

So...What Next?

FMI's Gregg Schoppman (below) Explains Why Getting Back To What Your Company Does Best Is The Best Course Of Action For Recovery



Figures from FMI Management Consulting tell an optimistic tale about the construction industry, in some ways. While recovery will be slow, the market shock is over for the most part and the credit lifeblood that rapidly disappeared from the industry is coming back for contractors who have made a name for themselves.

So why isn't anybody turning cartwheels?

FMI Senior Consultant Gregg Schoppman's keynote presentation at the Builders Association's Fall Meeting, "After The Storm," covered some of these topics and outlined what contractors can do to best position themselves for future success.

Mixing humor and tough love into an hour-long presentation, Schoppman went through a series of numbers from recent FMI surveys and what they mean to contractors. According to an FMI surety survey, 62 percent of those interviewed expect market conditions to improve in the first half of 2011.

"There are people who have found ways to differentiate and made it work, so you have options," Schoppman told a crowd of

over 100 Builders Association members. "You can get all the work you want, but what are you willing to do to secure that higher-end work, the kind of jobs that built your company and can allow you to do those other projects?"

"There are a lot of great contractors in here, but when times get tough, people are quick to discard the practices that got them to be profitable in the first place. To prosper in a market like this, you need discipline."

As customers play hard-to-get for most of the industry, keeping the customers you've got should be a main focus. Schoppman indicated that means learning how to solicit honest responses from customers and knowing what to do with the information you receive.

He also pointed out the importance of getting your project teams involved in the process by providing:

- Cost feedback to estimators
- Information on your competition
- Intelligence on customers and potential customers
- Help with strategic business development

"You have to trust the team you have and you have to trust what got you to this

point," Schoppman stated. "You wouldn't be sitting in this room now if you weren't doing something right. Why not try to build on that and focus on that rather than the things you screwed up?"

"When you're describing the strengths of your business, don't say 'our people.' Everybody has good people. Try to build on what makes you different from your competition."

Schoppman's presentation listed five realities for today's contractor:

- There are always contractors making money
- Companies trend independent of the market
- Following the crowd is a sure fire way to lose money
- Your firm is perfectly designed to get your current results
- Activity does not equal business development

"You have to be positive," he said. "There are plenty of people who are still making money."

"We're seeing backlogs get better. The industry needs a renewed focus on relationships and execution. Work with what you've got, and execute flawlessly."



Over 100 Builders Association members attended the Fall Meeting, which took place at the Doubletree in Oak Brook.

**Construction Put in Place
Estimated for The United States**

Millions of Current Dollars
2nd Quarter 2009

	2007	2008	2009	2010	2011	2012	2013
RESIDENTIAL BUILDINGS							
Single Family	306,972	186,111	132,139	125,532	144,362	161,685	177,854
Multi Family	49,997	50,117	42,599	43,025	46,037	49,260	53,201
Improvements*	142,682	127,126	118,227	121,774	126,645	130,444	134,358
Total Residential	499,650	363,354	292,965	290,331	317,044	341,389	365,412
NONRESIDENTIAL BUILDINGS							
Lodging	28,728	36,668	25,668	16,684	17,351	18,219	19,494
Office	64,731	72,195	56,312	42,234	40,545	42,167	44,696
Commercial	88,777	85,244	63,081	44,787	42,100	44,626	47,750
Health Care	42,882	46,650	43,851	42,974	43,189	47,508	52,734
Educational	96,348	104,177	95,843	93,926	99,562	107,526	118,279
Religious	7,447	7,105	6,039	5,254	5,359	5,520	5,686
Public Safety	9,899	12,522	12,021	11,660	12,010	12,491	13,115
Amusement and Recreation	21,719	22,794	19,375	15,694	16,008	16,648	17,314
Transportation	32,420	35,110	33,003	33,994	36,033	38,195	40,869
Communication	27,040	24,895	16,182	14,725	15,314	16,080	17,045
Manufacturing	42,644	63,689	66,237	43,054	35,735	37,164	38,651
Total Nonresidential Buildings	462,635	511,049	437,611	364,986	363,206	386,143	415,632
NONBUILDING STRUCTURES							
Power	53,371	71,304	75,582	78,606	85,680	94,248	104,615
Highway and Street	76,021	80,479	83,698	87,046	91,398	96,882	102,695
Sewage and Waste Disposal	24,665	25,675	26,189	27,498	29,698	31,777	34,001
Water Supply	15,583	16,906	17,244	17,934	19,010	20,341	21,561
Conservation and Development	5,226	5,325	5,591	6,150	6,704	7,039	7,321
Total Nonbuilding Structures	174,866	199,689	208,304	217,234	232,490	250,287	270,193
Total Put in Place	1,137,151	1,074,092	938,881	872,551	912,739	977,819	1,051,237

*Improvements include additions, alterations and major replacements. It does not include maintenance and repairs.

Source: FMI Corporation



CONSTRUCTION MANAGERS & GENERAL CONTRACTORS SINCE 1922.



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