after the purchase, the buying company sold the acquisition for a significantly lesser amount than they paid. Needless to say, a lot of effort, time and money are expended in these efforts. The point to remember is, they are not all winners.

The System and People

What system do you need to be successful?

I can assure you that without one, you will significantly decrease your chances for success. The system needs to be rock solid so that you can keep track of all of your data and have it be immediately available to all of those that need it for their decision-making efforts.

"When I review successful companies in the industry, all of them have some variation of this system available to them."

The system needs to be composed of:

- A database to keep track of all of your leads, bids and sales.
- An estimating system with a current database maintained by an outside source.
- An accounting system that tracks both estimated and actual job costs and shows you the variances.
- A scheduling system that schedules both the estimated job and the actual job.
- An internal management system that provides feedback to all concerned in a timely manner.

When I review successful companies in

the industry, all of them have some variation of this system available to them. When they don't have it available to them, the company begins to lose money and unravel. The speed by which it unravels can be so rapid there is no way to save the company from destruction.

The People

Where do you find good people? I believe this piece of the puzzle is a harder fit than finding the money to grow the business. There are a lot of good people out there, but in order to get them interested in what you have to offer, they have to know what is in it for them.

Most owners are usually good sales and production persons, but they are lousy at administration. They not only dislike administration, they do not understand why it is so important and, worse, they simply leave it to someone who says they know how to do it.

The owner will privately admit that he does not know how to properly administer, but to hear them talk in public, you would believe they invented the concept of administration itself.

The People and Money

The People Cont.

One of the keys to getting good people to join you is to let them do what they do best, with you providing the assets they require. For example, most owners start out severely underestimating the need for proper record keeping. Owners who achieve success realize early on that proper record keeping is essential and find the right people to manage it, give them the tools they need and let them go to work.

Owners who do not succeed almost never face the true cause of their demise. If asked, they usually blame it on “dirt bag competitors” who “bid under their costs.” The irony is that most failed companies never even knew their costs, before or after their business failed.

(Note: You don't have to go out of business to be a failure. Just keep working yourself harder and harder every year and thinking that “next year will be a better year.”)

The Money

So where do you find do you find the money and how much do I need?? Well, let's list some possible sources:

Family This is usually possible, but it's not a free source of money. Even if you are not charged or you pay no interest on the money, you may not like the “family cost” of it. It seems to always be a contentious issue either for the person who's loaned the money, a person who is jealous of you because they were turned down for a family loan, or both of these reasons.

Friends. This type of loan usually has more structure to it, but not necessarily so. This type of loan does not have as close personal ties and as many years of the parties being involved with each other as families have.

Inheritance. This one is everyone's dream answer; you didn't have to do anything for the money and it has no strings attached, not to mention that donor has left the planet and you do not have to deal with them.

The Money Cont.

Lottery. This one takes some effort and a lot of luck, not to mention that you will have a lot of new friends due to the notoriety that goes with the winning of a lottery.

Operations of Questionable Legality. This is one that I would suggest that you don't even consider doing. If you get caught, you may not like your new roommate, the place that you and your new roommate will be staying, or the duration of the legally imposed length of time you may be incarcerated.

Banks. This is the most difficult place to obtain money. They expect to be paid back, they expect to make a profit on what they loan you and they are very clear as to when and what will happen if you do not meet the terms of the agreement.

They get the bulk of their information as to whether or not they will make a loan to you, from your business's Income Statement & Balance Sheet. They also want to see what you reported to your Uncle Sam and they compare the two. They look at the numbers to see if you have the correct ratios as compared to all businesses and, especially, compare you to your industry's numbers.

Net Profit From Your Business. This is the best source of money for your expansion needs, the reason being that, if you can operate a profitable

business, all of the above sources are a lot more likely to consider loaning you money. Remember, the prime reason anyone loans you money is that they know with some degree of certainty that you have the ability to pay the money back.

I would suggest that you not try to expand your business using existing cash flow, but that you have 10 percent of your proposed new total sales volume available to fund the new operation, i.e. if you want to increase your volume by \$1 million, you will have \$100,000 available to operate the new effort.

When is it time to attempt an expansion? Well, that's up to you, but assuming you have weighed the risks of loss vs. reward and you are willing to give it a shot – and some people would still suggest that you have to be a little crazy to try it – then your best opportunity, in any economic environment, is when your current business is going well and life is pretty good.

On the other hand, some people are driven to a certain degree by ego, a desire for more money or just by the next challenge, one they think only they can pull off. Again, it's up to the individual.

If you think that now is the time to expand, remember that the goal is to expand, not explode! I wish you good profits in your endeavors!

Handling Disgruntled Clients

How to Handle Disgruntled Clients

Q: How do you turn a customer around who has gotten mad at you during a long remodel?

A: The reality is you may not be able to turn them around regardless of what you do. However, you can give it your best attempt. I am assuming from your question that the job is not yet completed.



I would suggest that you take the following steps:



Step 1: Hold a meeting with your job site team to determine what remains to be done, how long it will take, and when the job will be done. Write down the results of your meeting and have everyone sign off on the list.

Step Two: Speak to your customer and explain what you've done in Step 1.

Step Three: Set up a meeting with your customer and your job site team. Review the list with the customer and them for their opinion regarding items on the list. Generate a revised list approved by your team and customer.

Step 4: Determine when the mutually agreed upon written list of items can be done with your team. Present the customer with a written and signed completion plan.

Step 5: Get the list of items done in the agreed upon time.

Step 6: Thirty days after job completion, meet with your customer. Thank them for allowing you the opportunity to be of service to them. Apologize for the fact that their project did not go as well as both of you would have liked. Then, look the customer square in the eye ask them for referrals.

Step 7: Read "The 7 Habits of Highly Effective People" by Stephen R. Covey. Commit yourself to the seven habits listed in the book. Act on them with your company and all of your future clients and I believe you will see a marked difference in all areas of your business.

The Importance of GPS

Trust is Critical in Your Business

Trust is critical in your business - you must have trust within your company in order to be successful.

Build Up Trust With Employees

It takes a long time to build up trust and it takes a New York second to lose it! I know you want to trust that all members of your company are all doing exactly what they are supposed to be doing. But still, wouldn't it be nice if there was a way to spot check that they were living up to the agreement? You, more than any other entity, are much more trusting of your people. You interviewed them, you hired them and you work with them every day.

The first time that the policy holder comes in contact with your company is when they have

just had a major jolt in their life. They probably do not know you or your company. They have a lot of different companies promising them things and they are worried about who they can and cannot trust!

The insurance company may or may not know who you are, depending on the situation. If you are new to them, they are just as concerned - if not more so - than the policy holder is. As a result of all of the intense change in the policy holder's life, the insurance company is also trying to please the policy holder and at the same time protect their investment with their client from people who are not trustworthy.



So, you come along and sign the contract to restore the policy holder to their original condition and the insurance company agrees to work with you on behalf of their client. Now, both the policy holder and the insurance company are watching you like a hawk! You've made promises to them, they want you to keep your promises and they are trusting you that you will keep your promises.

Now, enter your employees! It goes without saying that there's a very strong need for your

employees to carry out what your company has promised to do.

And that's where GPS comes in. Here are 20 ways that GPS can help you in this situation and also give you the ability to know what is happening with your employees in real time:

1. You know when they leave the company premises.
2. You know how long they took to get to the job.
3. You know what route they took.
4. You know what stops they made.
5. You know how long they were at the stop(s).
6. You know where they stopped.
7. You know what speeds they drove at and whether they were under, at or over the existing speed limit(s).
8. You know how, when and where they applied the brakes.
9. You know how many times they opened doors in their vehicle.
10. The GPS can send e-mails as to arrival and departure times to and from the job.
11. Work times can be sent to and integrated with your existing software.
12. You can know for certain whether they are working efficiently and effectively, which leads to being on time and on budget.
13. The software and its metrics can be sent to whoever you want it to be sent to in real time.
14. This becomes an extremely valuable tool as to whether or not your Employee Policies & Procedures Manual is being adhered to.

15. In today's work environment, this information is a major tool in workman's comp claims, insurance driving records and therefore insurance premium rates.
16. GPS tracks and reports the vehicle maintenance.
17. GPS documents total accountability of the vehicle and its occupants.
18. GPS makes business accountable and transparent.
19. GPS makes business easier for all concerned to understand.
20. You know that all of these actions are being tracked, keeping everyone in the heads up mode!

Let me give you three real life examples of situations where the GPS was extremely helpful in assisting and documenting situations that the company needed to be very aware of:

- A driver called in on a bad weather day that he'd just had an accident, resulting in his vehicle sliding off of a remote country road and he needed assistance quickly. With the GPS, the company was able to rapidly direct assistance to the site of the accident. The accident occurred in very low temperatures and, as a result, the driver received quick assistance. Without that quick assistance, it could have been much more threatening than it already was.
- An owner asked his employee to meet with him at 7 a.m. at the company office, before work started at 8 a.m. The employee called in to the owner at 6:30 a.m., saying that he was stuck in traffic. The employee called in again at 6:55 a.m. saying that

he was still stuck in traffic, but was closer to the office. The owner was a little frustrated and checked the GPS position of the company vehicle. Surprise, surprise - the company vehicle was still in the employee's driveway! At 7:15 a.m. the employee called in for the third time to say that he was still stuck in traffic. The owner again checked his location - the company vehicle was just down the street from the office, parked at the local doughnut shop! The owner went to the doughnut shop, asked the employee for his vehicle keys and then drove the company vehicle back to the office. The employee did not bother asking for a referral when he went looking for a new job!

- A business development associate was discovered to be parking in a parking lot at a new shopping center for five days in a row from 1 p.m. to 3 p.m. every day. There was no cell usage on the person's phone. There were no log entries in the company's CRM. When asked what the person was doing, it was discovered they were shopping at the center the car was parked at. When reminded that there were no stores yet built around the parking lot, the business development associate said that they were being discriminated against and being picked on. This person also did not ask for a reference when they began searching for a new job!

So what am I trying to say? I want you to trust your people, but for many reasons, I want you to be able to verify that all members of the company are doing what they are supposed to be doing as they are supposed to be doing it!



Les Cunningham, CGC, CR, CCR, CGRa

Les, a former owner of a construction company, was himself a member of the very first Network. He began facilitating in 1980 and developed the unique process of Peer Network Review.

EDUCATION: University of Miami with a chemistry degree. Les worked as a schoolteacher out of college in 1966. He then joined the United States Air Force completing pilot training, serving five years as a pilot in North America and Southeast Asia. After serving his tour of duty in the service, he went to work as an airline pilot in January 1971. Within two months, he began looking for something to fill up his large amounts of spare time.

EXPERIENCE: Had own remodeling company for 15 years. In July 1971, he entered the industry by starting a small remodeling company. By 1976, the company was the largest remodeler in the area, employing approximately 35 people. In 1978, the company entered the COTY Awards Competition and won Commercial Contractor of the Year. They went on to win 14 more COTY Awards totaling 15 over the next 7 years. As a result, he was able to start a local NARI Chapter, serving as its first president. At the same time, he became involved at the national level of NARI and started working on the education committee. He was involved in developing the CR & CCR programs and the Convention Seminar Programs. In 1978, Les pioneered the idea of getting together with other remodelers from non-competitive areas around the United States and was the first host of the group. That group began with Les' company and five other companies.

EXPERTISE: Numbers, software's that work for construction companies JPP/POI trainer, competent in all phases of business. Has been a facilitator for 25 years—was the original BN facilitator, and mastermind of the idea.

Phone #: 541-746-8800 & 800-525-1009

Fax #: 541-746-9517

Email: les@businessnetworks.com

WWW.BUSINESSNETWORKS.COM

