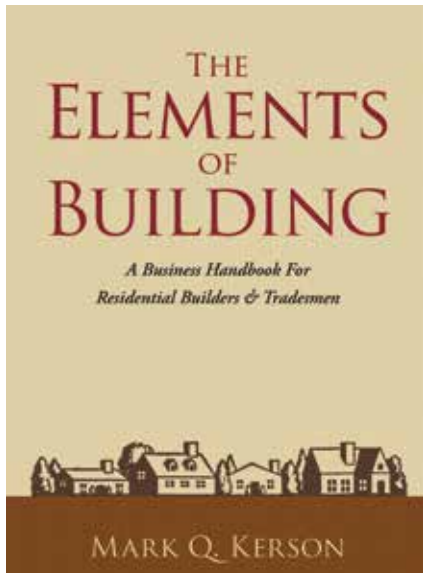


BY MATT RISINGER

The Elements of Business: A Review



Early in my building career I got involved with a local chapter of a builder's association and met monthly with a group of custom builders like myself, only they were mostly 20 years older. I credit much of my success to those guys, who were not put off in the slightest by having a "Young Gun" playing in their sandbox, but instead took me under their wing as a mentee. Despite the fact we were all competitors, they were open to sharing their hard-won building-business knowledge.

Whenever I read the *Elements of Building*, I am reminded of the many meetings I attended with those mentors. Author Mark Q. Kerson is a lot like the seasoned builders who shared their wisdom with me. In effect, this book could be your mentor or building-business coach. It feels so solid, I'd even venture to say it feels like advice your dad would give you if he was a seasoned builder.

BEYOND BASICS

I loved reading this book and I find myself rereading it often, in large part because

it gets to the very heart of my business. If you've never had any formal business training, there's a lot to learn from general business books—the sort you're likely to find on an Amazon best seller list. But those books are not going to tell you what you need to know to excel in the business of building and remodeling custom houses.

Most general business books, for example, treat bidding as being necessary for winning contracts. Kerson, on the other hand, dislikes bidding—as most experienced builders do—and explains why. He does give you the tools to understand how it generally works and provides guidance to those who feel they have to bid to get work. For instance, he recommends calling the bid a "proposal" and charging for it. He also provides guidelines for putting together an accurate bid; essentially, he offers up a series of questions to ask yourself to make sure your numbers and scope are in line with reality. But unlike writers of generic business books, he shows us how to avoid bidding and ends this section with a great quote by Paul Eldrenkamp: "So, a while back, when the market was strong, I decided to reward myself for all the work I'd put into developing a top-notch crew and an exceptional client base. My reward was to stop bidding."

BOOK STRUCTURE

Kerson starts the book with a series of "Rules, Ethics, and Opinions." Here's one I found particularly helpful: "The image of your company, its physical appearance, matters. Customers hire individuals and companies that are clean-cut and well organized because they believe that it indicates competence, quality, and professionalism. And they believe this because, on balance, it does." A focus on honesty and integrity runs throughout the book; this stands out for me, perhaps because it's so rarely conveyed by popular media, which loves to draw builders and tradespeople as scammers.

After giving us the "rules," Kerson walks us through the cast of characters that a builder must contend with, organized in importance to a successful business. This begins at the center of your circle with you, the builder, and radiates outwards to close "participants"—personnel, subcontractors, suppliers, and clients—and then to related "professionals"—accountants, bankers, designers, and so on.

Once we have a strong understanding of the players involved, with guidance on how best to manage our relationships with them, Kerson serves us the meat and potatoes—the "key elements" required for running a successful construction company: estimating, bidding, and money. In these sections, Kerson presents helpful advice on nearly every aspect of the business of building, including pricing, hiring, subs, contracts, prospects, clients, negotiations, bidding, estimating, and more. At every step, this book spurs you on to become a better and more profitable builder.

The book ends with an appendix that includes samples of construction schedules, contracts, checklists, draw schedules, and subcontractor agreements, as well as several pages of book recommendations for further study.

Underlying the book is a career's worth of experience of someone who learned the hard way: living the harsh reality of a builder. Kerson, as fitting a mentor, provides us with insights (and I love how he laces quotes throughout to add depth to those insights) that can soften the hard knocks for the rest of us. But he also reminds us that in the end, what we need most of all to survive in the trades is persistence and hard work. As an anonymous quote from his ample collection of quotes advises, "Success is a marathon, not a sprint. Never give up."

Matt Risinger is the owner of Risinger Homes, in Austin, Texas, and a frequent contributor to JLC.