

Diversified Site Works Develops Focused Business Plan To Work Smarter, NOT Harder.

FEB 2023



With David's help, I've learned how to work smarter. I focus on the activities that generate me the most return. Everyday I ask myself - 'Is this what a CEO does? Is this a CEO worthy task?' If I can't answer yes, I have to evaluate who I can delegate that task to, so I can focus on the most important aspects of my practice.

JOHN CALLAHAN
PRESIDENT, DIVERSIFIED SITE WORKS



CLIENT PROFILE

Diversified Site Works (DSW) was founded in 1999. They are a site work and utility contractor located in Odenton, MD, and primarily focus on government-backed projects while still maintaining a private sector base of clients that allows them to have a wide variety of projects going at any given time. For nearly 25 years, they have provided a range of contractor full-service civil construction services, including integrated site development, heavy civil, heavy highway, and underground utilities in Maryland, Virginia, and Washington, DC. Their expertise allows them to take on and complete projects of various sizes and complexity, leading to the successful construction of hundreds of public and private projects each year. Their attention to detail and commitment to safety further add to their client's satisfaction.

CLIENT CHALLENGE

In 2020, amidst a global pandemic, John Callahan, President of Diversified Site Works, found himself and his team focused on capitalizing on as many new projects and bids for his company as possible. "We were sending out two or more bids a day! The workload was tremendous in trying to get all of the bids out and cost estimates correct as we tried to bring in business," Callahan explained. While business appeared to be growing, Callahan wondered if they were doing things efficiently. "We were spending way too much time with three people dedicated nearly full-time to bidding. We didn't even have enough time to follow up and build relationships with the jobs we were bidding. If we won we won, and that's when we decided it was time to change," remarked Callahan. Enter Growth Solutions Team (GST) into the mix. With the guidance and consulting of the Growth Solutions Team, Callahan began to look at their organization and identify inefficiencies, which would improve their overall operation and financial picture.

A NEW STRATEGY YIELDS RESULTS

Callahan stated that 2020 was their heaviest year of estimating. They bid on just over 420 projects that year, which is an astonishing number (approximately 2 per business day) with a total value of over \$150MM. However, their success rate was only 6% of that total bid value, closing only 15% of the total projects. And they worked HARD for that number. "It was a shotgun approach. We basically bid on anything that came our way and hoped for the best. There was no strategy or business plan involved," Callahan said.

GST helped us start looking at ways to improve the overall business and culture at Diversified. While the goal was to build their client base, they were actually wasting resources throwing out random bids, which wasn't very productive. By 2021, they were looking more closely at the bids they were doing and trying to throw out ones that didn't make sense.

However, the year-end results didn't prove what they'd hoped. Yes, they successfully reduced the number of bids they did that year, but their sales numbers went down too. They made nearly 360 bids, but their close rate dropped from 15% to 11%, and their total volume of bids decreased to \$140MM with only 4% closing. Again, Callahan scratched his head thinking, "we are still putting in a crazy amount of work and bidding on projects, but now our numbers are going down?" Then Callahan and GST decided to hone in and divert all efforts on becoming a leaner, more vital, focused organization.

A NEW STRATEGY YIELDS RESULTS CONTINUED

So in 2022, their strategy shifted as they sat back and identified the types of clients and projects that were most profitable for DSW. Furthermore, they could narrow down what they were and weren't comfortable with and move forward bidding on projects that made SENSE. They put out for just over 222, a nearly 50% reduction in the number of bids from 2 years prior. They increased their close amount to 9% of the bids, and their total volume. While it went down from \$150MM to roughly \$80MM, they were closing 9% of the total volume. Allowing them to shift manpower from pre-construction/estimating to production and project management.

"This approach saved us a ton of manpower and hours," said Callahan. "We were getting the jobs we wanted vs. taking on anything we could get."

SIDE BENEFITS

Through this process, DSW also realized they needed to streamline operations, to work more efficiently. They were able to eliminate three full-time positions, saving them over \$1MM in overhead. Ironically, the reduction in workforce made the bidding and preconstruction process more collaborative. Instead of the blame game, there was a team-focused approach to the job, which in turn has improved morale. These are intangible benefits of working smarter as an organization. "We got rid of a million dollars of overhead, and their jobs might actually be easier because there are fewer people muddying the waters, and there is a greater collaboration within the team. They see value in what they are doing," analyzed Callahan.

Additionally, they had been so hyper-focused on new bids, that they didn't realize a large portion of their total revenue should be brought in by change orders during the production phase of the projects. In 2021 they saw approximately \$1MM in change order revenue and tripled that in 2022 with over \$3MM in change order revenue. "This was a huge realization that we were managing our projects better and bringing in more revenue by having efforts focused on the projects," remarked Callahan. The company went in one year from losing money to making a significant profit in 2022.

CONCLUSIONS

Working with the Growth Solutions Team has helped Diversified Site Works improve their focus and efforts to improve their overall efficiency and profit margins. By identifying and narrowing their focus, DSW can look forward into 2023, work the business plan further, adjust as needed and hopefully realize even greater profits this year. "I appreciate that I can always call the Growth Solutions Team, have that check-in or brainstorming session, and they'll get me straight and keep me on track. This relationship has been invaluable to our business," concluded Callahan.

READY TO LEARN MORE?

Mid-Atlantic Office: 443.501.2201

Central Kentucky Office: 859.559.0100

office@GSTeammail.com

GrowthSolutionsTeam.com

