



Three Mind Numbing Realities Growing Concrete Contractors Run Into



There's a point in the life of every growing concrete contractor when, suddenly, life looks really good. The phone is ringing with people wanting the company to take on new business; the crews are effectively building the jobs, and the money is being collected in a timely manner. However, **watch out for these three realities** and be prepared for them (turn them into positives) - they are going to come. [Continue >](#)



Reality #1 - Your People Are Going to Want More Things from You

When you started your company, and in the early years of the business, the people that you brought on board knew it was a new business and didn't have health insurance, a retirement plan, vacation time, or any other perks to offer. It went both ways- they needed a job and you had a job to offer them in your new company. They were happy to join with you and you were happy to have them.

George, who can finish concrete like the best of them, was a wide-eyed kid when he joined your company – but now he has three kids of his own and is really interested in health insurance.

Time goes by and these employees see the company is growing and doing well. Plus, Charlie, your best carpenter, has been talking with his new wife who is wondering what he is planning on doing for retirement since there is no retirement plan working with your company. George, who can finish concrete like the best of them, was a wide-eyed kid when he joined your company – but now he has three kids of his own and is really interested in health insurance. Frank, another key employee, has a truck that now has 125,000 miles on it, and he realizes most of the miles are from going to and from your concrete projects. He sure would like a company truck.

Over time, the people in your company are going to want benefits- the same benefits that people with the more established companies have. And you should be planning on providing your employees with these benefits.





You should be thinking about these things you will be asked for long before you are asked for them. And you should be thinking about how you are going to provide these things. These are not issues you want to be surprised by and thinking your company is going to be running under that radar for your whole business life- it is not going to happen.

Listen to the Audio Version of this Guide [here](#) on the Concrete Network.

All the people who are growing along with your growing business will wake up over time and want all the things that everyone else wants in life- and they will be looking to you to provide those things. If you're going to make it in the long run you're going to have to provide those things.

What you can provide for your employees (like SEP-IRA's, 401 K Plans, Health Insurance, vacation time, etc.) is not in the scope of this Concrete Sherpa document. But what you need to make sure of is that your profit margins are growing and you are starting to budget an amount for benefits into your bids.

Reality #2 - When You're Growing Costs Don't Rise on a Level Plane.

When you started your company, perhaps your wife was doing the books (so you were not paying anything for accounting services). You were bidding after a day on the job in the spare bedroom (so you didn't have the expense of an estimator). During the day you were running the crew with a few helpers (so you didn't have a field supervisor). Your prices are very competitive, since you don't have any overhead help to pay, and you grow fairly rapidly.





For the last six months, all the work you're taking on is fabulous, there's almost no overhead attached to it. Life is good.

All of a sudden a series of events will happen that will change your life forever:

- A field supervisor will need to be hired to go schedule the work with all the customers, line out all the manpower for each days work, and make sure the needed material are on the job. This new persons wage is a big addition to your overhead. The proper supervisor will help take your company to new heights- but that takes time and right now his wage comes on all at once.
- The neighbors of your brother-in-law's house, where you have stored your materials since starting up, are complaining about your men showing up to load supplies at 5:30 a.m. It was alright when there used to be one guy coming around two or three times a week- but now 6 trucks load up each morning and it is rather loud right in the middle of a residential neighborhood. Your new yard can be expensive and this new expense comes all at once- and it comes every month.
- Your wife is tired of working for you for free and besides, her doing the books is creating stress in your relationship.....
- And so on, and so on

Growth is good. But be aware that there are new costs that will have to be taken into account- and the costs won't just go up in a straight line in accordance to revenues. Costs go along flat, rise a little bit, and then jump up as you reach the next level in your business.

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Plan for this as much as you can and realize that when you're at the top of a plateau (that moment right before bringing on someone and stepping up your overhead in order to go to the next level) you're enjoying the best margins you're going to get for a while, percentage wise. *Don't buy the yacht quite yet.* And be very careful that you are getting the best prices for your work as you possibly can.

***Here come the boats, here come the fancy cars, etc. You're living the life.
Be real careful that the money in that checking account is yours!***

Reality #3 - A Concern with Rapid Growth is All the Money That's Coming In.

This sounds ridiculous. What is wrong with lots of money coming in? The reality is that a lot of times concrete contractors that have been working for someone have been making a wage and all of the sudden they're running a business. At some point \$30,000 a month is coming in and then \$80,000 a month (that's a million dollar a year company), and sometimes it even grows and then it's \$400,000 a month and there are many larger companies that all the sudden have \$800,000 a month coming in.

This is amazing when all this happens. Then there's going to be points when, wow, the checking account is flush with cash. You're going to be tempted to live the Life of Riley. "I'm a contractor", you pound your chest. Here come the boats, here come the fancy cars, etc. You're living the life.





Be real careful that the money in that checking account is yours. There are expenses that are going to come down the line that you may not plan for. You may not be paying all the materials on the job as the invoices are coming in if you're not really in total control of accounting. You have liabilities for future service work. There will be trucks that need to be replaced sooner rather than later. You have been using your forming lumber for so long it's about worn out and new lumber will be needed soon— and lumber prices have skyrocketed. Your liability premium was based on a far smaller amount of work than you actually did so a reconciliation invoice will be arriving in the mail soon, and the insurance company wants that added premium right now, not later. Then, there is the worst surprise— estimated income taxes on all the money you are making (or thought you were making). You get the point.

The list of cost surprises to a growing concrete contracting firm are endless, as are the ways that concrete contractors can spend money they don't really have but think they have. Be careful with that eye-popping checking account, and also put some money aside for a rainy day. Lastly, get financial advice on all the “surprises” that will arise and on how to properly plan for them.

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SUMMIT DATE

This document reached the summit (was created) on January 3, 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/reality>.

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.

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	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.



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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.





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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>.

