



Comparing Notes With Other Professionals

by Lynn Comeskey

If everybody can stand it just one more time, I'm going to invoke the "N" word. Although *networking* may strike you as being way off the topic of building and remodeling, the time I spend sharing business and technical knowledge with other professionals is as valuable as anything I do as a remodeler. In fact, between formal groups—I belong to three—and informal interchanges, I spend an average of an hour a day and quite a few hours a week comparing notes.

You can network in groups or individually with friends, colleagues, suppliers, competitors, and subs. The topics can include everything from business—sales, marketing, finance, and management—to technical areas.

Small Business Group

Over ten years ago, I joined my first business networking organization, the Peninsula Executives Association. It's a group of 70 small-business owners and managers who meet weekly for breakfast to exchange leads with other members. There are no competing businesses in this group: there is one jeweler, one plumbing contractor, one stationary store owner, etc. We are encouraged to do business with each other but aren't obligated to.

Our meetings feature formal talks by the members describing their operations, which are surprisingly interesting. Each of us also has an open house after work to allow other members to tour the premises and meet our employees. This makes it a lot easier to recommend a company, and I find myself doing that frequently now.

And other members are not shy about recommending me. I get at least 10% of my business through the Executives Association. We are currently doing a \$260,000 addition for one of the members. The frosting on the cake is the relationships that develop. I never have the time to meet or talk to people. This forces me to do it, and I like it. I have learned about businesses and services I would not otherwise have known, and have used them.

The Executives Association is a national organization with lots of local groups like mine. The cost is

minimal. The meals and a part-time, paid coordinator are the bulk of the expense, approximately \$150 per quarter year.

Small Business Execs

One of the members of my Executives Association group is a psychologist who specializes in helping business executives manage more effectively. He cleverly calls himself an "executive coach", and has organized a group I belong to named "Master Minds." This group is based on the fact that most small businesses are sole proprietorships, and don't have a board to direct them or a staff of experts to turn to for advice or solace.

The group meets twice a month for three hours at a time. It's composed of six to ten members and the leader or facilitator. There is no requirement that any one be in a particular business. The notion is that we all have small businesses with fairly similar problems and challenges.

To begin each meeting, everyone speaks briefly to bring the group up to date on activity during the previous half month. Then the meeting is opened to members who have problems or ideas they want to present. You quickly realize the problems you face aren't really unusual, and that the voice of experience can come from anywhere in the room.

My business has gained a lot from this group, including some valuable feedback on whether to establish a "handyman" division (I've decided to), and help with how to handle an employee in a responsible position who just wasn't working out. The group gave me some advice on who in my organization would replace him, and how to handle the transition. I couldn't have done as well on my own.

In addition to the bimonthly group meetings, we meet individually with the facilitator once a quarter. The cost is \$675 per quarter, and as far as I'm concerned, well worth it.

National Remodeling Group

I came to my third group—Les Cunningham's "Business Networks"—in a roundabout way. About three years ago, I received a solici-

taion letter describing a national networking group for remodeling contractors. I ignored it because it didn't sound useful. Two years ago, I got another letter describing the same group, and decided to try it out because of the benefits I was getting from my local business group.

The concept is similar except that all the members are remodeling contractors of approximately the same size. There are typically eight to ten contractors in each group, who are matched according to sales. Members are from all areas of the country with no duplication in markets. This regional diversity is an added benefit. We get to see how contractors work in different areas, the effect of local market conditions, and like being in the Navy, we get to travel a bit.

We meet twice a year for two-and-a-half days, and take turns being the host. During the first day, we go over each others' financial statements and marketing operations. The major requirement is that members don't hold anything back about their businesses. We come to the meetings with profit-and-loss statements and other records for comparisons and to assist in decision making.

For example, I am planning to move into new offices. How much space should I look for and what should it cost me as a percentage of gross sales? Although I'm the only one who can answer these questions ultimately, it's great to have figures from seven other contractors I respect as a touchstone. I can also compare notes on how much a Yellow Pages lead cost another contractor with my volume, or benefit from his thoughts about how these leads compare with ones from job signs or mall shows.

The second day, it is the host's turn to be in the hot seat. We tour the facility and spend three hours interviewing all of the key (and some of the not-so-key) employees. It is amazing what you can learn about a company in such a short period. During the afternoon, we have group meetings with and without the key employees to give our evaluation of the company. We don't sugarcoat the evaluation, although it is done in a constructive way. This is probably the

most important part of the meeting—an objective, in-depth analysis of your company by a group of your peers.

The host contractor has the second night to prepare a response to the evaluation and a business plan for the future. The rest have a good time at dinner. The final day, the host presents his business plan, and the other members make suggestions. The first part of the next meeting is a progress report from the previous host on his new business plan.

The cost of Business Networks is \$2,500 per year. That may sound pricey, but you'd be hard pressed to find a consultant for any amount that could deliver this level of advice. Based on my experience, I can't afford not to be in the group.

Other Networks

Trade associations are organized around the concept of networking, and our industry has some pretty good ones including NAHB (National Association of Home Builders) Remodelers Council, NARI (National Association of the Remodeling Industry), and NKBA (National Kitchen and Bath Association). Dues range from \$200 to \$500 per year. All of these groups have local chapters and active national organizations that sponsor seminars, accreditation programs, and industry trade shows.

You can also do a lot of networking without spending money. Mine increased when I began writing this column last year. For one, I talk with subs and suppliers more now. They're a great source of ideas because they get around to a lot of different sites and deal with lots of different contractors. And the benefits aren't always indirect. More than once I've had a supplier say, "I didn't know you did that kind of work" or "I didn't know you did small jobs" and have picked up a lead.

A few years ago I decided that a contractor I bid against only once a year isn't really a competitor. Using that definition, most of the contractors I know aren't competitors. So I talk to several in my area every month or so. We talk about costs, subs, sources of business, office procedures, and suppliers. We're not in collusion; we're trying to do a better job of running our companies by comparing notes. And you know, they're nice people, which is not even close to the opinion I had when I thought of them as competitors. ■

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