

# Commentary **Mark Richardson**

## Cooking Up a Great Company

There are three main ingredients a truly great company needs.

About six months ago I was having lunch with a leader in the remodeling industry. As we were finishing our meal, he said, “You have a great company.” I thanked him for the kind words and started to move on to another subject, but he repeated, “You have a great company.” And before I could reply again, he asked if I had read the book *Good To Great*, by Jim Collins. At the time, I had not, but after our conversation I went out and bought it for myself and my colleagues.

### THE RECIPE

In his book, Collins suggests that great companies have three common ingredients: First, they are led by passion; second, they believe they are the best; and third, they are guided by metrics.



As I have reflected on these three ingredients, I have come to believe that they give us a way to look in the mirror at both our companies and our team members.

**Passion.** Do you love this business? Or is it just a job, a way to make enough money so you can retire and do something you enjoy

more? Companies that aspire to be the best do more than execute the scope of work; they create joy for their clients. The leaders of those companies believe that they are making the world a better place with their projects, and they are energized at being part of a growing industry. Having passion for your business and your industry is contagious. If you are passionate about your business, everyone who works for you and with you will become passionate too.

**Believe you're the best.** What does it mean to be the best? You need to come at this question from several directions. Most remodeling companies concentrate on making their work product the best, and that's a good starting point. But it's equally

important to extend the quest for excellence to the client experience, as well as to the workplace. That requires putting some thought into what it means to be the best from several different points of view — your clients, your employees, your subcontractors, even your suppliers.

If you can articulate what being the best means in each of these areas, then you will be better able to evaluate your company's performance. And when you finally are the best, you — and more importantly, the people who look to you for leadership — will believe it with conviction.

**Metrics.** Good decisions are based on a healthy blend of objective and subjective input. The quality of the subjective analysis depends on the people involved, but having the best team is only half the battle. The other half is identifying and collecting good data. Most remodeling companies don't know their numbers — budgets, average project size, client demographics, lead flow, labor blend ratios, gross margin, overhead, and so on — which means decisions are often based on bad information. As they say, “garbage in, garbage out.” Being the best means measuring everything that matters, and that requires an investment in time and money.

It also helps to watch national, and even global, trends, as well as other economic and demographic indicators that influence your business. Consumer confidence fluctuations, interest rate patterns, unemployment figures, consumer preference data — all can inform the decisions you make every day about how your company goes about its business.

### THE FINAL PRODUCT

Thinking about these three ingredients serves a double purpose: You'll not only evaluate what greatness means for your company, you'll begin to identify what you need to do to achieve it. Once you understand what makes your company the best, you'll believe it with conviction. And that's the first step to convincing everyone else. —Mark Richardson is president of Case Design/Remodeling and Case Handyman Services, Bethesda, Md., and the author of 30-Day Remodeling Fitness Program. He can be reached at (301) 229-4600 or [mrichardson@case-design.com](mailto:mrichardson@case-design.com).