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Strategic Thinking on Big Picture Refocuses Contractors

By Jayme Broudy, SPECIAL TO CEG

The concept of “crossing that bridge when we come to it” assumes that there’ll actually be a bridge, that it isn’t closed for repairs, that it’ll hold your 50-ton (45 t) D-9, and that it won’t be backed up for 10 mi. (16 km). It only takes one of those things to go wrong and you can end up in real trouble.

If you’d gone up in a helicopter to survey a few months ago you’d have known that a new 10-lane bridge opened two mi. upriver. But now, to get there, you have to backtrack 300 mi. around a mountain.

Strategic-thinking contractors spend a lot of time in the helicopter and rarely get caught at the wrong bridge.

Let’s try a few “here-and-now” questions:

- Suppose diesel goes to \$10 a gallon in six months? How, specifically, will you maintain profitability?
- You want to increase revenue 50 percent next year. What, specifically, needs to be done between now and then to make it happen?
- If you’ve found that 10 percent of your customers consistently account for 90 percent of your 120+ days receivables. What’ll be your policy when pricing them the next time?

Have you thought about things like this? Sure. Do you have detailed, written plans and policies to deal with them? If you do, that’s strategic thinking. If not, better hope that diesel doesn’t continue rising.

The strategic-thinking contractor spends little time fighting the day-to-day fires of his business. The business isn’t flying blind. It’s tightly controlled by systems, processes, and carefully delegated authority so that the contractor needn’t be embroiled in every daily decision, detail, and operation. The crew operates the ship while the captain is on the bridge plotting course, scanning the horizon and avoiding icebergs.

When a contractor is thinking strategically, he:

- Works on, rather than in the business.
- Develops and communicates specific long-range objectives.
- Creates plans/roadmaps/schedules to make progress toward those objectives.
- Makes decisions only in the context of his long-term goals
- Observes and assesses the overall situation (the bird’s-eye view or commander’s perspective).
- Identifies patterns and trends and creates strategies to correct or exploit them as appropriate.
- Creates strategies to address current and future threats and opportunities.
- Deals with exceptions, not ongoing operational issues.
- Concentrates on improving the business’ processes and systems.

When a contractor thinks tactically, he's focused on short-term situations and problems. The goal is to get through the job, the day, or the week – often dealing with the same problems and questions over and over again (“The skid steer's thrown a tread again. What do we do this time?”).

When he's thinking strategically, his focus is to craft his entire business into a machine that will move toward his long-range goals for next year and beyond. And along with this, to develop systems that fix problems once and for all and allow his employees to get results without his involvement. (“We see that skid steers throw treads after about 300 hours. Inspect and adjust all skid steer treads at 250 hours and monitor results. Adjust schedule until we have zero incidents.”)

Contractors often build their businesses on their own trade skills. They started out by selling those skills by the hour and gradually add employees. As the business grows, however, it needs less of the owner's trade expertise and more of his management and leadership. Less tactical, more strategic.

Sometimes contractors, however, feel uncomfortable or unqualified to approach a strategic role. But most are already making strategic decisions: When weather forces a work-stoppage, you have a methodology for reallocating your crews and equipment. If a key piece of equipment breaks down, you have a backup plan ready. That's strategy on a micro scale. Big-picture strategic management is no tougher; just raise the sights and add a few zeros.

Can a contractor/owner live his life entirely in the world of strategy? Probably not, and (though others may disagree) I don't recommend it. A complete loss of connection between the leader, the troops, and life on the front line breeds arrogance at the top of the company, resentment among employees and a negative effect on the bottom line.

But if you create a business that doesn't depend on you and begin focusing on the big picture even 50 percent of the time, the business will be far healthier. And it's way more fun to ride in the helicopter than be sitting by the river scratching your head.

(Jayme Broudy is the founder and principal of Contractor's Business School, a coaching, training, and consulting firm specializing in helping contractors produce more profit in less time. Since 1993, Jayme has worked with hundreds of contractors in many specialty areas to build successful stand-alone businesses. For more information, call 800/527.7545 or visit .