

The Business Aspects of Surveying: Understanding Money

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An abstract of a Mentoring Mondays presentation,

Jay Seymour is a senior land surveyor with the Orange County Department of Public Works Survey Division. He's also the 50th state president of CLSC.



With 50+ years of surveying under his belt and licenses in three states, Jay has seen his fair share of surveying business firsthand.

A repeat guest on our weekly Mentoring Mondays event, Jay, was proud to be giving his 127th presentation. The topic? How to run a financially successful surveying business.

As a wise old surveyor once told Jay, "If you can't make money doing this, you can't show the world how great a surveyor you are next year."

Here, we've distilled Jay's advice into several key sections.

The public perception of land surveyors.

Jay began his talk by noting that those outside of the surveying profession have varying reactions to land surveyors.

At best, they have no idea what you actually do. At worst, they think that you are downright unprofessional. His years of experience have taught Jay that the following groups of people typically think of surveyors in the following ways:

- **Attorneys** – need extra education about what surveyors do. They often get confused by different results offered by multiple surveyors, see surveyor contracts as poorly written, and ultimately see surveyors as non-professional individuals with poor communication skills.
- **Title Officers** - often accuse surveyors of not understanding title and Preliminary Title Report (PTR). It's important to work closely with your Title Officers as they typically don't know what you are doing or know the difference between a paper boundary and a field survey boundary.
- **Developers** – are guilty of thinking they don't have to pay surveyors. Be wary of getting paid for project phases on time. Developers also see surveyors as poor business people who lack organization.
- **Governmental Agencies** – see the quality of submitted work as very poor and unprofessional, and believe that surveyors have poor communication skills.
- **State Board** – view surveyors as having poor documentation, poor contract execution, and a common failure to follow rules.

Above all, public perception is that surveyors are ***always late***.

If you want to succeed as a professional land surveyor, your goal should be to dismantle the above stereotypes.

The best surveyors will be those who are knowledgeable about regulations and finances, good listeners, conscious of deadlines, and have strong communication skills.

5 daily questions you need to know the answers to.

Once you understand and respect the various parties that you work with as a surveyor, you need to leverage those relationships to stay in business.

In other words, you need to make money.

This doesn't mean that you need to be obsessed with counting pennies. It means that you need to pay attention to five key areas of your business on a daily basis.

Those areas are:

1. Company "man hours" in signed contracts
2. Proposals "out" for professional services
3. Accounting report: AR aging report & cash flow
4. Today/this week/this month deliverable dates
5. The current mood of the company

For those surveyors reading this article who do not work in management, you may want to keep going.

The odds are good that you'll think about starting your own company at some point in the future.

"The average is telling me that you are going to start your company some time in the future, and/or you'll leave the field and come in and be a project surveyor, maybe a director of surveys, vice-president. You may own the company. You may also be that one or five or six-man firm," Jay said.

"And these things you need to know and understand because the day is going to come where you have to do this."

Now, we'll walk through each of these five key areas in turn.

#1: Company "man hours" in signed contracts.

Your first step to getting a pulse on your profitability is to calculate your "man hours" in signed contracts. Jay explained that this means you need to do a little math.

He recommends dividing your total contract dollar amount in signed contracts by the average hourly rate of your company. This includes everyone down to your office secretary.

- ***Total Contract Dollar Amount / Average Hourly Rate***

The purpose of this exercise is to determine the amount of work you have. Why should you do this? Because the surveying business can be deceiving.

One month you might be slammed with work, and the next month might be dead. That's why it's important to take the average of all contracts for the year, to understand how busy you actually are.

Jay said that many business owners fall into the trap of passively letting work come to them instead of actively seeking it out.

"Passive is 'I've got plenty of work. I don't need to worry about this. It's no big deal. I may get to it. I may not.' Aggressive is once you've done your numbers, you say, 'I need work for my staff. I'm going to aggressively go after this proposal,'" said Jay.

"You have to determine this upfront because we get a lot of calls all day. Do I want to take two little single-family lot surveys, or do I want to go do this big construction staking project and keep three crews busy?"

Calculating your man-hours as described above might just be the kick in the pants you need to go out and seek more work for your team.

If you're curious what other firms are charging and where you fall on the rate spectrum in your area, just check with your local city or county. All public project rates are public information, published, and available for anyone to see.

#2: Proposals "out" for professional services

When you go after jobs, it's critical to track what type of jobs you're bidding on, what your success rate is, and when you get paid.

Just because a project keeps you busy does not mean that it's earning you good money in the long run.

Jay gave an example from his region of Los Angeles County, where the unified school district is constantly adding campuses.

"I think they build eight or ten schools a year, millions of dollars worth of work," Jay said. "But if you know the behind the scenes, LA Unified pays every six months, no matter when you turn in the invoice at. Six months for your pay. Now how many of us can go six months without pay?"

Just like you can track your average hourly rate for your entire company, you can and should track by the project as well. That way, you know exactly which clients allow you to be profitable.

When it comes to tracking the success rate of your proposals, this exercise can give your company great direction for future prospecting.

You want to be able to analyze the money you're going after so that you can sit down with management and say, "You know what? We put out \$11,000 or \$100,000 or \$1 million in proposals for this type of work, and we got it 2% or 8% or a 100%," said Jay.

"So we need to not only just pick up the phone and write the answer and send it out in the email, you need to track it. How many hours am I doing to do what? And what is my success rate?"

#3: Accounting report: AR aging report & cash flow.



The bigger your company is, the more difficult it becomes to track your accounting and cash flow.

AR reports are sometimes called Aging Reports or Accounts Receivable reports by management and accounting teams.

The biggest mistake you can make is to let AR reports stay in the accounting department. Instead, you need to bring them out into the light of day so that multiple people on your team can take a good look at them.

"I was amazed when I talked to a lot of people. I said, do you talk to your accounting department and see if this client has paid their last bill before I go get the new home? And I heard over and over again,

'No, we don't do that. It's too busy. I have to take the call. I have to go ahead and put the proposal out'," said Jay.

But...why spend good money going after bad money?

In other words, why spend the time putting together a proposal for a client who's either A) not going to select you - because their track record shows they never do, or B) is not going to pay you - because they have a history of missed payments in the past?

When your entire team has access to this information, it becomes easier to stop and think about these things instead of acting on autopilot.

Your company should also do things like creating a Marketing Plan and a Business Plan and regularly review and revise them based on your cash flow.

#4: Today/this week/this month deliverable dates

Keeping organized will go a long way towards boosting your business.

Jay said that you should have a clear understanding of the items that you need to accomplish for any given day, week, and month.

If you have large ongoing projects, such as California's new fast rail, you can take stock every quarter or a couple of times per year. But for everyone else juggling multiple projects, this becomes more important.

Like with everything else discussed thus far, Jay is a big fan of putting knowledge and awareness in the hands of his team.

All of his field guys have access to what Jay calls the Budget Control Document (BCD). "You start off with a hundred percent of the work that needs to be done and a hundred percent of the dollars. And then you watch the two go," Jay said.

"And what you're looking for is to make sure that we are on track for the amount of money spent to the amount of work we've done on the field."

If the team starts to see work sliding outside the original project scope and budget, that means it's time for a contract amendment or change order.

"Just having the guys show up, take the measurements, found the hubs, come in, and turn the data collector is not the role you want," Jay said. "You want them to be an active member of your management team."

Jay's other secret to staying organized and keeping the team in the loop is an old-school whiteboard.

"Staff likes it," Jay said. "Let's you see right at a glance what am I holding up in, waiting on my authorization to proceed? Do I have my preliminary documents? Is my research moving forward?"

Yes, you can use Outlook for everything. But for team members whose days don't revolve around the computer, a whiteboard serves as a great communal reminder of the work that needs to be done.

#5: The current mood of the company

Finally, it's important to always know how your internal people are doing.

This isn't about socializing; it's about having an understanding of where unnecessary hiccups and frustrations are happening and solving them.

Jay has coined the strategy "management by walking."

"For you guys that have the bigger companies and you're using the corner office, you need to get out of the office and walk around and see what's going on," Jay said. "I could look over a guy's shoulder on a CAD station and see something that he may not know about. Or I'd ask to see a download of a data collector."

You might also discover that someone needs a new printer and is running up a flight of stairs every time they need to copy something.

You should also seriously consider investing in continuing education for your team. Skills like accounting and time management can be learned through quick courses, and dues like NSPS memberships and state conference attendances fees could be covered by the company whenever possible.

Existing clients are your best source of business

Now that we've covered in detail the five questions you should be able to answer at any given moment, we'll dive a bit deeper into Jay's advice on making money for your business.

The first piece of advice is a big one – to look for new work within your existing client set.

Instead of chasing new and unknown work sources constantly, Jay recommended identifying your best clients and keeping up ongoing communication with them.

"They already spend money with you," Jay said. "How many of you follow up with your clients when the job's done and say, thank you. Did you get the copies? Okay. Is there anything else that I can do? What's your next project?"

By continually checking in with clients and asking proactively for new business, you'll save wasted hours on proposals or experimenting with new clients who don't pay their bills.

Invest in marketing and business development

When you're busy with work, it can be easy to assume that there's no need for marketing in your business model. But the reality is that you should always be looking for new business opportunities.

"I had one guy tell me, Jay, I don't have business cards. I don't have brochures. I don't have signs on my truck, and I'm busy as hell. And then that real bad economy hit in 2008," Jay said.

Simple marketing tips to get started include the following:

- Schedule periodic calls to your clients and stay in touch
- Pay for a banner ad at a local sports field
- Commission gifts like calendars, pens, or paperweights
- Order business cards for every single employee

"It's the small things, small, small things," Jay said. "I'm not saying you're trying to bribe somebody. I'm simply saying put your name out there."

Ensuring that your name is visible in the community and that your team can help spread the word will help solidify the longevity of your business even when times get tough.



Know the elements of a contract.

When you win a piece of business, the contract isn't just a formality.

It's a legal document that requires certain things of you, depending on your state. When you execute contracts properly, they can also save you in court.

Ensure that you are familiar with your state's requirements and that you have a contract in place prior to commencement of work that includes the following:

- Description of services
- Method of compensation/payment
- Client name and contact information
- Description of the procedure that the licensed land surveyor or registered civil engineer and the client will use to accommodate additional services.
- Description of the procedure to be used by any party to terminate the contract.



"You used to think we just got sued for putting the monument in the wrong place," said Jay. "Now you get sued if you don't do the contract right."

He recommends having a copy of the current state laws available on your desk.

Finally, obtain the client's initials and signature on any pages of the contract that include time and money deliverables.

"Courts have held over and over again; just the initials are not good enough. It's not good enough to sign just sheet one or sheet 10 of a 10-page contract," Jay said. "Money and time written in a contract have to have full signatures."

Protect your golden hours



All of the above tips are useless unless you have dedicated time in your day to implement them.

Many business owners get pulled in a hundred different directions per day, with endless questions and phone calls popping up.

Jay had a controversial method of solving this problem: closing his personal office to calls and visitors for several hours per day. "No inbound calls, no inbound fax emails, whatever communication. Even to the point, the physical lock on the door," said Jay.

While this seems extreme, when Jay experimented with it at a previous company, productivity went up a whopping 74% in the first year.

Once you train your staff to let you concentrate for those hours, they'll know that they need to access you in the remaining hours of the day, helping you accomplish so much more.

If a method like that seems unattainable, you can start with a mini-experiment of your own. Take a piece of paper and write it down every time you get interrupted in the workday. Maybe an employee came in at 9:10 am, then a phone call at 9:55 am.

"Through one day, just one day, you're going to learn two things: who are your time drains, and what are the questions?" Jay said.

Good habits reap rewards.

If Jay's talk taught us anything, it's that cultivating persistent good habits and routines can really pay off – literally.

When you stay organized, you complete projects on time. When you complete projects on time, clients and stakeholders take notice.

When you call clients quarterly to check-in and advertise at their children's school play, they think of you first when a new project comes up.

And when you pay special attention to the proposals that you win and the projects that pay well and on time, you can set your company up for success for many years to come.

"Be inquisitive, be professional, be courteous," Jay said in summary.

If you are interested in learning more about [Mentoring Mondays](#) or volunteering as a featured speaker, please contact [Trent J. Keenan](#).

