

Good morning, everybody. Dennis Engelbrecht, Digging Deeper.

There's been a lot of talk certainly in recent months, of course, it seems to go on and on about a potential recession and a potential downturn in our industry. Well, as of this last month, people are saying, "What recession? Are there more jobs than ever," et cetera. But I did want to get you focused at least on one thing. That happens oftentimes when things do tighten up a little bit. They're certainly not tight now, but there is a good chance that things will tighten up here over the next year as we go forward. So, the main thing that I saw going into the last couple of recessions is this is when people get a little bit desperate for work and take on jobs they shouldn't. So, I want to talk about bad job avoidance; not mitigating a bad job once you've got it, avoiding them all together, not doing them. That's a lot easier, by the way, than trying to fight your way out of a bad job. So, six points here on bad job avoidance.

Number one, keep your ego in check. That's hard to do sometimes, but the grandiose projects from idealists are fantastic. Let somebody else do them. Recommend them to your competitors. All right? But these unique things that have never been done before, and somebody's got all these great ideas and you think, "Oh, this will be an iconic thing in our area," or whatever, run, most often. There may be some good opportunities there, but really, if it's an ego job, let somebody with an ego do it. Go make some money somewhere. All right? That's first piece of advice. Don't follow your ego in getting jobs.

Number two, set and utilize a formal go or no-go procedure and assure that there are dissenting voices heard in that procedure. As I go back again and look at the bad projects that some folks have encountered, oftentimes, again, as things are starting to tighten up and you feel like, "Well, I need work." They often went through some sort of go or no-go, but the dissenting voices weren't really heard. Either they didn't allow them to speak up, didn't invite them into the process, but five or six years later when they're looking back at it, lots of people are raising their hands, "I told you we shouldn't have done that," or, "I knew we shouldn't have done that," and, "We knew at the time that this was going to happen." So, you hear a lot of that, and I'm afraid when we go through our go, no-go that a lot of times, we don't hear those voices or listen to those voices. So, if you're going to do a formal go or no-go, you got to make sure that the dissenting voices are heard, and a codicil to that is it's easy to hear those dissenting voices and then just rationalize them away, "Oh, we've done this before. We're contractors. We can do this." All contractors have that sort of confidence to be able to... They think they can do that, but really, if you rationalize the problems away, what good is the go or no-go procedure at all? So don't do that.

Number three, focus on high fee and low risk. All right, that's wise, right? Let's go with high fee and low risk. But what I mean is make sure your business is developed with repeat customers and industries you know. As times get tough and business gets a little bit tougher to come by, it's always great to have a business model that includes repeat customers and industries you know. That keeps you closer to your target, keeps you away from those bad jobs. So, focus on high fee and low risk in your general business model, and that'll help you when things get tighter as well.

Number four, keep your business development machine working. Even when times are good, keep the business development machine working because you're going to need it when times get a little tighter. Try to bring in more opportunities than you can handle so you don't have to take the work that you shouldn't take. All right? If you're bringing in enough opportunities, you can pick and choose. It's just very simple math, and you can make better decisions in that go, no-go process.

Number five, watch for signs that the building owners or the customer team is untrustworthy. If they say one thing and they do another, that's a sign, right? One of the big signs is when they come up with contract clauses that are unfriendly, don't agree to bad contract clauses. When you see those, don't just think, "Well, this is just something I have to overcome." You can certainly see that as a sign that maybe this owner or customer knows there's a problem and they're trying to

make sure that the risk is yours and not theirs. So, watch for those signs that ownership or customer team is maybe untrustworthy and then run. Don't walk away from those folks.

Finally, number six, unrealistic schedule and budget. I was thinking you guess how many jellybeans are in a jar? Well, you can't fit 23 million jellybeans in a jar that fits 19 million jellybeans. But so oftentimes owners want their job done, and they want it to come out to a certain amount of money. But the fact of the matter is, it's going to cost this much to do it, or it's going to take 24 months to do it, not the 16 months from now that they want to open, and they want to have it ready. The fact that they want it ready in that time doesn't mean that's the schedule, but they come forth with a schedule oftentimes, and we find ourselves buying into the schedule and budget that's not realistic. Use your experience. In a lot of cases, you know better.

Again, don't rationalize that problem away. Basically, almost all bad jobs start with an unrealistic scheduling budget, and as long as you let that stand, you're probably going to be in for trouble. So six ways to avoid bad projects, keep your ego in check. Use the formal no-go, and by the way, assure descending voices are heard. Focus on high-fee and low-risk work generally in your business model. Keep your business development team working so you have choices. Number five, watch for signs of owner customer untrustworthiness. Finally, an unrealistic schedule and budget is always going to stay unrealistic, so don't go that way.

Dennis Engelbrecht, Digging Deeper.