

# Five Key Principles for Construction Business Success

As contractors continue to navigate uncertainty, establishing a comprehensive long-term business success plan has never been more important.



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Deltek + ComputerEase, a job cost accounting software for construction, has served over 4,500 contractors nationwide for the last 36 years. Through this experience, we've identified these five key principles to help contractors realize steady, predictable business growth.

1

### **ATTRACT AND RETAIN TALENT THROUGH CULTURE AND PURPOSEFUL ENGAGEMENT**

Skilled labor has been and will continue to be a major challenge for the construction industry. There are simply not enough skilled laborers to fulfill the jobs available. Contractors are often more fiercely competing over talent than they are over jobs.

To attract talent, it is not enough to offer competitive compensation – the skilled workforce must identify with your company culture. Does your company represent the workforce and their values? That often requires deep reflection, but ultimately your skilled labor is what keeps jobs moving. Therefore, understanding what is important to them and building a company culture around that is imperative to attracting talent.

Beyond attracting talent, it is also worthwhile to invest in developing talent. Engage with trade schools and establish mentorship and training programs within your own organization to develop eager novice laborers into your best and most loyal skilled laborers.

Often overlooked, retaining talent can be just as important as attracting and developing talent. You may only need some skilled laborers temporarily

throughout the year. Therefore, developing a means to stay engaged with your best talent, especially when they are not being utilized, can be critical in fulfilling the labor requirements when you need them.

#### **Tip:**

**Engage with trade schools and establish mentorship and training programs to attract and develop employees.**



## 2

### POWER FINANCIAL SUCCESS WITH CONSTRUCTION ACCOUNTING BEST PRACTICES

Many new construction companies run the risk of going out of business early in their company lifecycle due to neglecting construction accounting best practices. A contractor could be the best at their trade, but can easily go bankrupt if they don't manage their jobs by adhering to construction accounting practices.

#### Tip:

Incorporate job costing principles and work-in-progress (WIP) reporting to optimize cash flow.

Job costing your jobs to include frequent and detailed Work-in-Progress (WIP) reporting is critical to understanding the future-state of your business. This allows you to look out your windshield vs. your rear view mirror. The profitability of a job can be improved during a job, but not after. To be successful at this, your team needs to be on board and motivated to work this way.

Cash is king. Ensuring that you maintain a positive cash flow position as an organization will always be critical to the success of your business. Don't fall into the trap of making a mistake such as confusing overbillings as profit.



## 3

### MANAGE COMPLEX CONSTRUCTION PAYROLL AND NAVIGATE EVOLVING LEGISLATION

Managing payroll in the construction industry is a unique challenge. Before you expand into uncharted territory such as states with local income taxes, prevailing wage jobs, or union jobs, make sure you are ready to accommodate the payroll complexities within your organization

and within your software. The cost of misunderstanding and not staying compliant with these requirements can vastly outweigh the new business gained.

2020 reminded us the world can change and it can change fast. Disruption is not new, and when dramatic disruption occurs it often generates new legislation that directly impacts payroll. Make sure you have a team and software that is resilient and prepared for disruption.



## 4

### ACCELERATE GROWTH AND OPPORTUNITY THROUGH A TEAM OF TRUSTED PARTNERS

You don't have to take on the world alone. Develop and leverage experts, networks, and more to accelerate your business. Most importantly, surround yourself with those that have actual construction experience as there is no industry quite like it.

To start, find partners in professional disciplines such as CPAs, surety, software, and banking. Having solid construction experienced partners in these areas will enable you to focus more on growing your business instead of working in your business.

Engage with trade specific construction organizations, construction software user groups, and business growth programs. One of the greatest strengths of the construction industry is its community-focus. Participating in the construction community may have unforeseen short-term outcomes, but will yield positive long-term outcomes.

Last, build a board of advisors of your most trusted colleagues and mentors to be a sounding board and compass for how to grow faster and more productively.

# 5

## LEVERAGE TECHNOLOGY TO PROVIDE INSIGHT AND DRIVE EFFICIENCY

Technology is your friend. The contractors that embrace technology, as a means of capturing real-time visibility into their operations to drive better decision making, will survive the day.

Think about how you can consolidate your systems. Are you using several disconnected systems to run your business? Maybe it's time to explore software options that can help you run your entire business in one connected system.

What is going on in the field? Use technology to connect the office and the field to establish full transparency in the success of jobs so you can make decisions that will drive the most profitable outcomes.



**Learn more** about how **Deltek + ComputerEase** can power job success through a construction-focused software ecosystem.

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