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## Qualify Leads to Get the Most from Your Business Development Resources

It's important not to squander your company's business development resources. If you tie up your company's resources in pursuing leads and preparing proposals and estimates for work you can't realistically expect to get or can't make money on, you'll miss out on pursuing even better opportunities, warns Michael Reilly, a construction industry marketing consultant. To prevent this from happening, you need to qualify a lead before you commit more company resources to pursuing it, adds Kenneth Scott, a business development manager at a New Jersey construction company.

Qualifying a lead means gathering basic information about the project and then analyzing it to determine if the project is likely to be a good opportunity for your company. The best way to do this is to fill out a questionnaire that focuses on the information you need to evaluate the project, says Reilly. The questionnaire should ask questions that address whether the project fits into your company's business development goals, if you want to work for that owner, if you have time to prepare a proposal, and if you can realistically compete for the project. Depending on how you answer the questions, you can decide if the lead qualifies as a project that your company should pursue.

To help you get the information you need, we've created a Model

Questionnaire on lead qualification (see p. 3) that you can adapt for your own use.

### When to Complete Questionnaire

The best time to fill out a questionnaire is as soon as the lead comes in. If you wait too long, you may not have time to fully evaluate and develop the lead. You or your staff should expect to spend several hours making 15 to 20 telephone calls to a variety of people to get the answers you'll need, says Scott Humrickhouse, a construction industry business development and strategy management consultant. Then you must decide how much weight to give the various pieces of information that the questionnaire highlights. For example, there may be no point in pursuing a lead for a \$20 million pharmaceutical company project if your company doesn't have a superintendent who can supervise a project like that.

### What Qualification Questions to Ask

Here's a look at the kind of information your questionnaire should seek and how it can help you determine if the lead qualifies as one you should pursue. Our Model Questionnaire covers this information.

**Project type and size.** Find out the type of project and its size (for

example, new construction of a high-rise commercial building or a 15,000 square foot industrial warehouse, renovation of a floor at a health care facility, and so on). Also, find out what type of delivery system (such as design/build) the owner intends to use for the project.

Once you get this basic project information, you can evaluate whether you have experience with the type and size of the project and delivery system, says Reilly. If you have that experience, you need to determine if that type of project has been profitable for you in the past. Also, consider what most of the work actually will involve, says Humrickhouse. For example, if the project is likely to require a lot of concrete or carpentry work, and you're very efficient at performing this type of work yourself and don't need to hire a subcontractor, you might lean toward pursuing the project.

If you don't have experience on similar projects or if you haven't been profitable with this type of work, you'll have to consider whether it fits into your company's business development goals. For example, if your company has decided it wants to break into retail facilities and you get a lead on a new shopping center, this may be the opportunity you're looking for.

You should also consider whether the project will bolster your compa-

ny's reputation. Suppose you get a lead on a project to build a new library or community center for your town. Getting the project might result in positive press coverage for your company, which might make the lead worth pursuing. The same principle applies if the project is likely to result in repeat business.

**Owner information.** Find out who owns the project and who will be making decisions about it. Then find out if your company or anyone at your company has previously completed any projects for the owner or for any of the project decision-makers, says Scott. Having an existing relationship with someone at the owner's organization or if you're likely to develop one will be an important factor in determining whether you should pursue the project. If more than three telephone calls stand between you and an introduction to the owner, that's a key factor to consider, says Reilly.

It may be too early to find out who the project decision-makers are, but having an edge in getting to the decision-maker may tip the scale toward pursuing the project, says Scott. Even if you've never worked with the owner before but you have a personal relationship with a likely decision-maker at the owner's organization, you'll have a better chance at getting the project. You should also find out if there's a project short list. If there is, find out how many contractors are on it. If there are already 10 on it, the project may not be worth pursuing.

If you've never worked for the owner, you should find out whatever you can about its reputation for fairness and integrity, and its bill-paying practices, says Humrickhouse. For example, if you heard about the lead from someone both you and the owner buy office equipment from,

ask that lead source if the owner pays bills on time.

**Design team information.** Find out if the owner has hired an architect or any other specialty consultants for its design team yet. Having a relationship with the members of the owner's design team can play a critical role in qualifying a lead, says Reilly. If you worked with design team members before and had a positive experience, they're more likely to recommend you to the owner. But if you have a poor relationship with members of the design team, they may veto you, even if the owner is interested in hiring you.

**Proposal status.** This is one of the most critical sections of the questionnaire. The first question you need to answer is how far along the owner is in the contractor selection process, says Reilly. To find this out, talk to the contact person at the owner's organization or members of the project design team. If other contractors have already been working with the owner on conceptual designs and value engineering or have already submitted proposals, it may be too late to start pursuing this lead.

Also, find out the date proposals are due. If it's very soon, consider whether you have available resources to prepare a thorough proposal. Unless you have time to prepare an impressive proposal, you may be better off not submitting anything. A thrown-together proposal will give the owner and the design team a poor impression of your company that could affect your chances on future projects, warns Reilly.

**Project schedule and budget.** Ask when the owner expects the project work to be completed, says Humrickhouse. For example, suppose the project is an educational facility that must be completed during the summer and

you already have a lot of work scheduled for summer. You may not have the resources to manage the project.

Also, try to find out how much money the owner has budgeted for the project. It may be too early to find out the exact construction budget, but if it's anticipated to be \$25 million and the largest project you've ever done is \$5 million, the project may be out of your league. You should also ask who's funding the project and if the funding is in place. If the owner hasn't been approved for a loan, you may want to consider how likely that approval is before you start to provide extensive budgeting services for the owner, advises Humrickhouse.

**Competition.** Try to identify who your competition for the project is likely to be and if they have a relationship with the owner or the design team. You can do this by asking the contact person at the owner's organization what other contractors the owner is talking to or by contacting members of the design team.

Then ask third parties, such as your suppliers and subcontractors, how strong the relationship is between your competitors and the owner or the owner's design team. For example, if you learn that on the owner's last three projects it used the same contractor, you may not want to try to compete, says Humrickhouse. Most owners will work with a contractor they've used before, unless they've been very dissatisfied. On the other hand, if the owner has been dissatisfied, this may be an opportunity to replace the competitor.

**Strategist Says:** After you've completed and reviewed the questionnaire, take into account what your instincts tell you about the lead and the project, says Reilly. Even if all of the information you've collected indicates that a project doesn't fit into

**MODEL QUESTIONNAIRE**

**Gather Information to Help You Decide if a Lead Is Worth Pursuing**

Here's an example of a lead qualification questionnaire. This Model Questionnaire shows the type of information you should get about a lead before you commit your company's resources to

pursuing the lead. It asks about the project's type and size, owner, design team, proposal status, project budget and schedule, and who your competition is likely to be.

**LEAD QUALIFICATION QUESTIONNAIRE**

IDENTIFY PROJECT BY LOCATION OR OWNER \_\_\_\_\_

**PROJECT TYPE/SIZE**

1. What type of project is this (e.g., educational, health care, industrial facility)? \_\_\_\_\_
2. What size project is this, and what type of work will it primarily involve (e.g., estimated square feet or number of floors/scope of work)? \_\_\_\_\_
3. What type of delivery system does the owner plan to use (e.g., design/bid/build, design/build, CM, negotiated price)? \_\_\_\_\_
4. Do we have experience with this type and size project or delivery system? \_\_\_\_\_
5. If we have experience with this type of project, has this type of work been profitable for us in the past? \_\_\_\_\_
6. If we don't have experience with this type of work, does this project fit into our business development goals? \_\_\_\_\_
7. Is the project a high-profile project, and will it bolster our reputation? \_\_\_\_\_
8. Is this project likely to lead to repeat business? \_\_\_\_\_

**OWNER**

9. Who is the owner of the project, and who are its decision-makers for this project? \_\_\_\_\_
10. Have we worked for this owner or its decision-makers in the past? \_\_\_\_\_
11. Do we have any relationship with the owner or the project decision-makers or are we likely to develop any relationship with the owner or the project decision-makers before we submit our proposal? \_\_\_\_\_
12. Is there a project short list? If there is, how many contractors are on it? \_\_\_\_\_
13. Do we know anything about the owner's reputation for fairness/integrity? If yes, what? \_\_\_\_\_
14. What are the owner's typical payment practices? \_\_\_\_\_

**DESIGN TEAM**

15. Who is on the owner's design team (architect/specialty consultants)? \_\_\_\_\_
16. Have we worked with any members of owner's design team in the past? \_\_\_\_\_
17. Do we have a relationship with anyone on the owner's design team, or are we likely to develop one before we submit our proposal? \_\_\_\_\_

**PROPOSAL STATUS**

18. How far along is the owner in the contractor selection process? \_\_\_\_\_
19. When are proposals due? \_\_\_\_\_

**BUDGET/SCHEDULE**

20. What amount has the owner budgeted for construction costs? \_\_\_\_\_
21. Is the owner's funding in place? \_\_\_\_\_
22. What is the owner's targeted completion date? \_\_\_\_\_

**COMPETITION**

23. Who are our likely competitors? \_\_\_\_\_
24. Do any of our competitors have a relationship with the owner or architect? \_\_\_\_\_

your company's strategic goals, you may still think the lead represents a good opportunity. At least you'll have made an educated decision about pursuing the lead and understand what you're getting into. ■

**Strategist Sources**

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