



Business Development: Succeed in a Recession

By Lindsay Minard

“The goal of business development is to gather as much information possible at the earliest opportunity so a company can prepare a strategy and staff and develop relationships that will support your company as it works to acquire a project,” Dennis Darling, Clark Construction Group, LLC.

Successful construction firms do not discard their marketing and business development efforts in a recession; they amend them. You still have to study your target market, understand your clients’ needs, answer those needs, provide the best service, nurture the relationship and stay on top of changes in the game. In a recession, you simply do all of this with greater accuracy and strength; that is where market share is gained. It is certainly no time to duck and cover.

Our industry was living high on the hog and got blindsided by the sharp and fast downturn in the economy. Executives are being forced to look in the mirror for the first time in a long time and for many, the image staring back is a bit fat around the edges and in no shape to face the recession being dubbed the worst since the Great Depression.

“When things were good we took it for granted. The work was plentiful and business development was often an afterthought. If we had all applied the same level of business development initiatives that we currently use during the good times, we would likely be even better off today,” contemplates Bill Strack, COO of Henderson, Inc. “Our philosophy has changed from focusing on profit to focusing on protecting our resources for the next 12 to 24 months,” continues Strack.

It is time for business to work with the cards dealt. A wise company’s business development initiatives ebb and flow with the market and in today’s economic climate that means bringing your

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L.F. Jennings, Inc.*

“A” game and exhausting all resources. “It is a question of sweat equity. Companies need to do their homework and work to understand the opportunities of a particular group,” affirms James Regan, director of the Procurement Technical Assistance Program sponsored by the Defense Logistics Agency at the George Mason University School of Public Policy Mason Enterprise Center.

Commercial construction firms are in uncharted territory, but sticking to what they do best and making it work in the context of the situation is still the answer. The bottom line is in fact, the bottom line. Business development’s ultimate goal is to figure out how to gain profitable business. “It is not too late to gear your business in a positive direction. The economy will turn around and the focus needs to be on stopping the hemorrhaging now and preparing for the future,” asserts David Fuller, manager of business services at the Virginia Department of Business Assistance.

It is time to get back on the treadmill. Look at the sectors your company does work in and focus your energy on the ones that are still showing signs of life. Be smart. Be strategic. Be relentless. “The number one thing companies have to do is look at the market segments they do work in and decide which ones are not being decimated and focus their resources there,” discusses Bill Dean, president of M.C. Dean, Inc.

Stick to What You Know

Forbes magazine named Virginia the number one business-friendly state in the nation for the third consecutive year in 2008. That is promising, but in today’s climate, that may simply mean even more competition pouring in to what is already becoming a fight-to-the-death market.

A lot of companies are very tempted to dramatically shift gears and attempt to break

into the public sector for the first time. Government contracting is lucrative and there are some companies that are poised to take advantage of those opportunities; however, moving into a new market segment that your business is grossly unfamiliar with should be done with caution and looked at as a long-term strategy. Companies will have to learn the nuances of the public sector and work hard to become established. Once established, it would be wise to develop a permanent government contracting group within your company.

“It is a very competitive market. Companies have to be highly strategic and stick to their knitting; the government is not going to get mixed up with people that do not have past performance in the type of work they are looking for. If you are a school builder, stick to that in the federal market; do not try to renovate a pier for the Navy because it is a low-bid job. That is the quickest way to go under. If the only work is federal, do what you have to do, but stick with what you know,” states Dean.

Company portfolios for many in the industry focus almost entirely in the commercial market. This fact has prompted the hasty adjustments we are seeing as the government continues to be the only entity spending money. With a portfolio that boasts 90 to 95 percent negotiated private work, L.F. Jennings, Inc. falls into this category; and yet they are not currently pursuing federal government work. While it may seem like a severe case of denial, for L.F. Jennings it is a case of self-recognition and acceptance, coupled with a strategic plan. “We have a collaborative mentality working with owners, tenants and consultants to solve problems and be proactive; we simply are not a hard bid federal contractor,” affirms Mike Killelea, vice president of business development. “Our approach is to stay focused and stick to what we do best. I said we are not currently pursuing federal work, but

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ECS Mid-Atlantic, LLC*

we are pursuing work around the federal work. There are opportunities that, while not directly federally funded, are a result of federal spending. We have and continue to target projects that are the beneficiaries of the BRAC and or TARP monies,” explains Killelea.

The concept of sticking to what you do best may not be as easy to carry out as it was a year ago; but staying true to core competencies and figuring out how to make them work in this market, is still the best way to beat the competition.

Be Flexible

“Now is not exactly the best time to approach a new market, but on the other hand now is the time you can devote to finding new markets and sharpening your skills to penetrate them. A lot of companies are expanding their own market reach and looking to do things they have not done before,” suggests Fuller.

The competition is greater, the pie is smaller and more companies are looking at work that they would have avoided in the past. Many companies will essentially broaden their portfolios; successful companies are looking at a wider variety of opportunities and have an entirely new sense of being open-minded.

“We have ramped up our competitive bid process, doing one or two bids a week versus a month. We are looking for ways to expand the opportunities because the hit ratio is around 10 percent or less. We are also doing projects we would not have considered before; smaller projects to keep people on the payroll,” explains Strack.

Companies that previously dabbled in government work, are now jumping head first into federal initiatives; “Sometimes we are 70 percent commercial, 30 percent federal; right now we are 70 percent federal and snuggling up to our top tier federal clients,” says Dean.

And for those businesses that have never done government work? “My recommendation is to start with your local procurement technical assistance center. They are postured to help companies with the basics. Usually the biggest concern is contract management; making sure the ‘Ts’ are crossed and the ‘Is’ are dotted. We help companies explore the opportunities the federal government provides,” explains Regan. “Teaming agreements, subcontracting, certifications, registrations and proper relationships are all a part of the game.”

“I think if you can joint venture with a company that has federal experience it would be helpful; it is not the easiest market to break into,” states Dennis Darling, Clark Construction Group, LLC.

Companies that have not considered joint ventures, teaming, sub-prime partnerships, public-private partnerships or subcontracting need to take a second look. Outsmarting the market and targeting clients may take a team effort, as a competitor in one market becomes an ally in another; “Working with a competitor is a difficult concept for young owners to understand, but the smart guys embrace it,” says Fuller.

Having the flexibility to learn new skills and grow internal talents is also a focus. No matter how strong of a business development program you have, if your firm is not ready to build green, you will miss opportunities in both the private and public markets. “We have invested and continue to invest in our people. We have a solid core of very talented employees and now we are investing in them by getting them LEED accredited, caught up on their safety certifications and providing opportunities for continuing education. Our employees are our greatest asset and by reinvesting in our people we are working to make our business stronger,” said Killelea.

Nurture the Relationship-Get Out of the House

Relationships

As commercial construction firms reinvigorate the focus on old relationships and strategically target new ones, customer service is on a major upswing.

“There is a much greater sense of urgency in maintaining and developing relationships. Companies are renewing old relationships with a lot of energy and taking advantage of every potential opportunity. Now companies are touching base regularly and keeping the doors of communication open,” explains Killelea.

The business relationships a company should target are not going to require a lot of monetary expenditure; clients will be pleasantly pleased with extra attention. “Visit them, call them, email them, invite them to a sporting event here or there; keeping your clients close will pay off eventually. Now is not the time to cut business development dollars, but rather be smart about using them; instead of three client lunches a week, cut back to one and be more discretionary about who you are

taking out,” suggests Tracy Allen, vice president, corporate director of marketing at ECS Mid-Atlantic, LLC.

It might be hard to conceive, but the economy will turn around, and when it does, the nurtured relationships will emerge even stronger. For those businesses that have never taken a relationship for granted, pat yourselves on the back, it is sure to pay off now and in the near future. “We are loyal to our suppliers because it suits our purpose. It is not blind loyalty though. I do not need surprises in the middle of a recession; I do not need a million dollar problem coming out of nowhere,” contemplates Dean.

Networking

A standard in both the private and public sectors is the magnitude of networking. “Targeting the government is about good market research, smart business development and networking; 85 percent of things happen because of networking,” confirms Regan.

Networking is more important than ever before. Companies need to stop worrying about the networking budget and use the extra time the market has given them to be innovative and stage an all out grassroots promotional effort. “Employees should be walking billboards for their companies. If a company is out and about and the competition is not, when it comes to finding a consultant they are going to remember you,” expresses Allen.

The single most important aspect of targeting an existing or new market today

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is simply being seen. Appearances matter and while you might have an awful case of nerves, it is time for the team to put on their game face. "We are getting our project managers' and preconstruction managers out to various industry association functions generating more opportunities to touch potential clients. We are encouraging our employees to get active and we are not cutting back on networking," explains Killelea.

Smart networking gives your company more chances to build relationships and advocate your business. "Forming alliances and relationships is the only way to get other people advocating your business. Use your workforce; everyone on staff should be doing business development. It is not a one person job," states Strack.

Conclusion

"There are business development practices that should always be in place. At the top of the list is never forgetting who the customer is and by whatever means necessary, pleasing them. Next is learning from the competition and not just sitting on your hands worrying; and lastly, advertising your expertise as a mentor, advisor or amateur writer; be the wisest council available," advises Fuller.

Across the industry there are many hard lessons being learned; two big ones being the significance of optimum business performance *at all times* and market diversification.

"We have always done federal work but are learning now we should have probably spread our eggs out a bit more. We are ramping up our federal program now and have developed an internal arm that strictly does government work; we are going to stick with it when things turnaround as well," says Strack.

Success at targeting respective markets in this economic climate comes down to ingenuity and hard work. For the companies that have to break into a new market, the situation is not ideal, but doable; and for the companies that have dabbled in the public market, opportunities are on the other side of smart networking and a flexible portfolio.

"Businesses are now being forced to make changes they likely should have in the past.

When we come out on the other side of this, we will have a stronger business community. For that reason we are optimistic. Sure it can get worse, but we are all in the same boat," discusses Strack.

As companies venture into new markets, their targets are also shopping around. On the list is stability, quality past performances and low prices; and that is where the targeting begins.

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