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Zero In On Contractors Doing Well During Tough Times

As we all continue to be challenged by the current domestic and global construction industry conditions, there are those that are succeeding despite the odds and those who are just hanging on.



Case in point: Over the July 4th holiday weekend, two BMG staffers had almost identical, yet separate, in-depth conversations with two different well-established concrete contractors serving northeastern Indiana. Both were major players in commercial and residential concrete.

Contractor A had not landed a major commercial job in more than a year, and his latest bid on a new multi-million dollar ice rink complex was beat by \$200,000—even though he bid at less than a one percent profit margin. Over the past six months, Contractor A has sold off all absolutely non-essential equipment (including equipment fully paid for) and reduced his permanent employee count by 50 percent. The owner openly shared that he had about three to six months worth of cash flow left. He said the commercial bids are out there, but you can only compete if you are willing to drop below breakeven. He is hoping that the wind farms that may eventually be built nearby will provide new opportunity before his cash flow runs out.

Contractor B is so busy he can't keep up on both commercial and residential jobs. Over the years, the owner has diversified beyond foundation and slab work and shifted into more architectural concrete work and landscaping structures, such as decorative retaining walls, sidewalks and columns. Contractor B also produces his own decorative concrete block that he sells to other contractors. He is a subcontractor for

Let's Talk. BMG Will Be There.

Want to discuss more about how these or other topics affect your business? Meet with us at these industry events or give us a call at 260-422-7100.

APWA International Public Works Congress & Exposition

Columbus, OH
September 13-16

Bluefield Coal Show

Bluefield, WV
September 16-18

ICUEE Show

Louisville, KY
October 6-8

AEM Annual Meeting

Hollywood, FL
November 15-17



some of the largest commercial design/build firms in the area and is aggressive with residential opportunities. While on a recent small residential job, Contractor B picked up three more residential jobs on the same street. All the while, the owner has not compromised his profit margin goals.

The key today for all equipment manufacturers is to locate those contractors on the winning side of this downturn, even in a state like Indiana with one of the highest unemployment rates in the nation. BMG can help.

Employ Social Media/Networking To Influence Those 30-40 Year-Old Decision Makers

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Almost everywhere you turn, someone is talking about social media and/or social networking. But is it really worth investing time and effort into? Our answer is now "Yes." The time has come, even in the construction equipment business, as more 30-40 year-olds are obtaining decision-making influence and power. These people grew up with technology, adapt quickly to new communication tools and want instant information from the tools they use.

While the basic definition of social media/networking is clear, there are many ways it can be utilized to benefit your company and product lines. At the end of the day, it still comes down to determining what social media/networking is right for your company and your sales channels and customers—and then creating an online initiative plan to support it.



To start, you need to understand what your current and potential customers are saying right now, and track where they are saying it. Starting a blog may sound like a great stepping stone, but ensure your customers are reading and responding to them first. By utilizing some free tools like Technorati, Delicious, Ask.com Blog Search, Google

Blog Search and Twitter Search, you can track relevant business and industry terms and see what is being said over the social networking sites. If your customers are on these sites—you should be too.

If you find that your customers are utilizing social tools and networks on the Web today, it's important to define the best approach for your company. A few things to consider are its effectiveness, time involvement, resources and costs. You should create an online plan that has and supports many of the same elements that are driving your company growth. Here are a few things to consider when creating this plan:



1. Determine your goals for a social media/networking plan
2. Determine how the goals will be measured
3. Identify tactical initiatives to support the overall goals; some examples include:
 - Launch a blog
 - Execute a blogger relations program
 - Podcast
 - Create video(s)
 - Develop a social network community
 - Create a social network application
 - Build your own social network
 - Build a widget
4. Determine the return on your investment
5. Define a dedicated individual or team that will carry out the tactical initiatives

For a program to be effective, it must be cultivated on a constant basis. You can compare it to a farmer that plants a field of corn and then only comes back to harvest it. While there may be a crop gained, it will show limited success. The best cultivated field reaps the best crop—and this is true with all internet initiatives too. It is amazing just how many public forums and industry directories alone creep up each month, increasing the importance that you stay on top of the postings that are made regarding your products and/or services. A quick response may immediately sway the readership to your products or brand.

YouTube Results For Construction Equipment Videos			
		Views	Months Listed
	Video #1	112	3
	Video #2	307	10
	Video #3	310	10
Asphalt Preventive Maintenance Equipment	Video #4	370	10
	Video #5	557	10
	Video #6	854	10
	Video #7	391	10
	Video #8	312	10
Aggregate Screen Media	Video #1	51	1
	Video #2	14	1
	Video #3	46	2

So, if you're going to invest in a social media/networking program, become dedicated to it and stick with it. Social media/networking is an enhancement to your traditional

approaches, not a replacement.

A Few Tips For Using Social Media/Networking:

- *Give more than you receive:* If you want to receive the attention from others, you have to be willing to give it first and earn the respect of others.
- *Don't be a keyboard trash talker:* Keep the online experience of others positive.
- *Add value to the social site:* Before submitting anything, ask yourself "Does this add value to the community"?
- *Don't sabotage other's efforts:* Enough said.
- *Remember that cheaters never prosper:* Be true to your word and always speak the truth. Integrity wins every time.
- *Build quality relationships:* Remember, relationships require participation from both parties.
- *Be patient:* Let things grow organically.
- *Be accountable for your actions:* Due to the anonymity the internet allows, be honorable by taking responsibility for your actions. You will be respected whether they agree with you or not.
- *Viral campaigns can and do work, but they are the exception to the rule:* In other words, only the masses have the power to deem something viral.

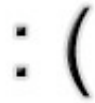
The Pros Of Social Media/Networking

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- *You can reach customers that traditional marketing misses.* You never know who will direct a friend to your blog, Facebook page or social bookmark post, so your potential for reeling in new leads is unlimited.
- *You can build brand loyalty.* Not only can you use social media/network to build your brand, you can use it to demonstrate your personality, interact with customers and show them that you care, which in turn breeds loyalty. Social media/networking can also boost your reputation and build relationships.
- *You can learn how to improve your products and services.* By encouraging open communication through public comments, you can learn what will make your product fit the market better.
- *You can learn more about your target audience,* not only by their comments but also by studying visitor analytics. This information can prove invaluable when planning other marketing campaigns, such as direct-mail postcards.
- *Social media/networking is cost-efficient* in comparison with other marketing methods, even if you hire a dedicated team or outsource your social

media/networking content needs.

The Cons Of Social Media/Networking



- *Social media/networking places high demands on your time.* Content must be created, edited, approved and published; comments must be responded to and sites and pages must be maintained. You can alleviate these demands by outsourcing for a fee.
- *Social media/networking places high demands on your talent.* It can be difficult to constantly come up with innovative, exciting content that interests a variety of readers; and without relevance your efforts will be wasted.
- *You lose some control of your marketing efforts.* Anything you publish is up for grabs, and others can easily criticize you. Public backlash is the last thing you want your social media/networking to spawn. Without the ability to control comments or even what your own team is publishing, you open yourself up for potential negative criticism.
- *Your return on investment is delayed.* Social media/networking can work to build relationships and brand loyalty, but it takes time and dedication. Social media/networking efforts are not likely to earn immense popularity overnight, so you must be willing to be in it for the long haul if you decide to launch a social media/networking campaign.

Keep The Money Coming...

The Latest SAFETEA-LU Reauthorization Options

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So far, the focus in 2009 for most manufacturers has been on the two-year infusion of \$26.6 billion in highway & bridge funds released with the signing of the Recovery Act.

Now it is time think about the long-term health of our infrastructure system with the reauthorization of the SAFETEA-LU legislation, which expires in September. Two realistic options and time tables for renewal have evolved. Depending on which plan is approved, there could either be a 57 percent increase in the amount spent on highways & bridges or an 18-month extension of the current bill. Both could have different affects on your business, so let's examine how you can prepare yourself to best capture sales.



Funding is the driver creating this vast difference in plans. The Highway Trust Fund's main source of income continues to be fuel taxes. Since 2007, the total miles driven nationally has decreased, reducing the program's income. In 2008, the Highway Trust Fund diverted \$8 billion from general tax revenue to keep the program rolling. This year, the fund is projected to run out of money in August and will require an additional \$8 to \$12 billion to meet the remaining project commitments until the program expires.

57% Funding Increase Needed

Jim Oberstar, chairman of the House Transportation Committee, has recognized that our nation's roads are in poor shape and is pushing for a six-year bill that would increase funding by 57 percent over the current \$286.5 billion plan. Reauthorizing the legislation now will have a greater positive effect on the economy and will allow municipalities to start long-term and major projects sooner. He is pushing to get this approved before the old plan expires, but if there are delays no funds will be disbursed until it has been signed. Funding would be addressed separately.

If the SAFETEA-LU reauthorization occurs on schedule it will provide a boost to your business. Here are some ways to take advantage of this additional funding.

- Develop a balance between the Recovery Act and SAFETEA-LU opportunities. Make sure not to shift your focus too fast and pass up some of the Recovery Act projects that still need equipment.
- Increase your company's presence in key markets based on new opportunities and further develop your relationship with dealers and customers in these areas. There are many dealers and manufactures waiting for contractors to come to them. Go out and build the relationship through direct interaction and marketing to capture more sales.
- Develop programs to take advantage of capital equipment purchases. By making your equipment more accessible, you can increase your sales and improve

your bottom line.

18-Month Extension The Likely Conclusion

Ray LaHood, the head of the U.S. Department of Transportation, feels that the current bill should be extended 18 months to allow time for both parties to determine how to fund the bill long-term. This will guarantee that there is no disruption in the funds available to the states and could possibly yield a better plan and more funding opportunities, but there is not a lot of detail at this time. Municipalities would be less likely to invest in long-term and major projects until this bill passes and they can determine how it will affect them.



Based on what is being said in the industry, it is more likely that the SAFETEA-LU reauthorization will be delayed or the 18-month extension will be implemented. Here are some ways your company can still achieve sales and develop a

good foundation to build on once the plan is approved.

- Continue to focus on Recovery Act funds and projects. There is still money to be had. Stay focused on the money that is on the streets today and plan for the future.
- Maintain your company's presence in the market and further develop your relationship with key dealers and customers. This will help you lay the groundwork that you can build on when the money is available.
- Develop a more focused approach for commodity items and parts, understanding that contractors will delay major purchases until new legislation is signed. This may not provide big ticket sales, but is a very profitable opportunity and will give you a long-term competitive advantage by enhancing your reputation for superior service and support.
- Monitor the reauthorization of the plan to make sure your company is ready to aggressively pursue it once it is signed. Taking a proactive approach will allow you to capture more sales.

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