

# How to Start a Construction Business - Step by Step Guide

Finding [success in a construction business](#) does not need to be a rare and overly difficult accomplishment. In truth, there's a lot to prepare for but in learning what to do and how to do things, you can reach your goals in a timely and productive manner. Discovering the nuances of [construction business project management](#) can also guarantee greater odds of success for you, as you will soon discover in the rest of the article below.

Take a look at each section and see how you can engage with them to acquire the desired level of triumph that you have always dreamed about.

## Market Research In Construction Business



This is defined as the organized effort by companies to obtain the right kind of information related to their target customers and markets. When it comes to construction services, the typical procedures will still apply. Said procedures will involve a market research survey and a market analysis. For the former, the use of a construction survey is absolutely essential.

Over the past two decades, the development of the internet has also given construction businesses the means to approach market research in more convenient ways. Email surveys, easy access to statistics, and social media platforms have all given rise to

alternate ways for construction companies to perform their market research. Speaking of market research, there are a few considerations to take before attempting the task on your own or through your in-house research team.

### **Always Begin with the Basics**

Start things off with data-gathering. Identify target customers and find out as much as you can about them so your understanding about their wants, needs, and characteristics can deepen. The creation of buyer personas can be invaluable to this process.

### **Be Consistent in Reviewing your Customer Statistics**

Once you have your data, it would be easier to organize it into smaller and easier to categorize divisions. Pay close attention to the statistics you've gathered and do not check just once or twice. As you continue gathering more information, you'll notice that updates happen frequently. Make it a habit to review them on a regular basis.

### **Always Pay Attention to Customer Feedback**

A great part of market research will involve the reaction and feedback you get from your customers and clients. There will be things to improve upon concerning your construction services, and the opinion of your clients will help you hone in on certain areas with great precision.

### **Do not Neglect your Competitors**

As much attention as you should pay to your customers and whatever data or information that you can get out of them, it is equally important that you keep a close eye on the competition. This will not only concern your direct competitors, but it also extends to your indirect and potential ones. Doing this helps keep you informed not only in regards to what they are doing right and what they are doing wrong, but you can see for yourselves what trends are presently dominating the construction industry.

### **Be Sure to Engage with Communities**

By reaching out to others by means of communities both in real life and online, you can develop a network of contacts that can prove invaluable to your business. They can serve as assets to you during hard times and some can even become mentors. Where it concerns market research, you can further learn for yourself what people within the industry are attempting to do and you can connect with potential clients as well on a more personal level.

# Pick A Perfect Location For Construction Business



Like many businesses, location is an important consideration for construction businesses. Although there is no such thing as a [perfect building site location](#), it is still ideal to look for certain considerations. Proximity to other businesses is one such consideration. Having nearby amenities would also be great. It is even recommended to perform a site survey in order to determine just how good the location you've chosen really is. Finding a location close to perfect is far from the easiest task you can engage in, but it is definitely essential for your construction business.

On a more practical level, here are some factors that you should consider when selecting the right location for a building site:

## The Local Geography

It will be worth looking into the nature of the geography before you make a final choice. Some sites may be a bit too sloping; others may be far too wet. Besides that, both drainage and potential government regulation will also come into play. Investigate these as you research on prospective land.

## The Daily Operations

Traffic on a daily basis is another thing to think about. How much or how little would you find yourself dealing with if you decide on a specific site? Also consider what access you will have to railways, interstates, and more from the land you plan to build on. How much space you will need for the construction project is also a good question to ask yourself. Determining these early will help you make an informed choice.

## **Zoning**

Be sure that you do not neglect any zoning ordinances. This will not only involve local ones, but also that of the county. In doing so, you can confirm as to whether or not any present and prospective uses of the site are actually legally allowed.

## **Environmental Factors**

Looking even further into environmental factors is essential should you ever find yourself building for clients like food processing plants. Find out if the prospective site is safe. Check for the emission of dust, odours, and any other kind of toxic pollution. Ground contaminants are an equally alarming threat as well, so be sure to run a thorough environmental assessment with the help of professional consultants.

## **Nature of Business**

Constructing something meant for retail business will require a location that will fit the nature of that particular kind of business. Some companies will want to be somewhere close to their own target customers, be it in commercial areas, near schools, neighbourhoods, and more. When you are involved with manufacturing-based clients, locations with easy access to both infrastructure and transportation are a must, for example.

## **Name, Logo and Branding For Construction Business**



Perhaps the most fundamentally important aspect of any business would be how it is branded. There are many different [ways of branding](#), and it is more than just [choosing the right name for your company](#). Due to the wide scope that branding encompasses, taking a closer look at it through brief descriptions of the following items is a surefire way to make things much easier to digest.

## **Register Your Business Name**

Part of establishing your brand identity is through the registered business name of your company. Make sure that what you decide on reflects the nature of your company, your values, what you are trying to present to the public, and is catchy enough to turn heads.

## **Choose The Right Logo**

Logo creation is deserving of a separate article in itself. Even more apparent to your customers besides the name would be the logo you decide to represent your company with. Subtle aspects of it will include the colors, the specific images, the overall shapes and sizes, among various others.

## **Build a Brand**

The efforts to build one's brand will, of course, involve multiple variations of marketing and advertising. Construction businesses can be just as digitally-involved today as any other kind of business. With that said, both content marketing and direct marketing are going to be useful tools to the further development of the brand. Influencer marketing is another type that is starting to gain even more steam and can contribute greatly to brand building.

## **Website**

A website is often listed as one of the most essential components of a brand, especially in this modern age where digital rules supreme. It has reached the point where businesses without a website are derided for their lack of effort. With an operational [construction website](#), your customers will be able to research you easily and determine on their own whether your services are right for their specific needs.



# Types Of Construction Business



A construction business is likely to encounter a wide range of clients coming from a myriad of backgrounds. Not only should your own [organisational structure](#) be paid attention to, but also that of your clients so that you can design and create the right kind of buildings for them. In addition to the preparation of quality control and safety [checklist in construction projects](#), also prepare by looking into the following:

## Industry Sector

When looking into industry sectors, it would be wise to remember the following: the primary sector, which involves raw materials; the secondary sector, which concerns construction and manufacturing; the tertiary sector, which is where the service industry is found; and lastly, the Quaternary sector or the intellectual services industry.

## Building Construction

Part of the necessary efforts would be the preparation of both a building [construction business plan](#) and a building construction progress report. Clients or project owners will have their own ideas and plans for building construction, so a greater focus on collaborative effort is best recommended here.

## Residential Construction

Projects that involve the undertaking of residential construction remains similar to its commercial counterparts in a sense that there is still a need to draw up a residential construction business plans. The details of these projects are going to differ, particularly where it concerns the residential [construction cost estimate](#).

## Construction Business Plan - How it Helps



A business plan for a construction startup is just as necessary as it would be for any other kind of up and coming business. What matters the most about this would be the fact that your plans are tailored to what your company leans towards, be it residential construction, commercial construction, or even both. Within the plans would be details such as your company's mission statement, executive summary, operational plan, financial plan, marketing strategies, and so much more.

Detailing all of these ahead of time serve to aid construction management in reaching each goal in a specific, measurable, achievable, realistic, and timely manner. The steps you can take in the business planning process include the following:

### Research

The first thing to do would be to research and learn as much as you can about what you intend to provide to your clients.

### Determine your plan's purpose

Planning for a business will involve a keen understanding and knowledge of what you want to accomplish, so determine your purpose early on.

## **Make your company's profile**

Part of a business plan will involve an outline of your company's history, who counts among your target market, the services you offer, and more. All of this will encompass your company profile.

## **Document every aspect of your company**

Plan out how you can also attract investors. What would help make your company attractive to them would be knowledge on every aspect of it. For that reason, proper and detailed documentation is an absolute must.

## **Create a strategic marketing plan**

This is where you lay out what you intend to do to market your company's services. Include the specific tactics you intend to take, along with the long-term goals it will help accomplish.

## **Ensure its adaptability**

In the event that your goals do not pan out the way you expect, it becomes important for you to be adaptive. Coming up with strategies that are too rigid will result in a much lower chance of eventual success. Tweak your business plan every now and again to take new and unforeseen developments into account.

## **Construction Business Licenses and Permits**





To start things off, you will need to first look into what your state classifies construction work as. Each state does things differently, but you can expect most to require a general contractor's license before any work can be done legally. Getting this will involve registering with either your local Department of Labor or with the State Contractors' Board. If your construction company has a particular niche, then you may want to look into the requirements of a speciality contractor license.

Regardless of which kind of license you need, remember that there are shared requirements between them, such as the necessary work experience, the passing of a trade exam, proof of necessary insurance, and proof of a financial bond. All of those will be needed before you can even begin to draw up a licensing agreement between yourself and another party. Furthermore, you will need the following to be able to fully operate a construction business:

### **Building permits**

This is a permit that will allow construction businesses to engage in certain projects. How necessary this is will depend on where the project is to be built and on where the construction business is based from.

### **Employee permits**

Although this will differ from state to state, it is also expected for contractor or construction businesses to obtain employee permits so that they can hire employees.

### **Profession-specific licenses**

Hiring electricians, roofers, and drywall installers, among others will involve checking them for their own licenses. Each one will require a separate and individual licensing.

### **License and permit bonds**

This bond will serve as a guarantee that your construction business will follow all of the rules and regulations that serve to govern your license.

# Understanding Tax Requirement For Construction Business



The understanding of what tax requirements your construction business has will prevent any fiscal problems for you down the line. Take note that you do not have to personally face every construction business tax hurdle on your own. Hiring an experienced accountant is often the best way to tackle any issues that pop up and can be instrumental in helping you gain further knowledge of your taxes. However, should you decide to take a more hands on approach, then it pays to have a myriad of construction accounting templates and construction project accounting templates so that there would be no need for you to start from scratch.

# Funding, Insurance, Financing For Construction Business



One aspect of running a construction business that must be approached with great care is its financing. A recommended method would be to first draw up a business plan for construction financing. In that way, you can determine how much money to allocate to your construction equipment funding, how much would go to your construction project financing, and various other [construction business funding options](#).

Due to the many risks involved in this kind of business, insurance considerations are also going to be needed. Part of your business capital will no doubt go to your insurance payments, so this must also be carefully plotted out in your business plan. Among the cost estimating methods that you can familiarize yourself with and use include the following:

### **The use of Expert Judgement**

This method makes good use of both knowledge and experience gained by experts to create an estimate of how much a certain construction project is going to cost.

### **Analogous Estimating**

This method utilizes historical data taken from similar construction projects to form the basis for your cost estimate.

### **Parametric Estimating**

This is the method that utilizes statistical modeling for the purpose of developing cost estimates. One can expect historical data to help calculate estimates for various parameters.

### **Bottom-up Estimating**

This is where individual work packages are added up in order to figure out what the construction project's cost estimate is.

### **Cost of Quality**

This method will include noting down how much was spent during the construction project to avoid any failures, along with the amount spent both during and after the completion of the project because of failures.

### **Vendor Analysis**

This method relies on comparisons to the bids that are submitted by other construction companies.

## **Project Management Estimating Software**

This involves the use of cost estimating software application, simulation applications, spreadsheets, and various statistical software tools.

## **Construction Business Operations and Management**



You can prepare your construction startup by focusing on how it is going to be managed going forward. Construction business management is going to involve a lot of strategic planning, especially early on. It is imperative that you leave nothing to chance and start preparing your construction project management processes, construction cost analysis, cash flow statement, and building cost analysis. Through the successful management of any building project's scope, you can prevent your costs from spiralling beyond your control. Any delay-creating add-ons can also be kept to a minimum provided that you can balance the creation of sufficient strategies and its actual execution.

There are three levels of management

- Top Level Management
- Middle Level Management
- Lower Level Management

# Construction Business Staffing - How to Hire and Organize



Ensuring your success for the foreseeable future will involve hiring and organizing the right people for your startup. Working with your HR and recruitment department to come up with the right HR strategic plan is something that should be done before seeing any prospective hires. That way, you can prepare the interview forms and the employee contracts. To weed out prospective hires who may not be the best fit for your company, a background check can be necessary. Once that's done, job offers would be in order and from there, regular performance evaluations can be performed to continuously monitor your new hires.

For the step-by-step staffing process, here are specific guidelines:

## **Plan the needed profiles**

Determine what your construction business is looking for in terms of professional skill and talent. Break those down into specific profiles afterwards so that you will have an easier time looking for workers once the recruitment drive begins.

## **Create the job descriptions**

The next part would be to write each job description down. Detail what each job entails for those who wish to apply. Talk about what is expected from the applicants and what the scope of the job is.



## **Begin the recruitment search**

There are multiple ways that you can pull this off. One would be to make use of free classified pages online. Another would be through specialized construction employment websites. A method that is steadily gaining more traction over the years is to post wanted ads on your social media accounts or even on your company website.

## **Conduct interviews**

Select certain applicants out of all who bothered to send in their CV's. Proceed to conduct interviews so that you can determine in person if they truly are the best people to fill the jobs that you are offering.

## **Extend the job offer to satisfactory applicants**

Once you have conducted the interviews, take time to consider the result of each one completely. After doing so, you may proceed to contact those who impressed you the most and extend an official job offer to join your construction company.

# **Construction Business Advertising and Marketing Strategies**



Reaching out to your target audience through advertising and construction business marketing is a proven way to expand your business. When you are just starting out,

coming up with an effective construction marketing plan would be an essential part of your overall market strategy. There are different methods that can work wonders for your marketing services in this day and age. For some specific examples of widely used advertising and marketing strategies, feel free to consider the following:

### **Social media marketing**

The use of social media as a form of marketing and advertising strategy is a cheaper, faster, and more convenient method that's been gaining momentum for years. You would be hard-pressed to find any kind of business without an online presence. Maintain accounts across various platforms and update your followers regularly on what you have to offer.

### **Search Engine Optimization (SEO)**

Search Engine Optimization, does not need any kind of expenses on your end. All you need to do is produce quality content and include specific keywords that can draw in your audience online.

### **Billboard Advertising**

Having your construction business advertised on an unmissable billboard is a proven and effective way to allow customers to learn about your services. Although it is definitely pricey, the success gained from this may justify the costs.

### **Traditional advertising**

This refers to the tried and true methods that have been used for the past several decades. You may pay for ad space on a newspaper, allocate funds for a TV commercial, utilize radio as a means to reach out to customers, and more.

### **Network With Suppliers, Business Associates, and Other Contractors**

In this day and age, it is now much easier than ever before to find people that you can work with, whether they serve as suppliers, business associates, or any other contractor. The use of social media for construction business is part of why this has become much easier. Facebook groups, LinkedIn, and even platforms like Instagram and Pinterest can enable you to market your construction business and pique the interest of those who may want to get involved.

### **Construction Bidding**



When you talk about [construction bidding](#), this is where you submit your [construction proposal](#) to either oversee and manage or directly undertake a specific construction project. The way this works is for project owners to first make published construction data available to individuals and parties like contractors, construction managers, and the public. From there, you may present your construction company's bid quotation to the project owner, along with any construction bid estimation on your end.

To help ensure that your bid is chosen over other contractors', it would also be wise to present a construction bid breakdown and demonstrate to your prospective client just how much everything is going to cost. Doing so will help them make informed decisions about whether or not your services are appropriate for what they have in mind. Where it concerns the specific methods of bidding, the following are guaranteed to produce results, albeit in different ways:

### **Single-prime**

This is the bidding method where virtually all construction components are bid at once.

### **Multi-prime**

This is the bidding method where the major work components are all bid separate from each other.

### **Dual bidding**

This is a combination of single-prime and multi-prime, where projects are bid as both at the same time.

### **Construction manager at risk**

This method was first authorized back in 2001 by the General Assembly. It allows the county to choose their preferred construction manager with the use of a qualification-based process.

## Technology In Construction Business



Getting the most cutting edge technology is another essential move for any brand new construction business. Beyond state of the art construction software, there's also tons of construction equipment that you will need to acquire. Staples such as bulldozers, compactors, and bulldozers, among others, are already expected but it pays to also focus on tools that can help set you apart from competitors. The use of drones on a construction site is a great way to add further accuracy and precision in your projects. Lesser used tech like self-healing concrete, wearable technology, and robotics can also be invaluable to your services. Concerning software, prominent examples are as follows, singled out according to type:

### Accounting software

Prominent examples of this type include Viewpoint, CMiC, Deltek Vision, and Sage.

### Bidding software

Although it is used for accounting, Viewpoint and CMiC can also double as a bidding software. Other examples will include eBid Exchange, SmartBidNet, and Procore.

### Estimating software

For your estimation needs, you may turn to HeavyBid, Planswift, Sage Estimating, and On-Screen Takeoff.

### **Project management software**

Viewpoint receives a mention yet again, along with examples like Procore and PlanGrid. Although these are not exclusive to construction companies, you can also make use of Microsoft Project and Primavera.

### **Building information modelling**

Revit, Sketchup, Navisworks, and QTO are all wonderful examples.

### **Job site data collection & reporting**

For job site data collecting, you may rely on software heavyweights such as Procore, HCSS, NoteVault, and even Viewpoint.

### **Customer relationship management**

Both Cosential and FollowUp Power are among the most advisable examples for this type of construction software.

## **Tips to take your Construction Business to Next Level**

Even with the aforementioned considerations being handled, there are still tips you can take note of so you can ensure the continued growth of your company in terms of overall quality.

- One such tip would be the continuous setting of goals, both short-term and long-term. Short-term goals will help you with the micro portion of your business operations, focusing more on the day-to-day tasks that need to be accomplished. On the other hand, long-term goals are more widely encompassing and will demand far less attention on a daily basis.
- A commitment to continuous learning is another tip that your company can take so that you can prevent stagnation in any shape or form. It becomes necessary to acquire knowledge on those things as they appear, to keep your operations as advanced and up to date as possible.
- For those who are part of the construction business' management, careful delegation is a great way to lighten one's individual load and passing on the right tasks to those who are best suited to carry them out.



## **Conclusion**

To sum things up, take care of the individual aspects of a construction startup and you will see excellent chances of success as a whole. As a last tip, the use of construction bidding websites can greatly aid you in your efforts to gain the right clients for your construction services. Should you find yourself struggling despite all of the preparations and precautions taken, a bit of patience and further tweaking is going to come in handy. Be vigilant, see what is succeeding, adjust on what isn't, and be sure to always put the work in.