

# Michigan CONSTRUCTOR

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**INVESTING IN  
AND BUILDING  
YOUR COMPANY'S  
MARKETING MACHINE**

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# INVESTING IN AND BUILDING YOUR COMPANY'S MARKETING MACHINE



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A well-planned, well-executed and sustained marketing effort is essential to the continued viability and success of every company. This is especially true when marketing is defined in its most simplistic way as 'getting and keeping clients.'

Marketing construction services is about building relationships, not just projects. Contractors are at their best in marketing when the front-line—your project managers, superintendents, general foremen—perform exceptionally well and more-than-satisfy clients. This leads to repeat work and stronger client relationships which is the most cost-effective form of marketing.

## **Some key marketing principles**

1. Marketing is a process, not a program. It is a set of processes for creating, communicating and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.
2. Marketing is both an art and science. It is a graduate field of study that also relies heavily on intuition, insight and people behavior.
3. Marketing is a core business function like estimating, safety and construction operations that requires daily management, planning, strategy and implementation.
4. Marketing and business development/sales are not the same thing; however, the words are often used interchangeably. Marketing is the big picture where strategy is formed, client relationships are cultivated and target markets are identified. Business development/sales is the activity used to convert "suspects" into qualified prospects that will result in new client relationships and work.
5. Construction is a service business and marketing services is different from marketing a product. One key difference is the intangible nature of services which makes it much more challenging for buyers to purchase. As a result, contractors have to find ways to make their services visible and tangible. This is why firm credentials and client testimonials are so important—they provide concrete evidence to a buyer your service has worked for other people. The conduct of your business development staff during the sales process is another tangible opportunity that gives buyers a glimpse of what they can expect from your firm when services are delivered.
6. Marketing is a highly complex process—it is the umbrella for many activities involved with getting and keeping new clients. It includes the following:
  - a. Selling or business development—interacting with prospective clients (in person, via email, on the phone) to learn more about them and understand their needs to see if there is a fit with what your firm provides in the way of a service or product.
  - b. Promotion and advertisement—keeping your company's name visible in the marketplace, especially in front of your target markets, prospects and clients.
  - c. Public relations—building good will with clients, prospects and key influencers who impact your business success and ability to win new work.
  - d. Brand development—enhancing your company's reputation and image.
  - e. Positioning and market segmentation—positioning your firm among competitors for the same type of market and customer base.
  - f. Pricing—understanding the value of what you deliver and how it is special and then knowing what buyers are willing to pay so you can price your services/products accordingly.
  - g. Marketing communications—knowing your key marketing messages and how you are getting the word out about your firm i.e. company website, marketing collaterals, qualification packages, proposal responses, etc. Also includes keeping clients and prospects informed about your company and the value received.

## Buyers of services like construction want and expect your help in understanding what makes your firm unique or different.

- h. Client development—engaging in a process that allows you to leverage and build current client relationships into stronger relationships and new opportunities.
  - i. Market research—understanding economic/demographic trends and psychographic information (i.e. buying habits of specific buyer groups) and how this impacts your business today and in the future.
7. It costs 6 to 8 times more to market and sell your firm to a new customer than it does to keep a current client. Marketing involves taking proactive steps to strengthen current and past client relationships.
  8. Strategy before tactics is a must when it comes to crafting an effective marketing effort. There are many marketing tactics to choose from and the art is in knowing the right combination of tactics to use for different purposes and with different buyers and types of services/products.
  9. Everyone in your company is responsible for marketing just like they are for quality and customer service. In addition to your business development staff, estimators, accounting personnel, your receptionist, and others play a critical role in helping you market your firm.
  10. Effective marketing requires you to test and track what in the marketing mix you are using to generate leads and sales. You have to find out what is working and what is not so you don't repeat ineffective tactics that eat up your marketing budget.

### Focus on the buyer and buying process

The most effective marketing efforts focus more on the buyer and their buying decision process and less on the seller and what it is you are selling. This means you have to ask buyers

“open-ended” questions to learn more about them and their needs, their objectives for the project, and what they expect from this experience. What you learn allows you to customize your credential packages, responses to proposal requests, presentations, etc. so you are making a stronger emotional connection with the buyer.

It also means you are focused on communicating the “benefits” of your services/products to the prospective client rather than describing “features.” Often contractors tout “the extensive work experience of their project team.” This is a “feature” and to communicate the same thing as a benefit, you might say, “As the owner, you can expect total confidence and peace of mind throughout the project knowing our team has extensive work experience on this type of project.” Buyers buy benefits, not features! However, the caveat is you don't ever want to promise “benefits” you can't deliver.

To a potential buyer, most contractors appear the same since each firm delivers construction services. It is what you tell buyers about *how* you go about delivering this service that makes your business special. Here is where you will find your competitive advantage and what differentiates your firm from others. Buyers of services like construction want and expect your help in understanding what makes your firm unique or different.

### A deeper understanding of client needs, preferences and expectations

In my experience, too many contractors assume they know what is most important to each prospect or client and fail to have an in-depth conversation about their needs, preferences and expectations during the business development phase. Once this is learned, it is critical for business development to pass specific client information on to the project team during the handoff meeting along with project information. For example, if it is learned early

on an owner prefers a lot of detail and supporting documentation, it is helpful for the project manager and superintendent to come to owner meetings prepared to provide this level of detail without having to be asked for it.

The authors of the book *The Service Profit Chain* state, “In any service business you get paid for executing activities and success is measured by an ability to execute these activities in a manner that meets the client's expectations.” Historically, the construction industry has defined the client's expectations as meeting a budget, meeting a schedule and building to a certain level of quality. However, as Tarpey, Konchar and Grinnell pointed out in their presentation to the Design Build Institute of America in 2003, there is “a fourth category of client expectations that is often missed by contractors and this is the quality of experience a client has with your firm... whether or not the client articulates a positive experience as an expectation at the start of a project, it is an inherent requirement in a service business to know this and most clients will ultimately judge performance accordingly.”

What these three gentlemen suggest is certainly my conclusion after studying and working with service businesses for over 30 years. When I am asked by contractors to interview owners during or at the end of a project for their feedback, these conversations focus on the quality of the customer's experience. Rather than talking about the budget, schedule or building quality, owners spend most of the time describing how they were made to feel by the people who oversee the project—their behaviors, attitudes, quality of communication, level of trust and commitment, expertise, etc. Owners with a positive experience say things like “the contractor really made me feel important because they kept me in the loop at all times,” or “the contractor was respectful of my needs because they always asked for my input and asked if I had questions.” Owners with a negative experience say things

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like “the contractor made us feel suspicious since we were never able to get a straight answer,” or “the contractor didn’t make us feel comfortable with the process so we started to lose confidence in their abilities.” While budget, schedule and building quality are important, they become secondary to whether an owner feels they were treated well or mistreated in some way. In the end, it is the client’s perspective about how they feel that counts!

This insight has important implications for the way many contractors are currently marketing and conducting their business development activities. Usually most of the emphasis is placed on the contractor’s work experience and their ability to meet both the budget and schedule. In addition, you want to tell and demonstrate to the buyer how you will take care of them, how you will treat them, and how you will communicate with them.

### **Keeping your sales pipeline full**

One of the keys to building an effective marketing machine is keeping your sales pipeline full of qualified prospects. Cultivating qualified prospects not ready to buy your service or product today but who will have a need for what you offer farther down the road can be just as important to you as responding to an RFQ or RFP for a project starting in 60 days. Sometimes qualified prospects can stay in your pipeline for a year or longer before actual work materializes. It is up to you to continue building relationships with these prospects over time so they don’t leave before they are ready to buy. This is one of the best ways to stop the peaks and valleys so many contractors experience.

### **Developing an integrated marketing and sales plan**

While a competent contractor wouldn’t think of building or renovating a new facility without plans and

specs, I am always surprised at how many contractors choose to operate and grow their business without a written business plan or strategic plan. The same is true when it comes to having a well-crafted marketing or business development plan. Ideally an effective marketing and sales plan is coordinated with a company’s business planning goals, vision and mission. If for example a company’s business goal is to grow by 25 percent over the next two years, it is up to the marketing staff to map out the strategies and tactics that will be pursued to achieve this. Typically no one strategy or tactic by itself can accomplish marketing or business goals—rather it takes an integrated set of strategies and tactics that are carefully selected to reach your target audience and optimize results.

### **Marketing dos and don’ts in a tough economy**

Now more than ever is the time to get in front of your current and past clients, architects, owners reps, and other influencers you do business with to say hello and find out what is going on with them and their industry. Focus on building these relationships and getting introduced to more of their personnel in decision making roles. This is also a good time to get in front of new owners and architects so when new projects come up, you have already invested in the relationship. An absolute don’t in this down economy is to pull back on or curtail your marketing and business development efforts. Out-of-sight often results in out-of-mind and this is the last thing you want to do.

To conclude, when it comes to marketing, it is all about survival of the fittest. Firms with the most knowledge and understanding of both the marketing process and their buyers and those with a well-developed, fine-tuned marketing machine have the best chance of succeeding! ▀

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