

Hello everybody, Dennis Engelbrecht with our Digging Deeper pod series. Remember after you hear this, we please appreciate your comments and if you want a written version, it should be available within about 24 hours on our website.

So, today's subject is going to be getting bid coverage. One of the big problems we have today in construction is that the industry is really beyond capacity. And this is being felt at the general contractor level, the subcontractor level, and even the supplier level, there simply are not enough resources applied to supply everything necessary to get construction done on, let's call it a timely and organized basis. So, one of the problems that creates is the lack of bid coverage. So, you know, we put our bids out to our set of subcontractors, suppliers, et cetera, and we think we might get response, but in the end, we don't get response.

So, we might have an average coverage of, let's say, one and a half bids for each supplier division or subcontractor division. And of course, if you have left less bids, they're also likely to be higher, right? If you have more bids, you have a better chance of one coming in lower and making your price overall lower. So obviously, more coverage is better than less coverage. Of course, you want that coverage to be serious people who want the job as well.

So, one of the problems though across the industry now is that one and a half coverage has become the norm. And you meet with estimating teams and they say, "Well, we can't get enough coverage in this division or that division or you know, with this specialty or that specialty, we're only getting one or two bids, so we don't have good competitive pricing." All right. And what's happened is as that's become the norm, the pre-construction estimating teams, accept that norm that, "Okay, I can only get one and a half companies. That's just the way it is."

So, one of our clients in our round table program did something that was kind of innovative and unique. One day, he just goes into his estimator and he says, "If you get me three bids in every division this time on this particular project, I'll give you a \$400 bonus."

Well, lo and behold, he actually, he failed on one division. He only got two in one division. I think he gave him the bonus anyway. But he went out and he got full coverage in every division.

Now, is that just the power of money, the power of incentives? Really, it doesn't matter. What matters is that he broke the norm. All right? He broke the norm. He just came out \$400 broken norm of saying you can only get one and a half as an average coverage on these 18 divisions. And the fact of the matter was he could get covered, but what did he have to do? He had to make the extra calls. He had to get on the phone. He had to work as subcontractors, work as suppliers.

In short, he had to do his job. But you know what? In this tough construction industry, we do our job day after day, and we do get beaten down by the environment where it's so tough to get that coverage to get the support you need to do your job well.

So, you start to accept that as a norm. So, more so than a podcast about estimating this is really not about estimating and estimating coverage. It's about breaking those norms. I think in today's environment we start to accept these things as normal, but we can't, they're not normal. And to have a successful construction company look around at the norms that people think are the norms now.

And if some of those are negative for your company, figure out a strategy to break those norms and maybe you'll be able to get excellent bid coverage as well.

Thanks for listening and Dennis Engelbrecht again, digging a little deeper. Thanks.