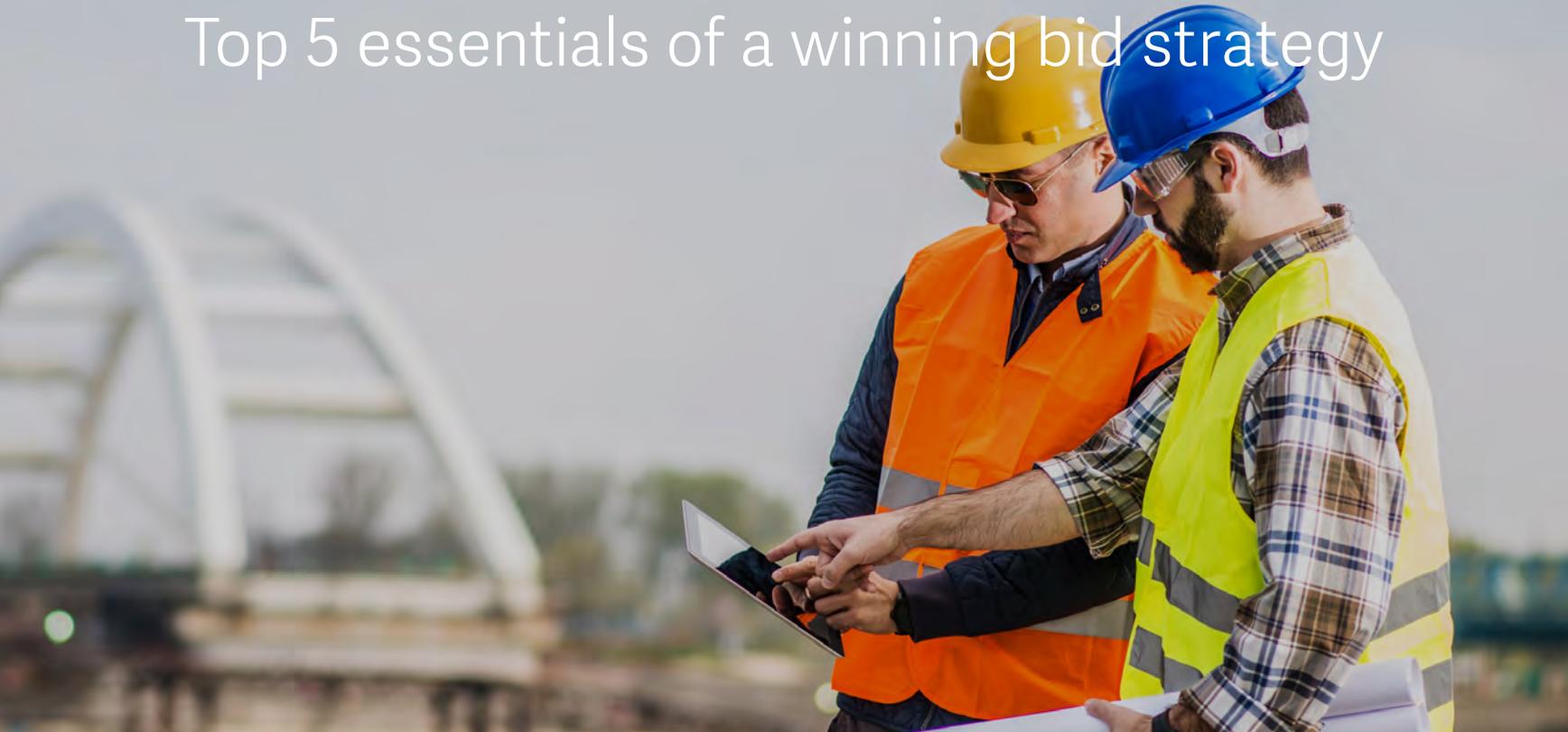
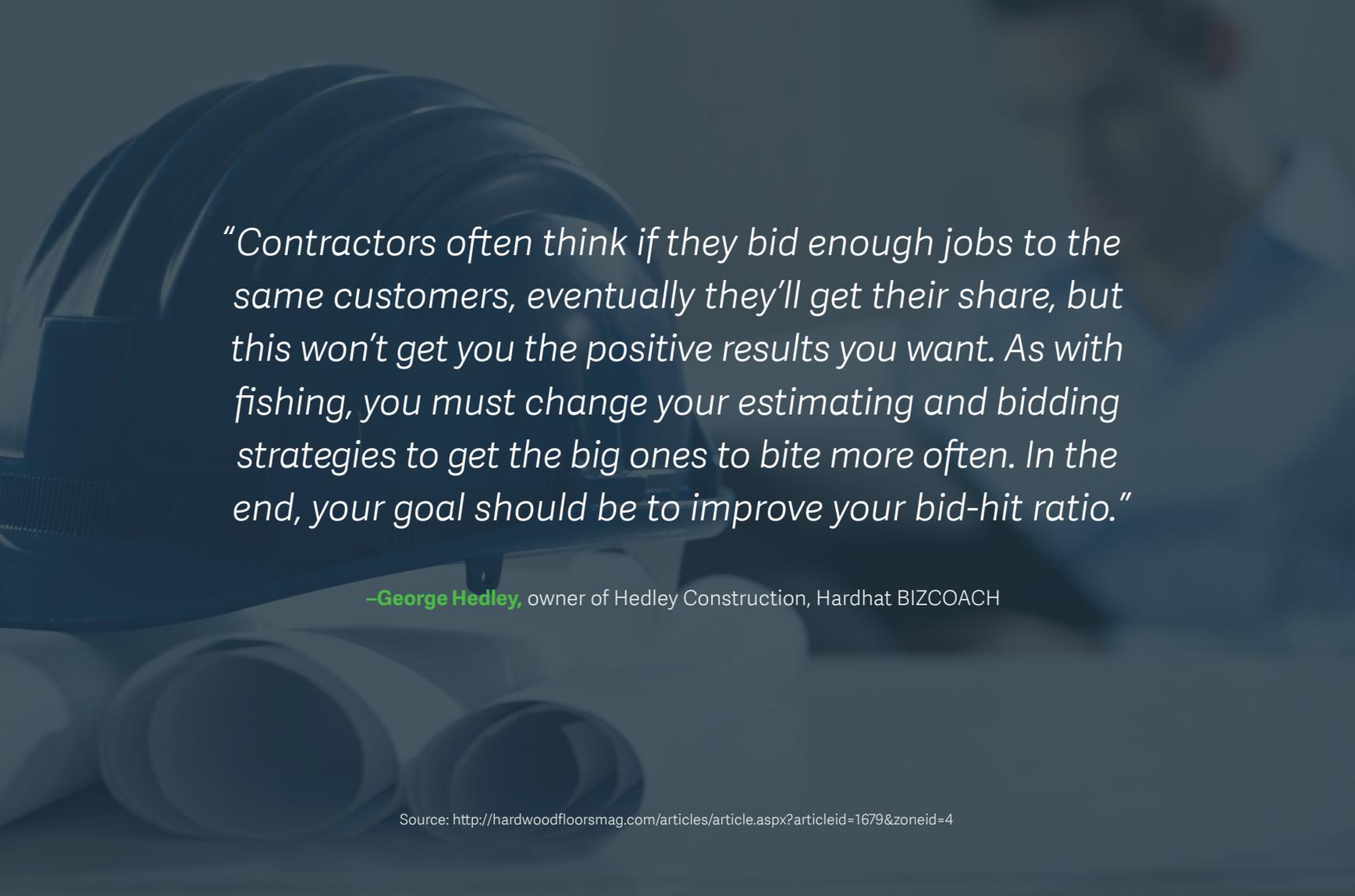


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IMPROVE YOUR BID-HIT RATIO:

Top 5 essentials of a winning bid strategy





“Contractors often think if they bid enough jobs to the same customers, eventually they’ll get their share, but this won’t get you the positive results you want. As with fishing, you must change your estimating and bidding strategies to get the big ones to bite more often. In the end, your goal should be to improve your bid-hit ratio.”

–George Hedley, owner of Hedley Construction, Hardhat BIZCOACH

Speed. Precision. Diligence.

These qualities are no longer nice-to-haves when it comes to construction bids. They are both expected from your clients and necessary to stand out from the throng of firms bidding against you. Your firm may already be crafting meticulous estimates and proposals. Are you paying as much attention to whom and where you're sending them, what types of projects you're bidding on, and why?

In an attempt to win more work, too many firms bid on as many jobs as they can. What those contractors don't realize is that they're actually increasing overhead costs as they invest time on bids they have little chance of winning. Plus, they're not focusing on the types of jobs that are most profitable for their business. You have to bid smart to get the projects you really want—projects that fit both your strengths and profit goals.

Here are the top 5 essentials of a winning bid strategy:



1.

Know—and track—
your bid-hit ratio



2.

Understand your
true job costs



3.

Add some face
time during the
bid process



4.

Give your bids an
extra boost



5.

Improve accuracy
and speed



1. Know—and track—your bid-hit ratio

Do you know what your bid-hit ratio is? If not, you're missing out on an important way to measure the success of your bidding process. A bid-hit ratio is the rate at which you successfully bid on projects. Construction firms of all sizes can benefit from making that simple calculation to compare the number of bids sent out to the number of jobs won.

But it shouldn't stop there. Why? Because even the elusive 1:1 bid-hit ratio doesn't guarantee your firm's profitability or success. Many contractors overlook the importance of following their bid-hit ratios over time and project type. However, if you stick with it, this analysis will provide valuable information that can help you improve your odds. Tracking your bid-hit ratio can reveal where to focus your bidding efforts in the future—and the projects to avoid—so you can optimize your bid strategy.



Gain meaningful insight into the success of your bidding process. Try breaking down your bid-hit analysis into the following categories to reveal your project winners and losers:

- Public versus private
- Profit margin
- Estimator
- Contract or job type and size
- Geography



2. Understand your true job costs

To improve both your bid-hit ratio and profitability, you need to clearly understand your true job costs. Stiff competition means you have to nail the price of your bid so your firm not only wins the work, but also maintains a nice profit margin.

Using job cost accounting software, you can get the information you need about job costs—from labor and materials to overhead and profitability. Get project estimates as close to the final job costs as possible by looking at current data and related details.



Job cost accounting software can help you identify where you're making the most profit and where you're not. Leverage this information to eliminate guesswork in your estimating process. For example, you can examine job costs by:

- Cost code
- Project manager
- Customer
- Job type



3. Add some face time during the bid process

Your estimator has access to all the requirements and numbers needed to prepare the proposal. So what's missing? Sometimes there's no substitute for personal interaction when cultivating a business relationship. One way you can improve your bid strategy is to add a meeting—preferably face to face—with the decision maker.



In your discussion, ask the prospective client about those items that aren't in the RFP such as:

- What aspect of the job is most important to you?
- What top criteria are you using to evaluate the bids?
- Who is on the bid list?
- What are some qualities that would make a bidder stand out?



4. Give your bids an extra boost

While price is always important in the bidding process, you might be surprised at how other little extras could make the difference in improving your bid-hit ratio. Once you've met with the decision maker, add that compelling differentiator to your proposal. In addition to offering a competitive price, demonstrate how your firm will go above and beyond expected levels of quality and service. And be sure to describe what specifically qualifies your firm to be the best for the job.



Highlight your unique area of expertise by adding some of these compelling extras to your bid:

- Project pictures and descriptions
- Customer quotes highlighting your unique area of expertise
- Special certifications
- List of awards



5. Improve accuracy and speed

To improve your bid-hit ratio and overall bid strategy, build bids quickly, accurately, and confidently. Modern estimating software uses best-practice standards that can improve the speed of preparing estimates by 50% or more.

With today's technology, you can even create estimates directly from electronic building models. This helps you more quickly deliver the value engineering and design-cost scenarios that project owners expect to see when awarding negotiated bid contracts.



Here are four ways estimating software can help improve your estimating accuracy and speed:

- Precise takeoff directly from electronic plans and building models
- Improved analysis by activity, phase, or other project breakdown
- Standardization of your estimating best practices
- Built-in error detection

A photograph of four construction workers on a job site. They are wearing hard hats and high-visibility safety vests. They are gathered around a set of blueprints, looking at them intently. The background shows the wooden framing of a building under construction, with some brickwork visible on the walls. The lighting is somewhat dim, suggesting an overcast day or an indoor setting with limited natural light.

“We have contractors tell us they’re up to 15 times more productive using electronic takeoff compared to paper takeoff. That’s really important when contractors are looking to increase their number of bids without increasing staff.”

-Curtis Peltz, estimating technology veteran and CEO of eTakeoff

Source: <http://blog.sagecre.com/time-paperless-takeoff>



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