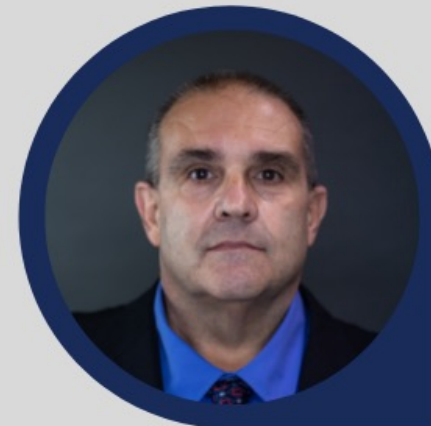


ESTIMATING THE RIGHT WAY

PRESENTED BY: JOHN KENNEY



2022



JOHN KENNEY



- John Kenney is the Chief Executive Officer at Cotney Consulting.
- John had 45 years of experience in the construction industry.
- John started his career by working as a roofing apprentice at a family business in the Northeast.
- John has worked for multiple Top 100 Roofing Contractors and is intimately familiar with all aspects of roofing production, estimating, and operations.
- In his last role, John was responsible for the daily operations and performance of a large commercial roofing contractor.
- During his tenure, John ran business units associated with delivering excellent workmanship and unparalleled customer service while ensuring healthy net profits for his company.



WHAT WE ARE COVERING

- **Not Training Your Estimators – The Penalty**
- **The Consequences of Using Inexperienced Estimators**
- **The Estimator vs the Take-Off Person**
- **Estimating Department Checkup**
- **The of Importance of The Weekly Estimating Meeting**
- **Making the most of the pre bid**
- **Risk Management in Estimating**
- **Key Principles for Submitting Better Bids**

Not Training Your Estimators – The Penalty



- Contractors must use properly trained estimators
 - Could pay high costs to wrong estimates
 - Many have gone out of business due to poor estimating
- Before we cover what to do, let's look at the consequences

The Consequences of Using Inexperienced Estimators

- Starting off young potential estimators on the wrong foot
- Excessive amount of labor to get the estimate completed
- Poor estimating software efficiency
- Lack of a proper understanding of the potential labor risks
- Lack of quality and accurate takeoffs
- Consistent low bid numbers or excessive high bid numbers
- Company reputation is at risk with clients



Picking Your team

- Finding the right person is key
- Hire the person who has the necessary skills to become a quality estimator
- Invest in quality, intense training
- Provide them with good structure and organization

The Estimator vs the Take-Off Person

- Finding the right person for your estimating department can be challenging.
- A take-off person is no more an estimator than a laborer is roofer
- A take-off person trying to function as an estimator is costly — very costly.
- Placing unskilled estimators in this position without them having a proper philosophy of estimating will prove to be a hindrance to your company's success.
- Here are some guiding principles to keep in mind



PRINCIPLES TO KEEP IN MIND

- Match the responsibilities of the job position with an employee's abilities
- Look for potential
- Have detailed job descriptions for every position in your estimating department
- Bad habits are hard to break; therefore, provide quality training for employees




PRINCIPLES TO KEEP IN MIND

- It is better not to bid a project than to allow someone without the proper skill set to perform a proper estimate
- You are not saving money when you compensate a low-skilled employee to do a job that requires higher skills
- Hire the right person with the right skills to do the job




Estimating Department Checkup



- 
- Know the health of your estimating department
 - Good organization
 - Once a detailed organizational structure is in place, effective leadership is necessary
 - Your estimating team will work more effectively with good organization and strong leadership
 - Is the person running your estimating team trained with the leadership skills and structural understanding of how to run the department?
 - Develop estimating principles that will minimize mistakes and provide you with confidence on bid day

Checkup Questions

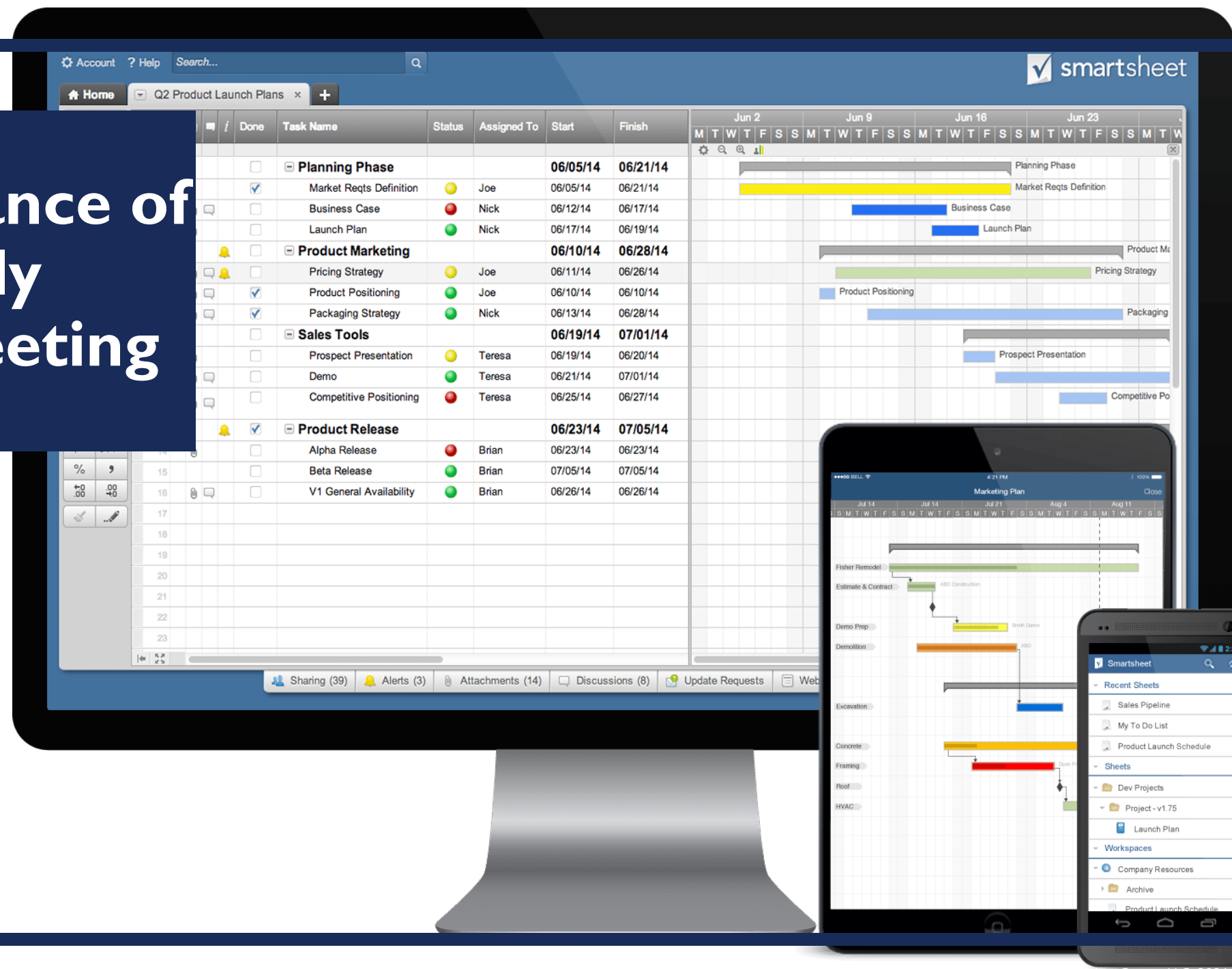


- 
- Are estimates to be completed a minimum of 24 hours before the bid is due?
 - Do your estimators maintain quotation files?
 - Do you have a master list of bid exclusions and qualifications?
 - Do you have an estimating sequence for your estimators to follow?
 - Do you have an estimate checklist?
 - Do you have a bid follow-up policy?
 - Do you have a “turn-over” project hand off procedure of the successful estimate to your project manager?

The of Importance of The Weekly Estimating Meeting

- Maximize resources
- Create purpose
- Top priority- address current and future estimates
- Make it a routine
- Review successful bids and completed projects
- A study of your “estimating history” will provide valuable information for estimators

The Importance of The Weekly Estimating Meeting



The of Importance of The Weekly Estimating Meeting

Sales Pipeline Overview DASHBOARD

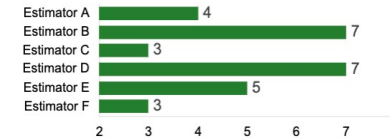


Awarded Contracts 2020

\$551,500

Total Awarded YTD

Number of Opportunities by Estimator



Opportunity Statuses



Resources

Sales Activity Tracking

Sales Activity Tracking Compared to Budget

Contracting Projects Sold Per Month

Report - Current Opportunities

Project Name	Contact	Bid Date	Sales	Estimator	Take Off	Base Bid	Follow Up	Notes
152 Franklin	Rosie	2/20/21	To Be Bid	Estimator A	Estimator A	\$0.00		
4Rivers Smokehouse	Pamila	3/5/21	To Be Bid	Estimator B	Estimator B	\$0.00		
14th & Ocean	Magdalene	2/20/2020	LOI	Estimator C	Estimator C	\$42,748.00	07/10/20	
121 Financial Credit Union	Eneida	2/28/2020	LOI	Estimator D	Estimator D	\$2,716,110.00	06/15/20	
Adidas 250	Usha	1/31/2020	Verbal	Estimator E	Estimator E	\$32,150.00	05/22/20	
Academy Sports & Outdoors	Bella	1/31/2020	Verbal	Estimator F	Estimator F	\$79,935.00	06/10/20	
93 Bay Harboar	Jeromy	6/4/2019	Hot	Estimator F	Estimator F	\$510,760.00	07/10/20	
Abercrombie & Fitch Gardens Mall	Bobbie	11/8/2019	Hot	Estimator B	Estimator B	\$12,912.00	06/15/20	
Aldi Food Store 35	Sharla	11/8/2019	Warm	Estimator B	Estimator B	\$11,815.00	06/29/20	
Aldi Food Store 46	Terese	1/16/2020	Warm	Estimator D	Estimator D	\$1,570.00	06/10/20	
Aldi Food Store 87	Wendy	1/31/2020	Active	Estimator D	Estimator D	\$655,050.00	07/10/20	
Advanced Auto Parts Store 6546	Deana	1/31/2020	Active	Estimator F	Estimator F	\$146,935.00	06/15/20	
Bavside Club	Nettie	1/31/2020	Budget	Estimator A	Estimator A	\$595,273.00	06/29/20	

Report - Projects Sold Per Month

Sales Contract Date	Bid Date	Selling Cycle	Project Name	Proposal Delivered	Contract Amount	Estimator	Account Manager
		12	January		\$40,000		
01/29/20	01/25/20	12	4Rivers Smokehouse		\$40,000	Estimator A	Estimator A
		18	February		\$200,000		
02/13/20	02/10/20	18	93 Bay Harboar		\$200,000	Estimator B	Estimator B
		13	March		\$85,000		
03/23/20	03/15/20	5	Aldi Food Store 35		\$25,000	Estimator B	Estimator B
03/23/20	03/15/20	22	Aldi Food Store 46		\$35,000	Estimator F	Estimator F
03/23/20	03/15/20	13	Aldi Food Store 87		\$25,000	Estimator E	Estimator E
		95	April		\$226,500		
04/30/20	11/08/19	189	Lilly High School	11/08/19	\$60,000	Estimator A	Estimator A
04/29/20	04/29/20	-	515 Osprey Avenue	04/29/20	\$1,500.00	Estimator B	Estimator B
04/22/20	04/22/20	-	SMH Surgery		\$65,000	Estimator C	Estimator C
04/22/20	04/17/20	1	10th Street Credit Union	04/17/20	\$100,000	Estimator D	Estimator D

Making the most of the pre-bid



- The pre-bid meeting and the site visit are two separate steps in bid preparation

Pre-bid Meetings

- Pre-bid meetings sometimes are not held at the project location
- Pre-bid meeting is to clarify any concerns bidders may have with the solicitation documents, scope of work, and other details.

Site Visits

- Some projects especially your negotiated ones do not have pre bids or formal site visits
- It's always best to personally visit a project site that you are estimating
- The site visit is one of the best and easiest ways to mitigate risks, because some site conditions can only be known and understood by seeing them in person.





Risk Management in Estimating

- Preliminary risk analysis (PRA)
 - Prevents Wasting of Resources
 - Useful Factor in Selecting Projects for Bid
 - The Simple Questions
- Know your organization
- Identify the risks that are worth taking and the ones outside of your company's comfort zone
 - Schedule risk
 - Pricing risk
 - Backlog risk
 - Contract / General Conditions risk
 - Insurance



Key Principles for Submitting Better Bids

- Bid the Right Projects
- Visit the Site, and Attend Pre-Bid Meeting
- Seek Project Clarification
- Perform Accurate Takeoffs
- Avoid Mathematical Errors
- Evaluate all Pricing
 - Quotations, Expenses, and Subcontractors
- Identify and Manage Risks
- Labor Costs
- Materials and Equipment Costs
- Incomplete Bid Forms and Documents





What's Next?

- In our Part II of this series, we be covering
 - What are the roles of an estimator and sale person.
 - Are they the same?
- Are they interchangeable?
- Where is estimating fit in on your organizations accountable tree?
- The “Project Postmortem”
- Much, Much More



QUESTIONS?

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