Use Your Bid As Bait To Win More Work!

By George Hedley—SEAA Keynote Speaker for 2014 Convention in Dallas, TX

- “It’s impossible to compete in this tight construction market as there’s always too much competition.”
- “The only way I get any jobs is when we leave too much money on the table.” “I get tired of cutting our bids to beat the competition.”
- “How can we ever make enough money to survive?”

Does this sound familiar? I have been hearing these same complaints about the construction business since 1977 when I started my general contracting company. It seems as if nothing changes as contractors continue to compete against low-price competitors.

**Bid like you fish!**

Before you go fishing, you need the right bait to get fish to bite. Think of your bid as tasty bait customers will want to bite so you can land a juicy contract. When you fish, your goal is to catch either the big one or lots of fish. So you look for the secret fishing holes where they bite. When looking for profitable projects to bid to, you must seek opportunities that will give you the best chance to make the most money. When you finally catch a fish, reel it in, weigh it, and decide if you want to keep it. After you submit a bid and get the call to cut your bid or match a better price to get the job, it is your choice to accept their offer as well.

When you go fishing and they aren’t biting, what do you do? You try different fishing techniques, change your bait, or move on to another fishing hole. But stubborn contractors don’t look elsewhere when they don’t land enough contracts. Most contractors just keep bidding to the same customers over and over, using the same bait and proposal strategies as they’ve always used. Contractors often think if they bid enough the same way, eventually they’ll get their share. This effort won’t get you positive results you want. Like fishing, you must change your estimating and bidding strategies to get the big ones to bite more often. You have to use the right tackle, different techniques, and tastier bait to get the fish to think your bait is better than your competition, or look for better fishing holes.

**Bid-Hit Ratio**

Bid-Hit ratio is the rate at which you successfully bid or propose on projects. For example, a 5 to 1 Bid-Hit ratio states for every five jobs you bid or propose on, you are awarded only one. In a survey I conducted of over 2,000 construction general contractors, subcontractors, and design-
build companies, less than 10% know and track what their ‘Bid-Hit’ ratio is. To me, this is like going fishing and not really caring if you catch any fish!

Do you know what your ratio is? In order to determine how many jobs to bid, what type of jobs to go after, and which customers give you a higher percentage of their work, you must know your Bid-Hit ratio for these different categories. Track it by types of projects, customers, job type, job size, and project location. As you study your Bid-Hit ratio trends, you'll find certain customers give you more work than others and you'll find you do better with certain kinds of jobs.

**Offer what customers want**

Think about what you include in your typical proposal or bid: price, terms, scope of work, specification section number, inclusions, exclusions, a list of the plans and specifications, and payment provisions. These facts and figures don't take into consideration what your customer really wants. Sure they want a low price based on an "apples to apples" scope of work, but what else?

**Things customers may value more than price:**

- **Ability and experience**: Understanding the plans & specifications, reputation for excessive change orders, in-house design & value engineering, and experience in similar type projects.

- **Customer service**: Trust with a delicate customer, service department, flexibility, and response time.

- **Solid workforce**: Properly trained professional field crews, foremen who can make decisions, large enough crews, ability to make the schedule, and quality workmanship.

- **Image**: Great safety record, maintaining clean jobsite, jobsite image and uniforms.

- **Financial security**: Financial strength & bonding capacity, payment schedule and need for cash.

Every project has unique requirements which are often more important than price. Before you start working on an estimate for a customer, Always ASK – ASK - ASK the decision maker what’s important on this job. Then, custom design your bid proposal accordingly. Highlight the differentiating factors and make it clear that their priorities are the same as yours. You have to
be competitive, but you often get chosen because of what else you offer to your customers. “If you don’t offer anything more than your competition, you only sell price!”

**Use your bid as bait!**
Remember your bid is bait to go fishing for a contract. The main purpose for your bid is act as bait to get a meeting with your customer. At this meeting you can discuss the project in depth, review how you can help your customer meet their goals, explain why you are the best choice, review pricing options, get a second chance to be the selected contractor, and get last look. Getting last look is your second chance to match the price of the lowest bidder, only if you want to. It is very difficult to accomplish all of these actions over the phone.

Not all of these tactics will work for you. But, try them and you’ll like the outcome as they improve your Bid-Hit ratio and help you get more work. To get a copy of ‘Winning Ways To Win More Work!” email GH@HardhatPresentations.com. When you’re not getting the results you want, change your tactics, try some different bait, and find a new fishing hole as you look for profitable work. By trying new ideas, you can make estimating and bidding a fun and challenging experience with a great return. Have fun fishing!

*Keynote speaker for SEAA’s 2014 convention, George Hedley works with contractors to build profitable growing companies. He is a professional business coach, popular speaker and best-selling author of “Get Your Business To Work!” available online at www.HardhatPresentations.com. To sign-up for his free e-newsletter, join his next webinar, be part of a BIZCOACH program, or get a $100 discount coupon for online classes at www.HardhatBizSchool.com, e-mail GH@HardhatPresentations.com*