



# *Investing in your future – establishing a marketing budget*



The **marketing decisions** made upon **starting** your **business** can have a **profound** effect on the **success** of your business: “I’m going to advertise when I get some money coming in,” is often spoken by the new concrete business person. **The problem** with that is **if you don’t** market and **get your phones ringing**, you may not ever have any money to **get started** on your **marketing**. [Continue >](#)



If you're starting your own business, and it's true that it may well be on a shoestring budget, there needs to be money allocated to get your name out there in the marketplace and start to make the phone ring, for a couple of reasons.

The most elementary reason is if you're not doing any marketing then you're not learning what marketing works so you can be doing more of what works- so you can feed your winning marketing ideas and starve your losing marketing ideas. More importantly, the initial jobs that you get through marketing can be a springboard into lots of new work. You could get a job for a general contractor that, if you take care of them and do a good job, you could end up doing \$100,000 to \$300,000 per year (or much more) with them. So spending on marketing isn't just for the original job- it's for the repeat business and the referrals that just one new contact can bring.

Get your company out and seen in the marketplace right from the get go. Over allocate in marketing in your initial years in business, and then you can pull back on marketing (as a percentage of sales) as you get established.

A numerical example of this would be—during the first year of business you plan on doing \$300,000 worth of sales and say: "I'm going to spend \$20,000 on marketing," which is a good chunk- 6.6% percent of revenue on marketing is big, and it's an amount that's now not in your pocket. The benefit to that is you did \$300,000 this year and spent \$20,000 on marketing. Next year you may decide that on your next \$100,000 in growth you'll allocate \$4,000 more— 4 %. So now you're doing \$400,000 per year and you're spending \$24,000. Then, as you grow and you add on the next \$100,000 you only add on \$3,000 more – 3%. This same methodology applies at the \$3,000,000 or \$30,000,000 annual volume levels too.

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At a certain point you'll get to a size where you've got your healthy marketing budget covered and on your next several hundred thousand dollars in sales you hardly even have to increase your marketing budget at all. However, unless you get there in the first place you'll never have that option.

All of this is counterintuitive – most people want to short their marketing now and beef it up later when they can afford it! In most circumstances the day when they can afford it will never come. They will have played safe, played small, and lost. You have to make a solid marketing plan, make a budget, and then take the risk. It's tough to do what needs to be done when there are the pressures that come with starting up the business.

### **The Lifetime Value of a Customer**

There's a marketing attitude you want to adopt that has to do with looking at the lifetime value of a customer. By no means does that mean that when you see a customer you automatically start calculating dollar bills- that's not the right attitude. This marketing attitude means you have a certain way about you- the communication, keeping the customer apprised of what's going on, being forthright, and doing a good job on every job your company undertakes. If there's a day when the crew can't make it to the job the customer is notified ahead of time. It happens more often than not, that a small job for the customer becomes a larger job. Then they give you more business. Then they refer you to the neighbor or another builder. Then the neighbor experiences your work ....and so on and so on.

Too often contractors look at what they're doing at the very moment as being the total end game on that job. Instead, the marketing and your behavior on the projects should be just the start of your work for that client and their friends and associates.





## ***Play big but don't be dumb- Part 1***

Though being aggressive with marketing can have a profound effect on the success of your business, be smart about it.

A mistake is to roll out a big campaign that commits you to large dollars and do it in only one medium without the benefit of testing. The greatest idea in the world should be tested. Have some method to determine if it's worth doing before it's continued, in lieu of stepping up and signing long term contracts or paying a lot of money for a whole creative package without finding out if it really works.

***The greatest idea in the world should be tested.***

So find companies who will work with you on your marketing, then adjust, improve, roll it out again and test some more, go back and forth and grow out in that manner. Don't get with a company that wants to get you set up with a big marketing package, sell you a bill of goods, and then they're gone and you're left with a big marketing plan or campaign that doesn't perform.





## TIP:

Always find out where every inquiry into your company is coming from. When a prospect calls, talk to them and get acquainted first, but always ask how they heard of you. “By the way, how did you happen to hear about our company?” Keep a log of what marketing media prospects are calling you from.

## *Play Big but Don't Be Dumb- Part 2*

Another way being aggressive with marketing can have a profound effect on the success of your business is if you take on too much work.

You will go nowhere fast if you start taking on too much and start being unable to meet the commitments you make or do the type of quality job you are capable of. Does this mean don't market? No! It means you are getting into the sweet spot where you can start being selective about the work you take. You can raise the bar a little about the projects you will quote. You may not want to increase the number of projects you take on, but take on more of the type jobs you make your best profits on, or where you are able to charge the best prices. Don't do more work, necessarily- make more out of the work you do.

Just because you are marketing and the phone is ringing doesn't mean you have to be interested in every project- though a polite return phone call with a couple of referrals to other contractors goes a long way towards keeping the people calling satisfied. Cherry pick jobs instead of taking on too much work.





### ***Being Patient***

Part of the marketing equation that nobody's going to want to hear: you're following these marketing principals; you're doing a good job in the field; you are performing good customer service; you're building a good group of loyal employees. Yet you are not getting overnight results- you are going to get a little itchy to know if the plan is working.

***Over time***, you'll ***build*** up a ***reputation***  
and a great company ***one customer at a time.***

But all this is a case where you have to give first and receive later. You have to exercise patience (and have faith, too).

Over time, you'll build up a reputation and a great company one customer at a time. The vital role of the owner (that would be you) is putting the puck where it needs to be: in the future, versus just putting out the fires of today.

Start today, by making a budget and spending it! Good luck! See you at the top!





## *Sherpa info*

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# Sherpa info

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## SUMMIT DATE

This document reached the summit (was created) on January 6, 2005 and is based on the best information available to the Sherpa at that time. To check for updates please click here <http://www.ConcreteSherpa.com/investing>.

## NAVIGATION & USER TIPS

You can move around this guide by using your mouse or keyboard arrows. Left mouse button goes to the next page, right mouse button goes to previous page. Click on the right arrow ( → ) for the next page and the left arrow ( ← ) to go the previous page.

## KEYBOARD SHORT CUTS

	PC	MAC
Zoom in (Larger)	[Ctrl] [+]	[⌘] [+]
Zoom out	[Ctrl] [-]	[⌘] [-]
Full screen/normal screen view	[Ctrl] [L]	[⌘] [L]

## ABOUT THE CONCRETE SHERPA

The Concrete Sherpa is a team of people that represent the experience, teaching and learning of our team members and other industry leaders *on a mission to make life better for the concrete contractor*. We are an idea center striving to deliver thought provoking ideas based on “Concrete Advice for Business and Life” to stimulate you to reach new heights. As a user, you should remember to consider all information you receive, here at the Concrete Sherpa or elsewhere, not as a *cast in concrete* recommendation, but rather as an idea for you to consider and ponder.





## *Sherpa info*

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### THE JOURNEY LEADING TO THE CONCRETE SHERPA PROJECT

The Concrete Sherpa Project (A [Sherpa](#) is a “guide”) was born at The Concrete Network in mid 2004. Here is how it happened:

The biggest surprise, or gift, since starting The Concrete Network in 1999 has been the concrete contractor friends from around the country we’ve made and witnessing the passion they have for what they do. These people include Dave Pettigrew, up in the San Francisco Bay Area, or the Verlennich brothers in Minnesota, or Bob Harris in Georgia, the list goes on and on. It’s quite inspiring.

We were once asked, “How are you so excited every day about concrete?” Well the answer is simple, it is impossible to not be excited about concrete when you have the job we do—interacting with hundreds of concrete contractors from every state in the country.

The thing we’ve learned about concrete contractors is that most are passionate *craftsmen*—they are often less passionate and experienced in the “office stuff”. Human nature channels us to do what we are most comfortable with; learning how to use a new saw-cutting tool is comfortable; learning and implementing a new estimating strategy, or job management tool, is not so comfortable.





## *Sherpa info*

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### THE JOURNEY CONTINUES...

So Sherpa was born to provide FREE and easy to use information on topics many Contractors are not too comfortable with.

- Concrete Sherpa is here to provide help to contractors who are often 'Lone Rangers' and don't have anyone to get solid business advice from.
- Concrete Sherpa is here to provide help for contractors who have to work too hard and too many hours in their business, and one day realize they need to work *on their business, not in their business*.
- Have fun with Concrete Sherpa and go faster towards reaching success than you might have on your own.
- To skeptics who think something free can't be valuable, or there must be a trick- visit Concrete Sherpa and decide for yourself.

We hope you make great use of the Concrete Sherpa and it helps you to become an awesome success for yourself, your family, your church, and your community.

### VISIT THE CONCRETE SHERPA

To visit the Concrete Sherpa click here <http://www.ConcreteSherpa.com>.

