



8 Ways to Make Your Construction Business More Profitable

ExakTime was founded by a construction contractor, and we've worked with some 15,000 construction and construction-adjacent businesses over almost two decades.

These are the key tips we've gathered from our experience—and from a detailed survey of our wide-ranging and hard-working customer base—on what to do (and not do) to save money and make your construction company more profitable.

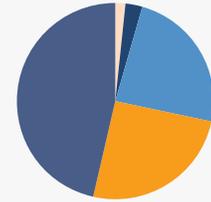


1. Invest in your employees.

It is widely known that there is a labor shortage in construction, and skilled workers aren't easy to come by—so the last thing you want to do is lose a great one. If you nurture them, they will grow into better team players and loyal allies.

- Pay them a competitive salary. It costs a lot to search for, hire and train new people, so hang onto your good ones.
- Hold meetings. Ask for their ideas, and genuinely consider them. Let them know they're an "asset" and explain why—people like to hear how they're helpful.
- Show you appreciate them with a gift card, or urge them to take those vacation or personal days to recharge (the show will go on, and they'll be happier for it).

Most Important Area of Business When Trying to Cut Costs/Increase Profits*



- Labor - 46.4%
- Overhead (Materials, equipment, etc.) - 25.3%
- Operations/Management/Workflow - 23.9%
- Technology - 2.9%
- Marketing/Upselling/Customer Relations - 1.5%

*Data from April 2017 ExakTime customer survey.

"Leadership is not about being in charge. [It] is about taking care of those you charge." - Simon Sinek



Expanding their workforce/adding more skilled labor was one of the three most commonly cited methods of boosting profits in the last five years by customers surveyed.

Customer Survey Responses

How did THEY do it?

Finding **the right personnel**. Qualifications make all the difference.
-Northglenn, CO

Adding an operations manager and manufacturing department to increase workflow. - Topeka, KS



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2. Assess your management strategy on a yearly basis and make improvements.

It may sound like a cliché, but better management really does make a difference. It gives your team the information and direction they need to perform at the top of their potential—and management that acknowledges their skills gives them more motivation, too. Does your management oversee one big group or small teams? How often do you check in or conduct employee reviews? All these things matter.

 *Changes to management/labor management was the **second-most cited** way that our customers had improved profits in the last five years.*

Customer Survey Responses

How did THEY do it?

More **organized and efficient** management. - Nashville, TN

Putting processes and procedures in writing with small groups of company employees. - Bucks County, PA

Creating **better billing processes from reporting**. - Port Isabel, TX

Sharing financial data with employees as well as setting weekly and daily revenue goals to achieve. - Billings, NY

Closer management of **labor production versus payroll**.

- Langley, British Columbia, Canada



3. Make regular AND spot visits to worksites and production areas.

Or hire a good project manager to do so. Sometimes you need to get your eyeballs on a process or situation to really know whether it could be improved (or made more efficient)—and small, incremental changes can make a monumental impact.

While regular visits are important for tracking progress and staying in touch with supervisors, they always know to expect you at those times—which is why spot visits can sometimes reveal more of what’s really happening in the field.

 *Customers repeatedly cited **workflow, operations, and management** as target areas where improvements helped them to profit more.*

Customer Survey Responses

How did THEY do it?

Hired a **great estimator/PM**. - Alamosa, CO

Organization—actually **building up an office staff**. - Covina, CA



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4. Continually seek new (and young) talent.

Skilled labor is in short supply these days, making it hard to find someone good on demand. It's best to keep feelers out at all times through Internet searches, association meetings, and word of mouth.

Also, think ahead: get a booth at the town fair or a job fair and feature a giveaway that will attract young folks you can engage with; offer a paid internship; or consider booking a speaking engagement at the local high school, to inspire kids who might want to pursue a trade (and work for you).



*The **challenge of retaining skilled workers** was named by **one-third** of survey respondents as the greatest impediment to increased profits.*

Customer Survey Responses

How did THEY do it?

Lack of skilled labor and **retaining skilled workers** were cited by one roofing contractor customer from Jonesboro, AR as the biggest obstacles to profiting more. His solution? **More emphasis on teaching someone a trade** versus sending everyone to college."



5. Make better, more accurate bids.

When your bids are specific and show efficiency—and are presented professionally—potential customers can tell you are experienced. Your honesty and accuracy are what keep customers coming back as well as referring you to others.

For accurate bids, you need to get familiar with how long specific types of tasks typically take, not just jobs as a whole—and what some of the variables are that affect their duration.

Finally, when making bids you should always factor in some room for delays and change orders. Clients will appreciate your honesty—and, when these things inevitably occur, you won't feel guilty and eat the added costs.

Customer Survey Responses

How did THEY do it?

A kitchen installer in South Florida reported that they have improved profits by **using job cost reporting** to better understand our job costs and **improve and our estimating process**".

Out-of-control project costs got in the way of profiting for a British Columbia contractor. How could they improve? **Daily accountability for production** and **accurate assessment for future bidding** of projects based on this information."



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6. Consider new technologies that tighten your operations, especially labor tracking.

It may seem daunting to adjust to a new technology. But as with learning how to operate a new car, cell phone or TV, the minor headache at the beginning usually gives way to added convenience as well as improvements you didn't even anticipate. Labor tracking technology such as a time tracking app for clocking in by employee or crew can help reign in one of your biggest expenses—labor—as well as save you significant time at the office, and improve field oversight.



Almost half (46%) of survey respondents named "labor" as their focal point when they are trying to reduce costs—making it the most cited way to boost profits

Customer Survey Responses

How did THEY do it?

Closer management of labor production and payroll (Langley, B.C.); **Better management of labor costs** by planning, optimizing and tracking direct labor (Morgan Hill, CA); and **estimating programs and timekeeping software** were cited as great ways to boost profits (Peoria, AZ).



7. Hire an excellent bookkeeper.

You can't manage what you don't measure. This goes for both productivity and profits. You need to keep close track of how much is going out—i.e. exactly how much your jobs are costing you, from transportation and equipment to materials and labor—to know how much is coming in.

It's also important to be aware of where the resources are going: are you spending too much on a certain material? On a certain task, or on labor in general? Which jobs are most profitable? Creating reports on all of the above and really using them can help you determine what matters.

Customer Survey Responses

How did THEY do it?

Multiple changes. **Better accounting**, labor security, and customer relations.
- San Diego, CA

More data collection and custom reporting on that data. **It helped manage workflow** and establish actual need rather than a guess. - Detroit, MI



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8. Carefully weigh renting equipment versus buying.

This is something every small to mid-size contractor needs to do a serious cost-benefit analysis on.

- How often do you use the equipment?
- To buy, would you have to finance it?
- Would it require occasional repairs and part replacements?

When you rent, you don't have to worry about upkeep or storage—or a big down payment. On the other hand, if you use the equipment often, you'll wind up paying a premium to rent it, and wasting money over time.

Some say that if you're going to use the equipment more than 50-60% of the time, you should buy; if not, rent. Be sure to also check Section 179 of the IRS tax code, which lays out the tax incentives for both renting and buying.

Customer Survey Responses

How did THEY do it?

Purchased equipment instead of relying on rentals and monthly fees. Saved hundreds of thousands of dollars. - Everett, WA

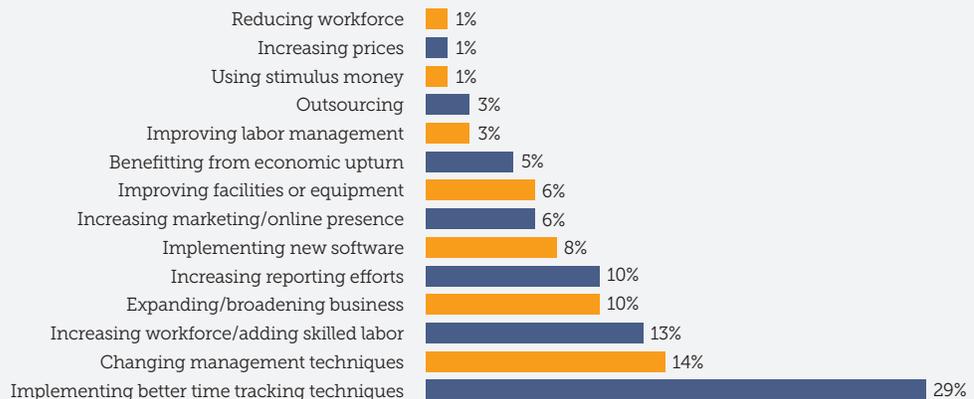
Updating equipment to cut back on time. - Kebo, KS

Acquisition of equipment. This reduced equipment rental cost and allows us to be more competitive when pricing projects. - Barbados, The Caribbean Islands



Here's How THEY Profit More

Over half of survey respondents said they had succeeded in boosting profits in the last 5 years by:*



*Data from April 2017 ExakTime customer survey. Some customers named more than one method.



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ExakTime has been the leader in mobile workforce management for two decades, and remains on the cutting-edge thanks to our powerful, simple-to-use cloud-based time tracking system. Track your crews across work sites with a mobile app or rugged clocks and monitor their hours and activities from any browser-based device.

ExakTime's app collects GPS time stamps as well as optional cost codes, photo ID verification, Field Notes and mobile sign-off from workers on key compliance questions—all viewable in real time.

ExakTime is an Inc. 5000-listed fastest growing company, a multi-year World of Concrete MIP winner, and a proud provider of U.S.-assembled products and U.S.-based support.



Is there any change you have made in the last five years that has given you a bump or boost in profits—expected or not? **YES.** What was it?

- ✓ **Labor tracking.**
- ✓ **Implementing time tracking** measures through technology.
- ✓ **Tracking labor/costs**—we're able to manage employees/hours in comparison to proposal amounts.
- ✓ **Using a time management software** has helped us eliminate falsified time sheets. This software has helped us cut labor costs.
- ✓ **Switching to an outside payroll company and online time tracking.**



Ready to buy a time tracking system, but not sure how to make your choice? Time for **The Definitive Time Tracking Software Buyer's Guide!**