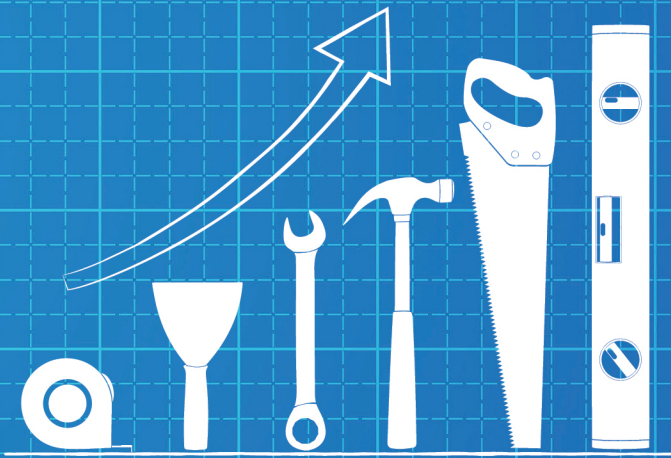


BUILD LIKE THE BIG PRIMES



A Contractor's Guide to Building Your
Business While Balancing Your Life

MICHAEL RIEGEL

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Business While Balancing Your Life**

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CONTENTS

Preface	vii
Chapter 1: Is This Book For Me?	1
Chapter 2: My Nomadic Career: Collecting Personal And Professional Tools	15
Chapter 3: The <i>Build Like The Big Primes</i> System: An Overview	35
Chapter 4: Your Finance Tools: Making Money Is Only The Start	47
Chapter 5: Your Operations Tools: The Nuts And Bolts Of Running The Business. .	71
Chapter 6: Your Communications Tools: Relationship Building, One Conversation At A Time	87
Chapter 7: Your Personal Branding Tools: Put Your Best Foot Forward	109
Chapter 8: Your Marketing Tools: Put Yourself Into The Marketplace	125

Chapter 9: Your Human Resources Tools:
 Take a People-First Approach. 153

Chapter 10: Coaching, Mentoring, And Consulting:
 Don't Go It Alone 177

Chapter 11: Work-Life Balance:
 You're More Than Just Your Business 201

Afterword. 213

Appendix 219

 Acknowledgments 219

 About The Author 223

CHAPTER 1

Is This Book For Me?



The landscape of public works construction is ever evolving, and many private companies are now beginning to take on the look and feel of a public agency, particularly from the perspective of supplier diversity and inclusion. In the industries I have worked in—construction, engineering, consulting, and utilities—there is increasing interest and pressure to provide opportunities for smaller companies that may not have the experience or financial resources to pursue major projects.

In many public agencies, small or medium-sized projects can be valued at \$10 million+, far beyond the reach of many small businesses. The sheer size of the projects put them out of the reach of growing and emerging companies. However, public agencies as well as local, state and federal policy makers have made a concerted effort to promote the benefits of greater diversity. As a result, the implementation of diversity goals provides opportunities for companies that would ordinarily be shut out of real opportunities for growth. So, if you are reading this and realize you routinely interact with larger contractors, builders, or designers, there is something in here for you. If you are trying to figure out what tools you need to promote and foster the growth of your company, this book will provide you with practical tools and tips to help you achieve your goals. If you are trying to figure out ways to tighten up your operation or interact with clients more efficiently, they are in here. We have all heard the adage “work smarter, not harder”; this book will help you learn how to do just that without having to make all the mistakes first.

Why Did You Start A Business And Become A Small Business Owner?

This is a central question I ask my clients, and they often don't have a clear answer. For some, they were working for someone else, and after hearing enough times that all their hard work was putting profits in someone else's pocket, they decided to hang their own shingle and be the boss. For others, the business was inherited

from a parent or other relative, whether or not the recipient actually had the background or technical expertise required to take over the business. There are dozens of reasons why people become entrepreneurs in the construction industry. If you are one of those entrepreneurs, I encourage you to really think about what it was that sparked your passion to be a business owner. Why? Because owning a business is not easy.

Too often, people are encouraged to start a business by friends or colleagues who may not really understand what it takes to succeed in our industry, or any industry. We would all appreciate a little less BS and a little more honesty—someone willing to put an arm around your shoulder and whisper the truth in your ear. The feeling I hope you get from reading this book is that of a reassuring *and* honest arm falling across your shoulder, and that you hear the truth about your business and the tools you will need.

The first bit of straight talk is that owning a business is harder and more complex than you imagined. The second is that it's not for people who are apathetic, inattentive, or lazy. The third is that, as a small business owner, your personal and professional lives are inextricably linked. It's like one of those novelty shop gifts where the more you try to untie the knot, the tighter it becomes someplace else. Separating the personal and professional is virtually impossible. This gets to the heart of creating some balance in your life. Small business owners never run out of things to do in the

business and, without boundaries, it can take over your life, your family, and any kind of free time. The personal qualities that led you to start a business can also create tunnel vision and a loss of overall perspective.

For a while, you will be the proverbial chief cook and bottle washer, taking care of everything from writing proposals and creating estimates and schedules to preparing payrolls and regular bookkeeping, ordering supplies, and supervising staff, consultants, and field crews. Sounds like a lot of fun, right? As an emerging or growing enterprise, you may not have the latitude yet to bring in professionals to help run your business, so the best you can do is keep as many of the balls in the air as is humanly possible while you figure out some down time to recharge your batteries. As Jack Nicholson's character Jack Torrance famously typed over and over and over again in *The Shining*, "All work and no play makes Jack a dull boy." Working yourself to the point of exhaustion or frustration will not be good for you, your company, your employees, your clients, your family, your friends, or your projects.

This book is filled with stories, examples, quotes, and straight talk about how to manage your business and your life that others may not be willing to tell you directly.

Work On Your Business, Not In Your Business

My clients often tell me that, as owners, they feel they have to be involved all day, every day in every activity. This is frequently called “getting in the weeds” and the danger of getting too far into the weeds is that you can lose perspective and awareness of where you are headed. It is important to recognize when that perspective is getting a little fuzzy and you may be focusing on the individual tree instead of the forest. I subscribe to the theory that it is important to distinguish between *need to haves* and *nice to haves*. Essentially, prioritize activities and address the most pressing first, or sometimes the least challenging, to just get it done and out of the way. Throughout this book, I talk about the team of professionals you need around you to be successful, whether you are a specialty contractor, aspiring general contractor, construction manager, or trade contractor. Let me give you an example.



Jane owns a masonry and concrete company and works primarily with public agencies. Her firm does high-quality work and frequently performs as a subcontractor, helping meet compliance goals for various projects. Her firm is a certified woman-owned business (WBE is the certification designation and stands for Woman Business Enterprise) and is highly sought after by her clients. She has a project for which she is having difficulty getting paid in a timely manner. When I dug into the situation with her, she shared



that she signed her contract without a lawyer's review, and the payment terms were advantageous to the prime contractor—with no guarantees for her. She had a lawyer help her incorporate her business, but she did not see the value in spending \$1,000 for a review of a contract that would yield over \$100,000 in profit.

Jane took a position that was “penny wise but pound foolish.” In other words, she opted for small savings at the risk of bigger costs. There can be a tendency to trust the client who wants to give you work and an excitement to start a new project—and those two factors, among many, can be problematic. I could appreciate her frugality. She didn't want to spend money on a lawyer that could detract from the overall profits. But from a big picture perspective, consulting with a lawyer might have fixed some of the payment issues she later encountered. From a support team perspective, key team members include an attorney, accountant, insurance agent, bonding agent, and financial planner to help you meet your future retirement goals. (Many forget about the financial planner, but as I described above, the intertwined nature of personal and professional lives makes a financial planner a key resource.)

At a gross level, small-business owners feel compelled to both work *in* and *on* their business, and the natural inclination is to focus on the former instead of the latter. What I hear is that working *on* the business feels like an afterthought or a luxury

because it often does not involve doing a task with a tangible result. However, it's the strategic thinking of working *on* your business that allows you to set goals, assess your strengths and weaknesses, and evaluate your current growth path. It is easy to be drawn to the working *in* the business side of the equation because it deals with the immediacies—putting out the fires—and generally can be measured in tasks completed. If you think about it as a balancing act, you may find you dedicate 80 percent of your time to working *in* and 20 percent working *on* your business, but I can't stress enough the importance of striking the right balance to get your business where you want and need it to be for long-term success and sustainability. The owner has to focus on growing the base of the business, identifying opportunities, profitability, and presenting the company in the best possible light.

I know what you're thinking...I can't afford all of that. In the beginning, that may be the case, but there are some absolutes you can't shortchange. It is imperative to have contracts reviewed and taxes and financial statements prepared professionally, and ensure you are covered appropriately from an insurance and bonding perspective. These are the basics you *must* find the money to cover. I have seen many contractors driving around in Mercedes Benz 500 Series cars (paid for by the business, of course) who cry poverty when it comes to covering the necessities for basic business health and growth. In the beginning, my advice is to

forego luxury items and allocate resources to the business basics to protect and foster growth.





I am a huge fan of the TV show *The Profit*, where host Marcus Lemonis invests his own money in businesses where he sees potential for growth, and the need for structure, focus, and organization. No matter the potential business he is evaluating, he comes back to the same simple premise of *people, process, and product* to assess the work needed to “rightsize” the organization. For him, rightsizing means the ability to generate a profit, but he also understands the profit does not always show up on day one. It can take some time for businesses to gain traction and realize the benefits of the systems he puts in place.

There is beauty in this simplicity and, like Lemonis, I have developed my own lens through which to evaluate a company. Think of it as an empty toolbox with six compartments waiting to be filled. Each compartment represents a different area of your business:

-  **Finance**
-  **Business Operations**
-  **Communications**
-  **Branding**
-  **Marketing/Business Development**
-  **Human Resources**

Can you be successful without “earning” each new set of tools to fill the compartment? Sure, but the acceleration and growth of your business will be greater when you find balance across all six areas. The goal is to be a sustaining, thriving, and profitable company while striking the proper balance of attention among the six areas. I had a summer job working for a contractor and can still remember the awkwardness of carrying a lopsided load of materials. By filling your toolbox thoughtfully and carefully, you will create the foundation you need to support your personal and professional success.

And here’s something to keep in mind: Small businesses are no different than large businesses, except that big companies have the latitude to pay for their mistakes—literally; they have the financial capacity to cover unexpected costs. Small businesses are more akin to a circus performer, walking the tightrope without a net and with what often feels like a refrigerator on their backs—with no margin for error. So, in that vein, you as a small business owner need to adopt a 4x4 mindset. You need to be:

-  **1 Competent;**
-  **2 Qualified;**
-  **3 Responsive; and**
-  **4 Responsible—and you must be all four all the time.**

What do each of these look like in actuality? *Competent* means that you are skilled and have the necessary background and experience to complete a particular task or project. *Qualified* reflects your company's ability, structure, and capacity to execute successfully. *Responsiveness*, at its core, is the agility to juggle not only the project work but also the calls and requests you get from clients, partners, and government entities. Deadlines are important, as are returning emails and phone calls in a timely manner—sometimes the first company to respond is the one that gets the job. Last, *responsibility* is essentially operating in an honest and forthright manner. Responsible companies understand their limitations and do not oversell and underperform, but undersell and overperform.

With each set of tools you “earn,” I encourage you to think about how you can achieve 4x4 performance, because the opportunities are nearly limitless and the businesses that adopt and live that philosophy will quickly become the cream of the crop. You will find yourself being more selective, more successful, and revising your business goals on a regular basis. This theme of 4x4 performance and each of the four elements will show up for each of the six tools and how they can be considered for each. But first, let's talk about Larry.



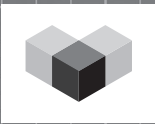
Larry is a general contractor who has been in business for a few years and primarily completes small residential projects and the occasional commercial renovation. He has a trade he and his crew perform, and he understands his company's limitations. While he struggles with finding the right balance, our conversations are almost entirely about strategy, growth, and structure. He may not dedicate a lot of his workday to working on the business, but he is an active and enthusiastic participant in the conversation and wants to do things the right way. In my roles as coach, mentor, and consultant, I helped him look beyond his current projects to envision what was possible for him. Perhaps his biggest aha! moment came when he recognized he had to trust others so that he could focus on the big picture, and planning for what could be would serve him better than just complaining about what is. In the ensuing months, Larry spent more time scanning the horizon for the right opportunities and empowered his project manager to handle the day-to-day project details. He has since landed his largest contract to date that will be the cornerstone for his company's success. While the next chapters of his book are still unwritten, I have confidence in the power of his pen and newfound outlook.

I am not an idealist in my expectations with what can be accomplished in the short term; I'm a realist. I recall a professor I had in business school who taught finance and economics. He would famously chide the class to not chase the "short money," (a focus on short term vs. long term benefits) which was likely a message you would get from your accountant or financial planner. If you chase the short money, the high will subside and you will likely slide back to your original position. The takeaway is to begin developing long-term relationships that will help you grow your business for years to come. That means finding the right professionals to work with; your brother-in-law may have gone to law school but unless he has in-depth knowledge about your industry, he probably is not your best legal counsel. Your team members must understand your goals and your industry, and preferably be interconnected, since the issues they address individually are not easily compartmentalized (think financial statements/taxes and bonding/insurance).

The last piece of your team is the community of companies in your chosen industry. The development of a robust network will prove invaluable. The ability and willingness to be generous seems lost in our current business environment, but I can tell you there is no shortage of work for good companies that deliver the 4x4 proposition—companies that are *competent, qualified, responsive, and responsible*. Your network should include complementary firms (if you provide demolition services, find a trucking company you trust), competitors, potential clients, and past clients. Remember,

I'm not an idealist, but I have found that most people are generous and want to help. However, it does require you to reach out and connect with them.

And as you're getting to know others in the business, it's equally important to get to know yourself even better: your strengths; your weaknesses; your challenges; your dilemmas; and your opportunities. Below are some questions to get you started on the journey of self- and business-awareness.



CORNERSTONE QUESTIONS TO SUPPORT YOUR SUCCESS

- What excited you about the construction industry and why did you start your business?
- How much time do you spend working “in” the business (delivering, projects, managing staff, ordering materials) vs. “on” the business (sales, marketing, networking, client relationship management)? What about that proportion of time is working for you? What would you like to shift going forward?
- How would you describe your work-life balance now? How would you like it to be six months from now? In five years?