



Strengthening Your Outer Core

BY GARRETT J. SULLIVAN

You often hear about the importance of strengthening your body's core. Amplifying your core strength increases stamina, improves agility and augments muscle mass. Exercise it regularly and you will live longer and boost your mood.

Your company also needs constant work to strengthen its "core." Businesses have inner and outer cores. Think of the inner core as those employees who work with you on a day-to-day basis. When they're treated respectfully, paid a fair wage and allowed to benefit from the company's profits, they will work hard to achieve the vision you have set forth.

While there's a lot that can be said about keeping employees motivated, less discussed is the importance of your company's outer core: business partners outside of the company who are still critical to your success.

This outer core includes your banker, lawyer, insurance/bonding agent and CPA. They aren't a constant presence in your operation, but are still part of the team. It's easy to be so caught up in the everyday hustle of your business that you only find yourself calling upon these partners when you're facing a crisis.

However, savvy contractors understand that these allies serve as the shields that will deflect many of the unexpected arrows being aimed at you in this business. When you pursue outer core relationships in the spirit of partnership rather than obligation, you will minimize business risk and remain consistently profitable.

These partner-professionals need your attention in order to help you. If you don't contact them regularly, they're forced to assume all is well. They will not like being surprised, and whenever you fail to inform them

about a brewing situation, you'll lose some of the good will you've invested in the relationship.

If you feel your outer core is going a bit soft, it may be time to begin some cross training. Here are some prompts to begin conversation.



Banker

Let your banker know about the major issues your organization faces in the coming year.

Do you foresee any plans for major expansion or equipment purchases in the near future?

Find out how you can increase your line of credit, even if you don't need it yet.

Lawyer

Inquire into the types of recurring legal challenges other contractors have been experiencing in the past year.

Inform your attorney if you're facing exposure to any potential risks

and find out what you can do to offset these future profit drains.

Ask if you should be incorporating any new risk-control strategies into your contracts/subcontracts and purchase agreements/orders.

Insurance/Bonding Agent

Let your agent know about any claims you may be exposed to, as well as future plans to expand your usual scope of work.

Discuss your current coverage in broad terms and ask if you should be looking into additional insurance, especially for growing companies.

Update your agent on the status of your company's succession plan, even if you don't intend to retire anytime soon.

Certified Public Accountant (CPA)

Does your CPA have any suggestions to reduce your tax liability?

Ask for tax planning recommendations—for both personal and professional returns—as your company grows in a busy marketplace.

Give your CPA a quick snapshot of your company's financial health, as well as the expected outlook going forward.

While there are many potential topics to cover, the important part is to nurture the relationship consistently. Regardless of a company's size, experienced contractors will make it a point to call each of these partners once a month and take them to lunch once a year. If you have one or more gaps in your outer core, ask around the industry for a recommendation or an introduction.

If you exercise your core regularly, your company will develop six-pack abs, reduce its business risk and enjoy a longer, more profitable life. 🏠

Garrett J. Sullivan is the president of Sullivan & Associates, Inc., a management consultancy focused on the construction industry. Connect with him at GSullivan@SullivanHi.com, www.SullivanHi.com or 478-2564.