

Intentional Bidding

PART 4 OF 4

INTENTIONAL BIDDING

In the first three articles in this series, we looked at three of the four common obstacles to bidding with intent:

- 1. Lack of a target**
- 2. Confusion about margin and markup**
- 3. Confusion about price vs cost, and**
- 4. Lack of confidence**

It's time to look at the fourth obstacle: Confidence.

DO YOU HAVE THE CONFIDENCE TO BID INTENTIONALLY?

You're familiar with Intentional Bidding. You know your actual cost, you don't add burden to your bids, and you use margin, not markup, to price jobs. You have a target, and you know how to bid at prices that will pay overhead and debt service with enough left over to pay taxes and grow your business. You know how to do all those things, but what do you actually do?

Do you bid at or above your target, or do you back off at the last minute to "get the work?"

I can hear the protests now (because I've heard them many times before). "If I get the work, I'll find a way to keep some of the money," or "I need the work to keep the guys busy," or "I need to keep cash coming in [eventually] to pay the bills," or the catch-all reason "I have to get the work because it's what we do." If you're using those reasons to reduce prices below your target, I have a question for you: How's it working out? Did you earn enough last year to pay

your overhead and debt with enough left over to pay taxes and grow your business?

If you did, it's because you bid at or above your target (even if you didn't realize it [see article three]).

If you didn't, what are you thinking? What's the plan? Hope? Your numbers show what is likely to happen. Are you hoping the numbers are wrong and that things will just work out?

Hope is not a plan. It is the opposite of bidding with intent. Hoping sets you up for a slow death from losses accelerated by cash starvation that comes with rising accounts receivable and inventory levels.

You must know what you must do and then you must do it. That's intentional bidding. It takes confidence - or maybe courage is a better word - to pull it off. If the market truly will not accept the prices you must have, quit the business. It is better to quit with intent than to suffer the prolonged agony of a slow death.

If you're interested in working together to improve your margins, establishing bid processes, and more, please contact me. I'd enjoy talking to you.

If you have any further questions, please don't hesitate to mail me at Martin@annealbc.com or visit www.annealbc.com



Martin Holland

Martin Holland is the son of a successful entrepreneur. He grew up hearing about margins and markets, R&D and sales, risk and return on investment. He learned to love the language and rigors of business and grew to believe that business is both the most human of all endeavors and the highest calling. After selling a company in 2011, Martin became a coach in order to help other owners build profitable businesses that do not require their day-to-day involvement.

A native of Norman, Martin earned a B.A. degree from Hastings College in Hastings, Nebraska and a Masters in Business Administration degree from the University of Oklahoma. Over the past 7 years he has written business plans that have raised over \$52.4 million in bank and investor financing. He has helped 157 (and counting) business owners reduce stress and increase performance through clarity of purpose, better marriages, more money, and more free time away from the business.