

# Construction Business Strategy

## **Course Objective:**

This course describes a variety of activities that affect profitability on a construction project and within a construction company. Students learn in an interactive setting about issues that directly contribute to business strategy and company profits.

Following is a week-by-week description of the course:

### **Week 1: Profits**

Topics include components of profitability for a construction firm – fee, self-performed work, equipment, and others. Contract terms are discussed for their impact on achieving profitability.

### **Week 2: Marketing, Sales and Customer Relations**

Students learn the difference between marketing and sales. Several types of marketing materials are reviewed. The art of listening is discussed relative to customer relations. Students are challenged to develop an idea for a new company and how they would market it.

### **Week 3: Conceptual Estimating, Competitive Bidding and Purchasing**

Students learn the difference between various levels of estimates during the design process. Purchasing strategies are reviewed to illustrate how they can affect profitability.

### **Week 4: Self-Performed Work**

Construction firms often perform some trade work with their own forces, rather than subcontracting the work. Pricing strategies for self-performed work are reviewed and labor productivity is discussed.

### **Week 5: Equipment**

Distinction is made between large equipment, small tools, and consumables on a project. Equipment rental costs for large equipment are discussed and rent/buy strategies are reviewed.

### **Week 6: Risk Management, Insurance, Bonding, Safety**

Issues, such as bonding capacity (both single job and aggregate), experience modifier ratio, general liability insurance, and overall risk management, are discussed.

### **Week 7: Project Management/Leadership**

Expected competencies of project managers are reviewed, as well as their roles and responsibilities on a project. Attributes of leadership are discussed in relation to the project manager's role in the construction process.

**Week 8: Field Operations**

Expected competencies of field supervision personnel are reviewed, as well as their roles and responsibilities on a project. Logistics planning, including hoisting concepts, are discussed.

**Week 9: Job Costs versus SG&A Costs**

This class makes the distinction between job chargeable costs versus home office overhead costs. Contract provisions are reviewed to help students learn how they affect profitability.

**Week 10: Costs to Complete**

Job profitability is often measured at “Cost to Complete” meetings with company management. Students learn how to develop the costs of a project at completion and the importance of being able to predict accurate costs at the end of a project.

**Exam Week: There will be a final exam.**

**Text:** No text is required.

**Software:** MS Excel spreadsheets

**Grade Determination:**

Homework	30%
Mid-Term	30%
Final Exam	30%
Class Participation	10%