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Do you really want this job? The bidding process



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Remember the old adage, “Be careful what you ask for, you may get it”? This line of thinking can be applied to the bidding process. Every successful contractor has developed a tried and proven method for bidding projects. However, the first item to be considered is whether or not a particular job is right for your company. The following issues should be examined when deciding which bids are best for your company.

Who will pay you? When assessing what projects to bid, the type and practices of the owner can have a significant effect on the desirability of a job. Certain owners, such as public works, may impose strict reporting require-

ments or may overcomplicate the payment process.

While private owners have a profit incentive to conduct business efficiently, some may have a reputation for contesting or even denying payment, or otherwise being difficult to work with. When bidding such jobs, add sufficient contingency to offset the additional costs.

Is it your sort of work? A contractor who specializes in building schools is probably more efficient, better equipped and more appropriately staffed to build schools than a contractor with a broader construction resume. Conversely, a bid for a mixed-use development with a variety of buildings is more likely to favor a broadly experienced contractor.

These efficiencies – and inefficiencies – will affect the deal from the bid through completion. The potential profitability of any particular contract must be weighed against the “business fit” of the project.”

What are the labor rules and customs? Determine whether your labor situation – open shop or union – is compatible with the labor situation in the new market.

Also, in a less formal way, the existing relationships in the new market may affect the way you

work with suppliers, subcontractors and other critical groups. If a new contractor is seen as taking business away from longtime friends, the project may grow more complex.

Are you equipped? By bidding jobs that require equipment that you already own, of course, you avoid rental fees, purchase costs and related interest. But your equipment must also be available when needed.

Don’t schedule other jobs during the critical period. Also, make sure that no other bids you are likely to win will eclipse your ability to use your equipment.

How big – or small – is the job? Large jobs may produce big revenues. But if too few jobs make up your business, your entire business could suffer significant negative effects if any one of them fails. On the other hand, if your bid mix targets too many small jobs, the number of bids you must submit to sustain your business may become a burden.

Who will do the work? Assess the market in terms of crew availability. If the market is hot, competent people are probably already committed to other projects. Factor into your bid the higher wages needed to draw good people to your job or a lower level of produc-

tivity to accomplish the same work with fewer well-trained crew members.

Who are your competitors? The fewer bidders there are, the better your raw odds of winning the project, and perhaps winning it with higher profit margins. It is to your advantage to seek types of jobs, times of year and locations that attract fewer bidders.

Certain contractors are easier or harder to compete against. If you adjust your submissions accordingly, you further increase your chances of winning the project.

Have you thought it through from every angle? The people on the estimating team must work well together, and the division of labor within the team needs to be clear.

Good communication between team members will help minimize costly assumptions, and when team members know where their individual responsibilities begin and end, gaps and duplications are reduced.

Frequent reviewing of your bidding process can result in greater efficiencies, more jobs and more profit. Thus ensuring that you secure the jobs you really do want.

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