



Mike's Tips for Construction Professionals

Accurate Bidding – Effective Project Management – Consistent Profitability

Consulting–Takeoff & Estimating–Project Management

Construction professionals achieve excellence using DMI Methods and Techniques.

No Luxury – 01/04/12

Most contractors think that spending time reading about takeoff and estimating methodology is an unaffordable luxury. Why waste time reading when you already know how to do it? After all, there's always the "The School of Hard Knocks." What could be EASIER than learning from your own mistakes?

Unfortunately, with BIDDING mistakes, only two crucial categories matter:

- Mistakes that make bids too HIGH. (Whoops! Just lost another one.)
- Mistakes that make bids too LOW. (Ouch! That smarts.)

Furthermore, unlike tradesmen, estimators cannot learn instantly from their own mistakes. Inevitably, estimators' mistakes go largely unnoticed; typically these mistakes get repeated many times. Yes, there's no tuition at the "The Bidding School of Hard Knocks," but the hidden fees are quite costly, year after year.

Achieving takeoff and estimating excellence is no luxury; actually, it makes perfect, economic sense. Reading Mike's Tips for Construction Professionals takes time; yet the new knowledge will save much more time, and possibly a lot of money.

Best of all, the savings continue, throughout the construction professional's career. Don't wait until it's too late; take this opportunity to learn. Gain a decisive, competitive advantage because **you know more than your competition.**



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Better Late – 09/02/11

[Back in 1990, recent \(at the time\) technological advancements](#) enabled me to transform my professional estimating spreadsheets into computer software, making my life a lot easier. Twelve years later, construction software advancements facilitated development of DMI Databases™ for Quick Bid®. I thought, **better late than never.**

Today, Whether you currently work with advanced database-driven software, Excel spreadsheets, or just paper and pen, you can learn how to work more effectively, so you can produce more bids, more accurately.

Confidence Quotient – 03/04/11

[Here is a crazy truth: Most professional estimators](#) never receive any formal job training. The Result: Some estimators bid too many jobs, and receive too few contracts. Other estimators bid too few jobs, and receive too many contracts (due to very costly, takeoff and/or estimating errors).

[Consider the countless hours wasted](#) by estimators who lack confidence. Worse yet, consider the countless dollars wasted by over-confident estimators.

[Consider how much stronger your company could be](#) if your estimators were as capable as they could be. Your estimators may currently work with advanced database-driven software, Excel spreadsheets, or just paper and pen. Regardless of their current situation, your estimators need the confidence quotient. Taking time to review DMI literature is a good start.



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How Many – 09/02/11

Historically, when you thought about estimating, you thought about “How much?” (How much will it cost to do this job or that job?) Today however, estimating is more about “How many?”

How many jobs does a contractor need to bid before finding a good one?

Old Dogs – 03/04/11

Is your company stuck in the 20th century? Did you know: old dogs **can learn** new tricks? With just a little extra help to get started, old-school companies can jump into the 21st century. Technologically advanced Contractors with solid industry experience will rise to the top for these reasons:

1. Advanced technology enables:

- Bidding more jobs without adding more estimators.
- Managing more jobs without adding more project managers.

2. Solid construction experience enables:

- Recognizing good jobs and avoiding bad ones.
- Promoting top quality work on jobs and rewarding top productivity.

DMI can guide your contracting business into the 21st century.



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Positive Consequences – 10/05/10

Serious consequences stem from estimated vs. actual cost differentials. Here are some **Contracting Math Facts**:

- Given a contract estimated at **cost plus 25% mark-up**, a 2% cost overrun reduces total overhead and profit (OH&P) revenue by 8%.
- Presuming overhead usurps 75% of OH&P revenue, a 2% cost overrun also causes a 32% profit reduction.
- Given the same scenario, a 6.25% cost overrun **wipes out all profit**.

Achieving takeoff & estimating excellence **creates positive consequences**.

Top Priority – 08/25/10

The age-old question in our industry: What takes top priority, bidding or project management? Many contractors do not recognize the clear answer:

Project management must take top priority. The importance of estimating evaporates when chaos reigns on the job site.

So why spend so much time and expense on takeoffs and estimates?

Takeoff and estimating excellence is crucial for two specific reasons:

1. Estimating excellence **yields jobs with top profit potential**.
2. Estimating excellence **enables project managers to deliver the full profit potential from every job**.



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Money Saver – 03/25/10

An experienced commercial drywall foreman can use his knowledge to accurately price metal stud framing labor, but it takes some time to think it through. In contrast, a junior estimator with exclusively academic credentials may estimate faster, but probably less accurately.

DMI developed an Excel Workbook File® to enable anyone to estimate metal stud framing as quickly and accurately as the best professional estimator. This inexpensive product is so easy-to-use that even pencil-and-paper estimators enjoy using it. It's called:

The Production Rate Calculator for Metal Stud Framing™

This product enables quick, accurate, **automatic** estimation of the labor production rate (and labor unit price per linear foot) for **virtually any metal stud framing configuration**, any size, any gage. It's so easy to use:

Just select the stud size and gage from a sequential list; then just type in two numbers taken from the architectural detail:

1. The wall height (or total length of stud if it's not a wall)
2. The number of track or similar connections (Just enter "2" if it's a wall.)

The production rate and unit price (per linear foot) for labor both appear instantly. To learn more, follow this link:

[The Production Rate Calculator for Metal Stud Framing™](#)

Saving time and improving accuracy make this calculator a big money saver.



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Getting Organized – 03/14/10

Through my estimating service, I've worked on far more than my share of difficult bids. My clients are located in many different regions throughout our great country. Even though hourly wages, production rates, and piecework rates vary greatly from one local to another, I've managed to produce very accurate, successful estimates on a large variety of projects.

The secret to my success is simple: I can accurately price any condition (drapery pocket, light cove, whatever the architect dreams up) very quickly, probably in a fraction of the time that it would take most professional estimators. Also, there are no surprises on the reports that I generate; all my ducks are automatically in a row.

Getting organized can be a tedious process, and sometimes costly too. Nevertheless, once you get organized, life sure does get easier.

Getting Better – 09/22/09

As I am, you are probably hopeful our industry will be **getting better** some day soon. For now, realistically, the powerful (in Washington D.C.) are just not interested in our concerns; they will likely feign more concern next year, as the mid-term elections draw closer. In the meantime, smart contractors are getting better prepared for the future.

You may say, now is the time to hunker down. I empathize; you may be right. However, in the interest of emerging victorious someday, now is definitely the time to get prepared for what happens next.



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Withholding Tricks – 01/27/10

Many years ago, someone showed me how to work with *multiple* worksheets *simultaneously* within an Excel® Workbook. I was shocked to learn this was even possible, and instantly became frustrated, recognizing all of the time I had wasted previously, due to this specific knowledge deficit.

From that point forward, I made use of my newfound knowledge, and always saved time whenever I worked on takeoffs and estimates in Excel. Thus, my initial sense of loss was quickly overshadowed by the sense of satisfaction I gained from spending my time more effectively.

Unfortunately, too many estimating instructors lack the substantial experience required to teach effectively, and simply cannot answer some questions. Occasionally, an estimating instructor whose top priority is endless schooling will even evade your questions, answering like a politician running for government office.

In recent years, hundreds of construction professionals throughout the United States and Canada traveled to attend DMI Takeoff and Estimating Seminars in Chicago. Today, gaining the specific knowledge needed to improve speed and accuracy can be as easy as studying the writing here at datamanagementinstitute.com.

At DMI, we do not withhold any tricks of the trade from anyone willing to learn, wanting to achieve excellence in our industry, and appreciative for the opportunity presented here. Just send us an email with any specific questions related to our industry.



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Gearing Up – 01/02/10

Recently, I made a routine visit to my dentist's new, well-appointed office. Because he spends a substantial part of his life there, along with his support staff of five, this well-established entrepreneur transformed a basic, medical office space into a very comfortable and beautiful retreat.

Always curious, I asked my dentist how much he invested in his new office, including equipment. He replied, "About a half a million." Of course, that tops-off his hefty investment of both time and money for schooling, initial employment, and a previous partnership that went awry.

Measuring success via income, ironically, many construction entrepreneurs, in our field of work, enjoy even greater success than a rather high-class dentist does. Scrutinizing the risk/reward ratios involved intensifies the irony, when comparing the dental entrepreneur versus the construction entrepreneur.

Some reasons why a dentistry business is typically considered less risky than a construction business:

- Dentists begin careers already well educated in their profession.
- Dentists become entrepreneurs only when they are prepared to invest in essential equipment.

Regrettably, the opposite is true for most construction entrepreneurs. Even though start-up costs are roughly twenty times less than a dentistry start-up, new contractors generally lack both estimating-specific education and efficient estimating tools.

Hence, even with many years of experience in the trades, contracting is generally a much riskier startup than dentistry. **Gearing up for successful contracting** starts with the knowledge and tools necessary to achieve takeoff, estimating, and project management excellence.



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Shifting Gears – 06/03/09

[You know the competition is tough](#) when you routinely bid against contractors who take jobs at prices under cost. Unfortunately, far too many contractors rationalize the illogical practice of low-ball (under-cost) bidding; worse yet, too many contractors respond: if you cannot beat them, join them. That is a recipe for failure.

[There are many good ways to get around, or better yet, climb over,](#) bad competition. Here is just one way to move ahead and leave your old adversaries behind.

Shift gears; [change your own game for the better; add new scope](#) to your bids. Construction managers prefer to deal with subcontractors who can provide a complete package: metal stud framing, drywall, paint, rough carpentry, casework, millwork, doors, frames, hardware, etc. in their bids.

[You may say, now is not the time to shift gears;](#) however, now is exactly the right time to move ahead. I think it was Teddy Roosevelt who first said, "When the going gets tough, the tough get going." Fortunately, most of your competition think that means: head for the hills and hide. When do you think it will be a better time to find qualified tradesmen?



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Silver Bullets – 07/22/08

About a half-century ago, when I was four years old, The Lone Ranger was my hero. You may remember: he did not fire his gun all that often; but when he did, he shot handcrafted **silver bullets**.

Today, many wall and ceiling contractors still seek **silver bullets**; many contractors still wait for the day when “magic” estimating software arrives. This software will automatically read the plans for them, and then produce their bid, all with just the touch of a button.

Actually, this technology has been available for decades, enabled by the advent of digital electronic drawings. Yet, a large stumbling block continues to impede further progress: the next advancement would oblige architects to electronically encode their drawings; in doing so, architects would expose themselves to liability for both the accuracy and the viability of the automatically generated estimates derived from their drawings.

When do you think architects will be ready to accept that liability? I'm not holding my breath.

Excellent progress has been made with takeoff and estimating software; however, both knowledge and skill remain prerequisite to producing excellent takeoffs and estimates. Although I do not have **silver bullets** to offer you, I do have an arsenal of knowledge and handcrafted construction data that I am both willing and able to share with you.



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Paint Enigma – 07/09/08

Paint seems to mystify many people in the construction industry. Some architects tend to overlook paint when drawing the plans for a building. Nevertheless, once the painting contractor is on the job, many presume the painters should be mind readers.

Many painting contractors find themselves playing a shell game with their customers. They don't just mix paint; they also throw in extra profit, and then spin the scope of work into the mix.

Sometimes the ensuing chaos creates extra profit. Usually, the chaos just leads to extra cost instead. Eventually, almost every painting contractor realizes that accurate takeoffs and estimates lead directly to profitable jobs and satisfied customers.

Time Management – 06/17/08

Do you ever feel like there just aren't enough hours in the day? Far too many people in our industry spend their days buried in work, with no relief in sight. Generally, they waste too much time "putting out fires" while spending far too little time building a "fire prevention" program.

Organizing for success sounds good, but who has time for that? So the rat race continues.

Jump out of the wheel, and let the other guys keep it spinning. Put the fire hose down. Your time is your life. Only you can make your time more valuable.



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Tolerance Reduction – 05/19/08

[Have you ever noticed that construction estimators tend to tolerate more than their fair share of chaos?](#) Tolerance is generally thought of as a good trait; however, tolerance can quickly lead to procrastination followed by mediocrity.

[The unnecessary burden of working amid chaos](#) can lead to expensive estimating mistakes. Financial and other considerations often cause procrastination instead of moving forward and becoming organized.

[Far too many professional estimators never received adequate training,](#) and instead were continually told: “Try to do the job, and try not to ask too many questions.” Eventually, these inadequately trained estimators lead the next generation of estimators. The sad cycle of mediocrity continues.

Generation Gap – 04/17/08

[Even the most successful contractors can improve](#) as the next generation takes the leadership role. Successful contractors recognize that accurate takeoffs and estimates are essential to consistent profitability.

[Important progress can occur as the next generation](#) of younger leadership takes control of the business. Usually, younger leadership clearly recognizes the value of organizing and facilitating the takeoff and estimating process via immediate access to vital information.



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Luck Counts – 01/02/06

Takeoff, estimating, and project management excellence is more than just an ideal goal. Excellence is the only direct path toward the ultimate goal, optimal profitability.

Mediocre takeoffs and estimates may lead to some profits, if some good luck is added into the mix. Seriously, there is nothing wrong with good luck. After all, **luck counts**, but it's foolish to count on luck.

Takeoff, estimating, and project management excellence consistently causes good results. With consistently good results, good luck is just icing on the cake.