

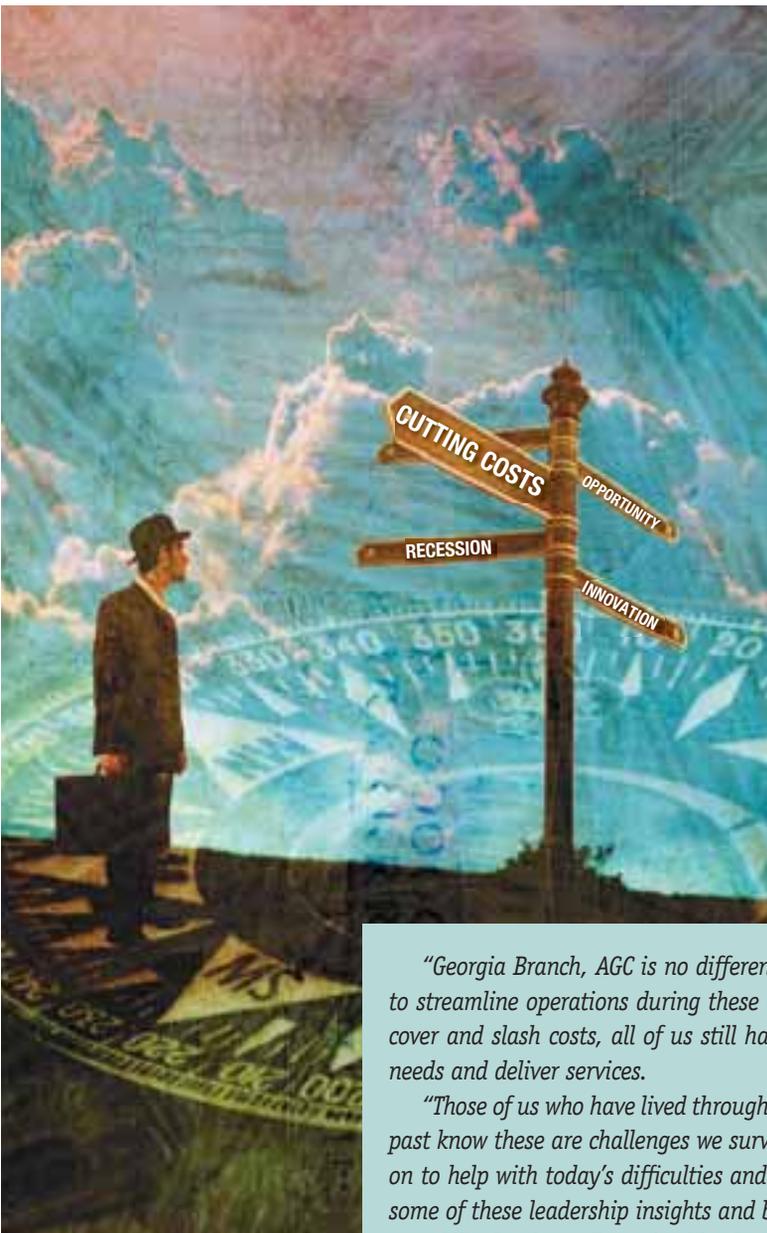
Georgia

CONSTRUCTION TODAY



Leading in Tough Economic Times

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Leading in Tough Economic Times

“Georgia Branch, AGC is no different from other business owners who are tightening the belt and looking for ways to streamline operations during these uncertain and difficult economic times. While the natural instinct is to run for cover and slash costs, all of us still have customers, or in our case, members, who want and expect us to meet their needs and deliver services.

“Those of us who have lived through other recessions and have seen demand for construction services shrink in years past know these are challenges we survived. Good times will come again and there are lessons learned we can all draw on to help with today’s difficulties and prepare our respective organizations for a better future. I am pleased to share some of these leadership insights and best business practices with you in the following article.”

– Mike Dunham, Executive Vice President, Georgia Branch, AGC

For most of us, shrinking markets, tight credit, increased competition, fear of the unknown, unprecedented change, and customers going out of business or cutting back spending spells trouble. However, entrepreneurs know turbulent times present opportunities. Finding and capitalizing on these opportunities is going to be the difference for companies who survive in the next year or two.

The 2009 industry outlook for construction cited in a recent issue of AGC of America’s *Constructor* magazine (<http://constructoragc.construction.com>) predicting steady declines in construction starts is coming to fruition. Some recovery with the government stimulus package is creating

pockets of opportunity. With a construction industry in Georgia made up primarily of small businesses employing fewer than 20 workers, it will be their entrepreneurial spirit and mindset plus an optimistic attitude that will help them as well as larger companies ride out the storm.

Under increasing pressure to deliver results as markets and budgets shrink, it is imperative for business owners and managers to exercise their leadership now more than ever. Shooting from the hip or waiting to put out the next fire will not serve you, your employees or clients well. Instead, the goal is to keep employees motivated and productive while you implement the necessary organizational

changes and new strategies that will keep your business viable for the short and long-term.

The following tips can help you sharpen your leadership skills, get a grip on your anxieties and lead with confidence. The goal is to put your organization in the best position to succeed.

Stay visible with your employees and increase their morale

Increase communication. This is not the time to hide in your office and keep to yourself. Maintain good two-way communication with your employees—know what is on their minds and let them know what is happening. Be honest and avoid keeping employees in the dark. Ask your employees for ideas to help the company. Find ways to let employees know you care. Focus on activities that build the team. Use downtime to invest in employee training so you can capitalize on and pursue new market opportunities, ie. green building construction, BIM consulting, warranty service calls, etc. Celebrate success as progress is made.

Build loyalty with excellent customer service

Focus your efforts on making personal contacts with current and past clients as well as other key influencers to strengthen relationships. Make yourself and co-workers more available for customer feedback to insure you are meeting customer needs and expectations. Train everyone in the company to be an ambassador, which is the best and least expensive form of advertising. Find ways to assure customers about your business viability and let them know what changes you are making and why, so they hear it from you first. Educate your employees about what you mean and expect when it comes to delivering great service and make sure you know how your customers define service. Identify your best clients and others you depend on for your work and put together a plan to make sure someone from your company is in front of them. Treat every client like your best client and find new ways to go the extra mile. Focus on internal customer service as well as external customer service.

Balance cost-cutting with new sources of revenue

While eliminating expenses is important, don't take cost-cutting so far that you aren't able to properly take care of customers or deliver work. Look at any unused assets or equipment and consider selling them. Assess and renegotiate vendor relationships for more competitive prices and services. Consider temporary rather than permanent employee benefit cuts to save cash flow and look at reducing hours before letting valuable, well-trained employees go. Use more independent contractors or outsourcing services to help with routine functions to lower overhead. Sit down with your insurance broker to carefully consider all options that will accomplish your objectives and your employees' objectives before decisions are made. Review spending habits and discretionary expenses for opportunities to defer or reduce cash outlays until the economy picks up. Brainstorm new service offerings that leverage your expertise or tap into what clients need and want.

Reexamine your current business plan and strategic plan

Engage in contingency planning for the next six to 12 months using best case and worst case scenarios to better prepare you for any eventualities. Update your current plans with the recession in mind. Reevaluate your business from a new point of view or perspective. Go through the exercise of running financial projections that model what happens if your revenues are less than 10 percent or more than the previous year. Clarify your priorities and refocus everyone's attention on clear business goals. Consider forming strategic alliances where it makes sense to do so. Remember to challenge your business planning assumptions and strategies. Develop a cost-cutting hierarchy. If the recession lasts longer than expected, develop a long-range plan and identify critical actions.

Strengthen marketing efforts and increase your visibility in the marketplace

Provide incentives for clients to work with you and know what it is that differentiates your firm from competitors.

Under increasing pressure to deliver results as markets and budgets shrink, it is imperative for business owners and managers to exercise their leadership now more than ever.

Fine-tune your approach to winning new work, making sure to focus on what is really important to clients. Clarify your marketing messages so they express the value of your product or service in dollars or time saved and peace of mind received rather than some other emotional value like the fact that you are an elite brand.

Secure as many satisfied client testimonials as you can to help tell your story and convey your track record to prospective new buyers of your services or products. This is the time to enhance the quality and effectiveness of your Web site to minimize the demands on a smaller staff. Don't lose sight of your niche in the marketplace and, if needed, be willing to change your niche to where the opportunities are—you can't be all things to all people. Keep your company visible—get your employees involved in a community service project. Take things back to the basics and keep it simple. Make it easy for clients to buy from you—eliminate roadblocks and obstacles.

Maintain strong industry ties and connections

Take advantage of services, programs and activities offered by Georgia Branch, AGC and other organizations you belong to. Attend regional and local conventions and conferences to keep up-to-date on business and construction trends, best practices and new opportunities to

help you develop new business strategies. If you haven't attended a national industry meeting, add one to your calendar this year. Consider volunteering your time and service to a construction-related association as an opportunity to "give back" to the industry that has supported your business, an idea championed by Doug Davidson, Georgia Branch, AGC 2008-09 President in his message on page 6. Volunteer to teach a class, underwrite or sponsor a seminar, mentor a student or intern entering the construction field, or serve on a task force or Board to lend your expertise and talents.

Focus on quality

Although quality is always a priority, when it comes to tough financial times, make sure the right work is done right the first time to minimize the cost and use of finite resources for rework. Establish zero punch list goals and guidelines to make sure projects are completed with the most favorable impression possible—avoid outstanding items that go on and on. Review your quality assurance practices to insure a consistent, technically accurate and positive customer experience that leads to repeat work opportunities and word of mouth referrals. Caution against cutting expenses leading to a reduction in quality or you will hurt your marketing efforts.

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Sharpen and streamline your operational strategies

Open up communications with your creditors to insure no surprises. Consider preparing a rolling 12-month forecast. Know the contract owner's financing situation. Know your contract rights for ceasing work and implement zero-tolerance policies. General contractors need to qualify specialty contractors very carefully. Specialty contractors need to be proactive in helping general contractors win work and minimize risk. Closely analyze and tighten your internal controls. Manage your overhead costs tightly. Manage equity carefully. Safeguard precious working capital. Tighten receivables management and develop zero-tolerance practices for lien filings. Strengthen existing company infrastructure to insure the systems and processes are in place to support a growing business when times get better. Be diligent in managing your resources, making sure everyone is spending their time and energy on agreed to priorities. Hold everyone, including you, accountable for what gets done and how it gets done. Conduct a "barriers to productivity" survey to find out what's keeping your employees from working as productively as they can. Tap into new ways to build projects and deliver your services and products better, cheaper and faster.

Some comfort can be found in the article "Marketing Strategies for Tough Economic Times" by Brian Clark,



where he cites the example of the entire cosmetics industry born in the depths of the Great Depression. It seems that offering women a little inexpensive luxury during difficult times made the people who sold lipstick, rouge and eye makeup extremely wealthy. While this example doesn't provide a solution to those of us trying to survive today, it does offer up the possibility that if we are willing to dig deep within ourselves, take the time to plan and spend time with our customers and employees to generate new ideas, we might find an opportunity we wouldn't have found otherwise.

Your employees and customers are counting on you to lead them wisely in the months and years ahead. Turbulent, tough economic times call for great leadership! This is your opportunity to rise to the occasion. ■

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