

What to Know
**Before You
Grow**



As the construction market continues to grow, all sorts of opportunities arise including projects located in unfamiliar areas or new project types.

If you hope to take advantage of these new opportunities, it is important to be prepared so you don't find yourself completely out to dry with your estimates.

What follows are a few things to consider when expansion takes you out of your typical network or frame of reference.



New Market

Say you're a contractor that has longstanding, great relationships with your local healthcare systems. You understand the working conditions, timeframes and specific needs no matter the project.

Need to renovate a waiting room? No problem. Three new patient rooms in the maternity ward? Sure thing.



Now imagine a local high school was seeking bids to retrofit an old locker room into a new classroom. Sure you may not have that very specific experience, but you don't want to pass up this opportunity.

This means you're going to have to do more preparation than you would have otherwise.



NEW MARKET

First things first, you'll need to brush up on any special rules and regulations this specific industry has in place. Next you should perform research on construction trends in the industry - specific types of building materials, designs and technology. Work in a school will have totally different parameters than work in an office building - for example, most major school projects occur when students are on break.

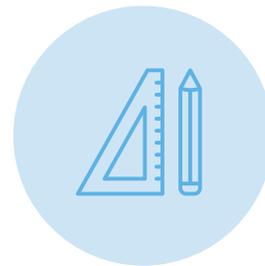
Depending on the type of project, it may be beneficial to reference square foot models of the building type - you might be surprised by the cost variances. You should also familiarize yourself with the key project stakeholders - the people involved may vary significantly from the titles/groups you're used to working with.



Rules



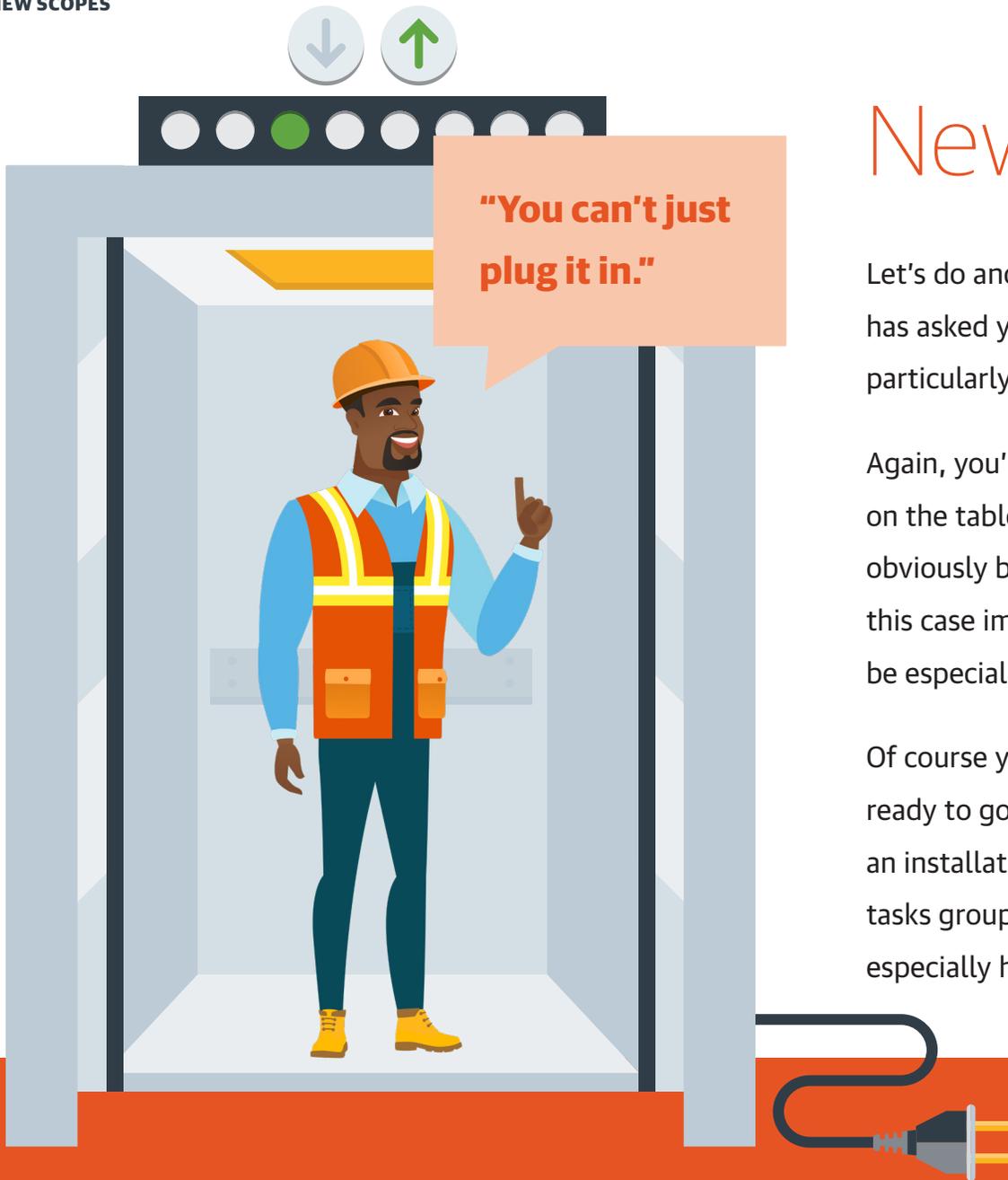
Research



**Square Foot
Models**



Stakeholders



New Scopes

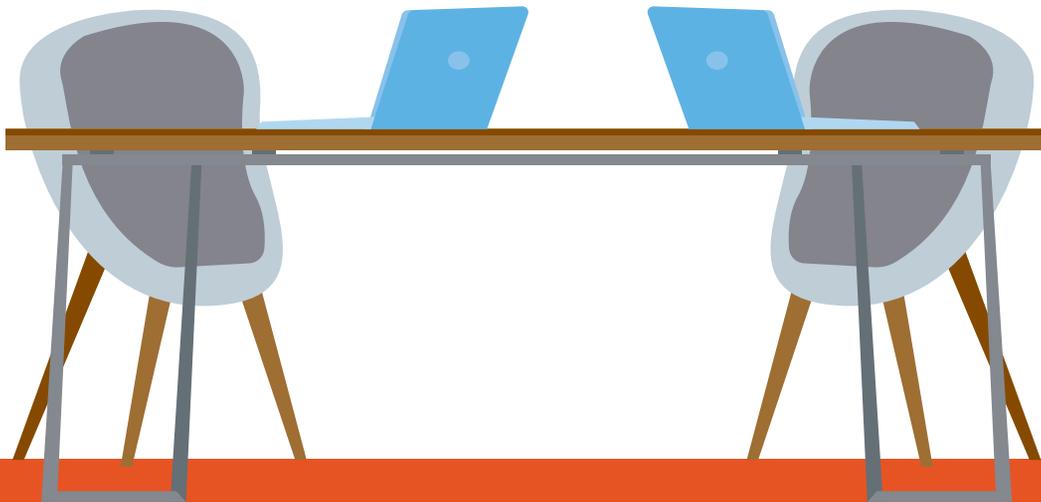
Let's do another hypothetical. In this case a client has asked you to install an elevator, a job you're not particularly familiar with.

Again, you're not going to want to walk away from money on the table. However, without historical data, this would obviously be a difficult project to build out an estimate. In this case impartial third-party construction cost data can be especially helpful in filling in any knowledge gaps.

Of course you can't just buy an elevator and plug it in, ready to go. Multiple components and labor go into such an installation. This is where assemblies, construction tasks grouped together to make a whole estimate, can be especially helpful.

It also wouldn't hurt to sit down with a colleague that has done this work in the past and pick their brain on what pitfalls to lookout for.

Clear communication with the client is also crucial in this scenario. You want to be crystal clear on their expectations so your delivery exceeds them.



New Location

The construction market is in the middle of a labor shortage. This ties back to the current construction boom which has provided opportunities for rampant growth.

If your business is doing well enough and you have the workforce available, why not capitalize on the labor shortage in other areas?

First things first, note the cost to build in Dallas is going to be different than the cost to build in Albuquerque. Now if you were planning on expanding your operation on a national level (really even a state-wide level), **not knowing local material, equipment and labor rates can be a major hurdle.** This is another instance where localized third-party data can ensure you're on the right page.

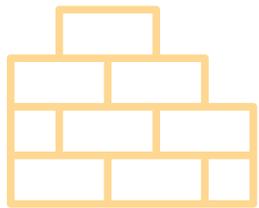


NEW LOCATION

You simply lack the historical knowledge of the area to build out a project estimate from scratch, and without this objectivity you risk being totally lost.

Now once you obtain the costs for a particular area, keep in mind that new locations bring many different factors.

For example, union versus prevailing wage, rural versus metropolitan areas, even climate differences – again this is another instance where you should be on the lookout for local required permits and certifications.



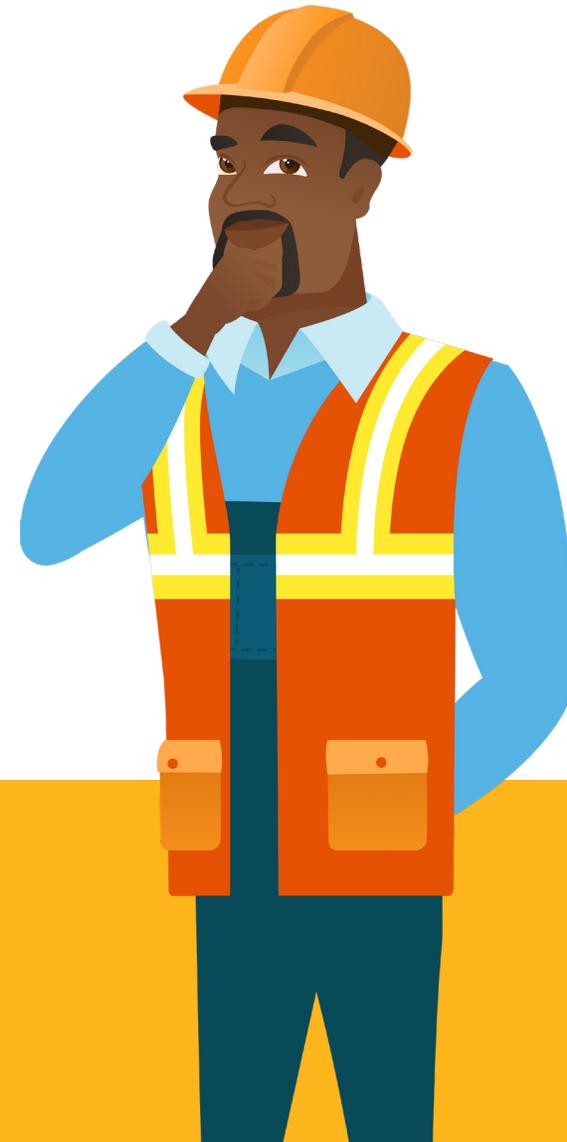
Material



Labor



Equipment



As the construction industry continues to boom, new opportunities will continue to arise. No one wants to walk away from money or future business relationships. Capitalizing in the present will build the foundations for success in the years to come.

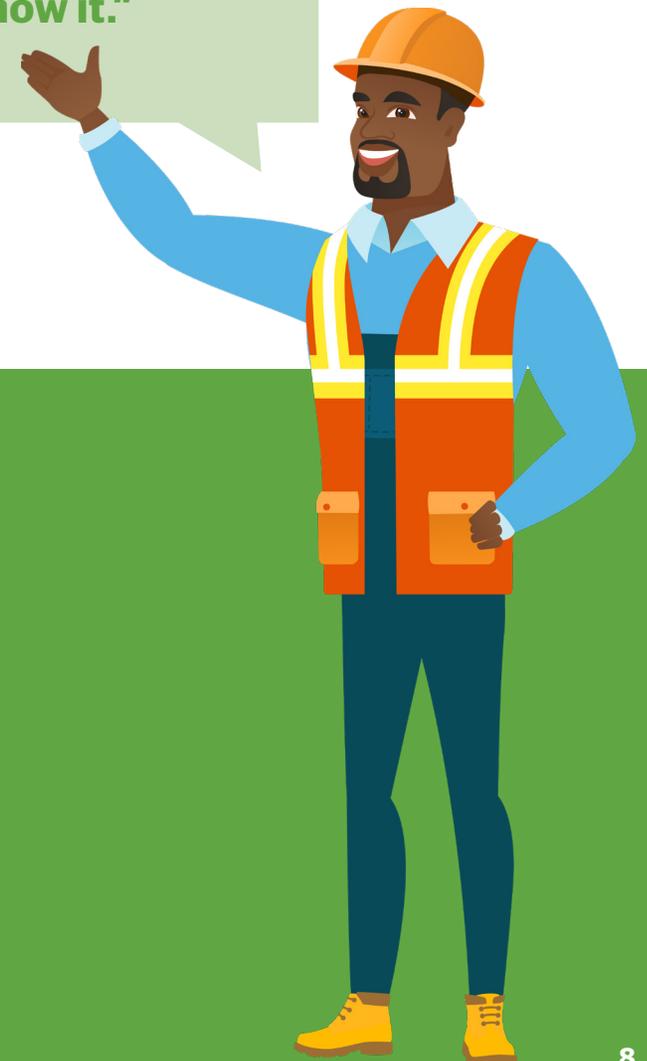
"You don't know what you don't know," so the saying goes. Perhaps this should come with the caveat, "until you know it."

Doing the due diligence before you begin work out of your frame of reference is key to your future wins. Sure it would be easier to keep doing the jobs you're familiar with. But if you want to grow, it's crucial to do the necessary work upfront.

Arm yourself with the tools that can position your business for success and prosperity.

Visit rsmeans.com for more information.

"You don't know what you don't know, until you know it."



About Gordian

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