

A background image of a construction site under a clear blue sky. Several yellow tower cranes are visible, and a large, curved structure, possibly a stadium or arena, is under construction with visible steel beams and scaffolding.

6 tips for Choosing the Right Projects

6 Tips to Choosing the Right Projects



Introduction

First I want to say thanks for joining our growing community of Elite Contractors that have signed up at ContractingCoach.com. It's amazing how fast this community of contractors has grown.

I've been involved in construction for over 25 years and have spent time running my own small business as well as working for one of the largest contractors in the world. During that time I successfully managed over \$200 million worth of projects.

Over the last 5 years my focus has shifted from managing projects to helping others. I formed a small consulting business in 2008 that has successfully supported companies in winning and completing over \$20 million in projects ranging from \$25K to \$15M. Many of these projects were first time awards for these businesses.

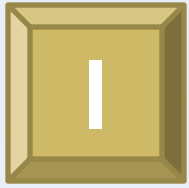


I wanted to help more contractors but my reach was limited using traditional consulting models. I wanted something with more impact so I launched ContractingCoach.com. With this new platform I am able to share my knowledge in a more efficient way that can assist more people.

I have developed some programs for ContractingCoach.com to help contractors succeed. Building a successful contracting business is something that you need to plan. You have to set yourself up for success.

One area where that is extremely important is choosing the right projects. These 6 tips should help you start making the right choices when it comes to which projects you pursue. I hope it brings you value.

Thanks,
Tony Booth



Choose the Right Projects

There is a lot that goes into building a successful contracting business and successful projects. From estimating to project closeout, each project presents various challenges that we need to prepare for and address appropriately so we can complete the project profitably.

One of the key fundamentals I teach all my contractors is making profits a priority. To do this we must make all efforts to insure that each of the projects we undertake has been properly planned and set up to be successful.

The foundation to accomplishing this is choosing the right projects in the beginning. The following is an outline of 6 critical things to consider when deciding if you are going to submit a proposal on a potential project.

At the end is an example of a Yes/No/Maybe matrix that you can develop to help make the right decisions. Once you have developed a matrix that matches your company's experience you should review all potential projects and rank them to determine which ones you will put your efforts into winning.



The Right Project Type

There are a lot of different project types. Starting with the broadest category of horizontal versus vertical and narrowing down like K-12 versus Higher Education or Asphalt Paving versus Concrete Paving. The important factor to recognize here is that your company cannot perform at it's best on all project types.

When looking at a pipeline of potential projects you always need to consider which projects fit your company. If you typically build Budget Hotels you are going to struggle building a Cancer Clinic.

Review your completed projects and determine which project types are a good fit for your company. Determine which ones you have the most success on. List the project types that you have experience in and rank them based on experience and success.

To set yourself up for the best chance at success you want to focus on chasing projects that fit your capabilities. Understanding what projects fit best gives you the ability to avoid wasting time chasing a project that doesn't fit.

Use this ranking in developing your contract Yes/No matrix. A sample Yes/No/Maybe template is included in the appendix.



The Right Project Size

The size of a project can have a huge impact on a contractor's ability to successfully perform the work. The value of the contract can stretch cashflow, the duration can squeeze resources and other factors can make it difficult to successfully complete the project. To make sure you are chasing the right projects these elements need to be considered.

If your company normally does \$1M projects then taking on a \$10M project would be a big stretch and add pressure in many ways that could hamper your ability to complete the project. We all want to grow our business but we have to make plan our growth strategically.

We want to make sure the projects we chase after fit with our abilities in relationship to the expected contract value, planned duration, exposure and other parts related to contract size.

Review your past projects to determine the optimal contract value, schedule and exposure.

Use this ranking in developing your contract Yes/No matrix.

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The Right Location

Projects occur in many different locations. The impact that the location can have on a project is huge. Consider attempting to re-pave a street in New York City versus a small country road in the Midwest. In addition to the obvious differences there are a lot of other things to consider. If you are working out of town you need to have staff that are willing to travel. You also need to be familiar with working in different areas in order to avoid any mistakes in the estimating.

When deciding to pursue a project you need to consider the location of the project to determine if this project is one that you can be successful on. Review if you have experience and understand how to do work in that location and is your staff ready and willing to go there.

To make sure you are selecting the right projects to submit proposals on take some time to review and determine your best geographical areas of service. Create a ranking of these as well so that you can score potential projects.

Use this ranking in developing your contract Yes/No matrix.

4

The Right Owner/Client Type

Working with a residential homeowner is a lot different than working for a Government entity. These are examples of Owner types. As a Prime or General Contractor you have many different types of Owners you can work for. Each has their own unique requirements for their projects. If you are a subcontractor you also need to look at the client you will be working for. There are different Prime Contractors with different requirements that you will work for regardless of the Owner type. So as a subcontractor you need to look at both.

When reviewing projects be sure to look at the Owner and Client type to make sure they fit within your company's capabilities. We want to make sure that we understand our customers and know how to build a project for them.

Again, take a look at your past projects to determine which Owner/Client types are the best for you company. List the various types you have worked for and rank by your success.

Use this ranking in developing your contract Yes/No matrix.

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The Right Contract Type

In construction, projects can fall into different delivery methods and have different contract types. For delivery methods the most popular are Design-Bid-Build, Design/Build or some form of Construction Management. In addition to the delivery methods there can be several different contract types such as Lump Sum, Fixed Fee, Unit Pricing or Cost Plus. Each of these delivery methods and contract types require different experience and skills to be successful.

As you look at potential projects you need to make sure that it is the right contract type for your firm. I have seen many companies lose money on projects because they didn't understand the contract types. For instance, if you are not used to unit price contracting it's easy to miss a lot of billings and scope changes which can cause you to lose money..

Review the contract types that you have been successful with and rank them accordingly so that you can review potential projects for the right fit.

Use this ranking in developing your contract Yes/No matrix.



The Right Timing

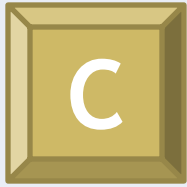
Now that we have determined the ways that we want to screen our potential projects we need to look at the timing of the project.

There will be times when a potential project is a great match for your company's experience but you still need to walk away. If you have 6 project teams and all teams are currently assigned to projects and are not available to cover this new potential project it may be in your best interest to say no.

The last thing you want to do is stretch your resources beyond their capabilities by taking on another project that you are not prepared for. The added stress on your resources will not only affect your ability to complete this project successfully but can also impact your other projects causing several of them to struggle.

After reviewing a project to determine the fit you need to look at your resources and determine if the things you need will be available when this project is ready to start. Are the right people available? Are the right resources available? Do we have the proper cashflow?

Add these questions to your contract Yes/No matrix.



Getting it Right

Now that you have an understanding of how to make sure you are chasing after the right projects it's time to put this information into action. The next section shows a sample of a Yes/No/Maybe matrix. Use this template to develop one based on your company. If you want an Excel version of the template you can download it here: [Template](#).

After you have a completed template based on your company experience you can start using this template to decide which projects to put your efforts into. Each project lead that comes to you should be entered into your Yes/No/Maybe template and rated. Use the rating to determine if it's in your best interest to move forward. This review process is also a tool to help plan your estimating properly. The review process will help bring to light any risks that may be involved, like working in a new geographical region. You can properly account for these risks by adding some contingency to your estimates.

Remember, getting the right projects is the first step and a key fundamental for building a successful contracting business.



Yes/No/Maybe Template



Project Yes, No, Maybe Worksheet

Project Name:	Sample Project Chase
Client:	Best Client Ever
Estimated Value:	\$10M
Prepared by:	ATB
Date:	11/18/2014

Cell Highlight Legend
Fields Require Company Setup
Fields Require Project Input

Project Type	Rating	Select
Description (1 to 10)		
Retail/Light Commercial	10	
Warehouse	10	x
Restaurant/Food Related	9	
Office	8	
Education	7	
New Project Type	5	

Project Size	Rating	Select
Range (1 to 10)		
Less than \$500K	6	
\$500K to \$2M	8	
\$2M to \$5M	10	x
\$5M to \$10M	10	
\$10M to \$15M	8	
Non-typical	5	

Project Location	Rating	Select
Description (1 to 10)		
Jacksonville Area (60 miles)	10	x
Orlando	10	
Cocoa Beach	9	
Savannah, GA	8	
Tampa	7	
New Region	6	

Owner/Client Type	Rating	Select
Description (1 to 10)		
Residential	8	
Commercial	10	x
Government	9	
Developer	7	
Other	6	
Other	6	

Savannah, GA	8	
Tampa	7	
New Region	6	

Developer	7	
Other	6	
Other	6	

Contract Type	Rating	Select
Description (1 to 10)		
Lump Sum	8	x
Unit Price	9	
Design/Build	10	
CMC at Risk	10	
CM Agent	7	
Cost Plus	6	
Other	3	

Bid Type	Rating	Select
Description (1 to 10)		
Low Bid - Open	5	
Low Bid - Qualified	7	x
Low Bid - Shortlist	8	
Negotiated	10	
Bid Field		
Less than 6 bidders	6	
Less than 3 bidders	10	x

Timing	Rating	Yes, No or ?
Description (1 to 10)		Y / N / ?
Is the right crew available?	10	y
Are resources available?	10	y
Cashflow available?	10	?
Schedule acceptable?	10	?

Additional Considerations	Rating	Select
Description (1 to 10)		
Repeat Client	10	x
Target Client	3	
Target Project Type	3	
Target Region	3	

Project Rating	105	Yes
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Max. Score = 120

Project Ranking	Lowest Score
Yes	80
Maybe	65

[Download Template](#)

ContractingCoach.com/resources



Thank You

Join our Elite Contracting Community and get more tips and ideas to help you take your contracting career or business to the next level.

www.ContractingCoach.com