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# CONTRACTOR

WISCONSIN

HOW TO SCALE YOUR  
**CONSTRUCTION BUSINESS**

CELEBRATING  
**25 YEARS OF POD**

WHY LINKEDIN  
IS CRITICAL FOR  
**YOUR BRAND**

# **GROWTH** **IN THE NEW ECONOMY**

NEW DYNAMICS CHALLENGE ECONOMIC FORECASTERS

ALSO INSIDE:

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FOR CONTRACTORS**  
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Wisconsin Chapter

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Wisconsin Chapter

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FROM OUR PRESIDENT

## POD Turns 25!



**WITH THIS MONTH'S MERIT SHOP CONTRACTOR MAGAZINE EMPHASIS ON ECONOMICS AND BUSINESS DEVELOPMENT, THERE IS NO BETTER TIME TO HIGHLIGHT OUR CHAPTER'S PREMIERE AWARDS PROGRAM.** More than 25 years ago, the ABC of Wisconsin Public Relations Committee was charged by the Board of Directors to establish the program to promote the work of merit contractors. So, the Projects of Distinction (POD) Awards Program was born.

Certainly, the awards program is a great way that our chapter demonstrates the quality of merit construction. That's not all. The awards program provides an opportunity to highlight the determination and success of our members. It also provides members with a valuable marketing and business development tool for promoting excellent and unique work in a wide variety of general construction and specialty trade categories. It also can reinforce trust and confidence of prospective clients.

The program has grown over the years. In the first year, we had a dozen projects that were highlighted. Last month, we recognized 45 projects, as you will see in this issue of our magazine.

The process of entering a project takes time and effort, but there are significant, dividend-paying benefits. One major benefit is collaboratively

sharing and recognizing the professional work that you do. We also have members saying how the program is a major marketing benefit. Some contractors use the program as a centerpiece for all their marketing throughout the year. One of our members told us that this year's banquet provided a wonderful opportunity to "wine and dine" repeat customers who really enjoy the experience. Several award recipients have had clients say they would like to win another POD Award.

Would you like to learn more? The ABC of Wisconsin Marketing & Business Development Committee will have a special "shared interest" meeting agenda item on the topic in April to talk about the business development benefits of Projects of Distinction. Shared Interest Groups (SIGs) is a program we are launching that will provide peer-to-peer networking and education for members who want to share and gain industry knowledge in relevant areas for contractors, such as business development.

While our first topic will be an overview of the awards program and the many ways contractors are using it as a marketing and business development tool, other topics will follow. Watch the Merit Shop Express for more details so you can come and learn about the program that has been providing 25 years of business development benefits to members.

— John Mielke

“  
IN THE FIRST  
YEAR, WE  
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HIGHLIGHTED.  
LAST MONTH,  
WE RECOGNIZED  
45 PROJECTS.”

# 45 VERY DISTINCT PROJECTS RECOGNIZED

*The Projects of Distinction Awards Banquet acknowledged 45 very distinct projects in February. Projects of Distinction provides an opportunity for ABC and its members to highlight the quality and professionalism of projects built on merit. For details on each award, please visit [www.abcw.org/POD2017](http://www.abcw.org/POD2017).*

*For the seventh consecutive year, the “Built on Merit” Award was presented to Friede & Associates for using the highest number of fellow ABC members to complete a project. Friede & Associates used 46 members to complete the Lodi Veterinary Care facility. Congratulations and thanks to Friede & Associates!*



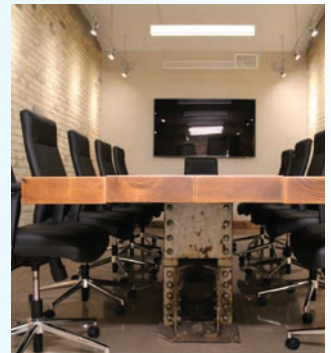
Door County Veterinary Hospital,  
DeLeers Construction, Inc.



HuHot Mongolian Grill  
Friede & Associates



Oakfire Pizza, LLC,  
Keller, Inc.



Wisconsin Aluminum Foundry Office  
Expansion, A.C.E. Building Service



American Players Theatre Up-The-Hill  
Addition & Renovations,  
Kraemer Brothers



Hampton Inn & Suites,  
Kraemer Brothers



Harvest Haven Barn,  
National Construction



W.D.S. Construction, Inc.  
Headquarters, WDS Construction, Inc.

# JACOBSON RECEIVES HIGHLY-COVETED MEILAHN AWARD

**ASSOCIATED BUILDERS & CONTRACTORS (ABC) OF WISCONSIN NAMED GENE JACOBSON**, PDC Electrical Contractors, Monroe, with the organization's most prestigious award. Jacobson received the Wes Meilahn Award at the Annual



Gene Jacobson, PDC Electrical Contractors, Monroe, with the organization's most prestigious award. Jacobson received the Wes Meilahn Award at the Annual Projects of Distinction Awards Banquet in Wisconsin Dells on Thursday, February 15.

“  
**GENE IS PASSIONATE ABOUT THE TRADES AND THE CONSTRUCTION INDUSTRY AND PROMOTES THE TRADES EXTREMELY WELL WITH INDIVIDUALS LOOKING FOR CAREERS IN CONSTRUCTION.**”

John Mielke

Projects of Distinction Awards Banquet in Wisconsin Dells on Thursday, February 15. "Gene is passionate about the trades and the construction industry and promotes the trades extremely well with individuals looking for careers in construction," said John Mielke, president of ABC of Wisconsin.

"He also has grit and tenacity

like so many of our members and applies this to everything he does," Mielke added.

Jacobson has served on many ABC committees, including the Madison Apprenticeship Advisory Committee, Budget and Finance Committee and the Legislative Committee. He served on the ABC

of Wisconsin Board of Directors and served as chair of the Board. He currently serves on the Chapter Apprenticeship Committee and State Bureau of Apprenticeship Council. His company participates in the ABC Safety Training Evaluation Process for world-class safety and is an ABC Accredited Quality Contractor. He and his staff regularly participate in ABC events, including national and chapter conventions, Apprenticeship Graduation Banquets, Projects of Distinction and Skill Competition.

Wes Meilahn, a founding father of the Wisconsin ABC Chapter, was chairman in 1974. He set the standard for members who show tenacity, understanding, love, and service toward the association.



Briggs & Stratton, State-of-the-Art Acoustics Lab, ACS



Greenfield Refrigerated Warehouse Facility, ESI Constructors, Inc.



Catalent Pharma Solutions Third GMP Manufacturing Train, Kraemer Brothers



Beaver Dam Cold Storage, WDS Construction, Inc.



Mayfair Reserve,  
Stevens Construction Corp.



The Boulevard Apartments,  
Stevens Construction Corp.



The Lodge at Walnut Grove II,  
Stevens Construction Corp.



The Lux,  
Stevens Construction Corp.



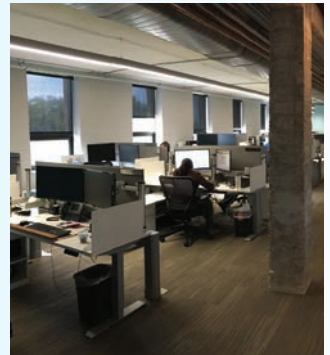
Whistler Student Apartments,  
Stevens Construction Corp.



Cimarron O & M Building,  
Ross & Associates, Ltd.



Croix Gear & Machining,  
Derrick Companies



Ashley Furniture - Chapel Hill  
Building, Wieser Brothers



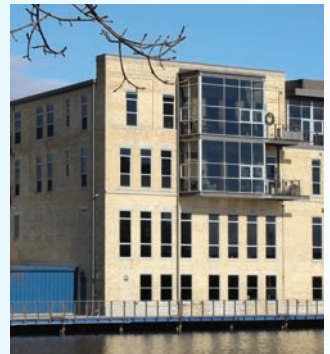
Bank of Wisconsin Dells,  
Holtz Builders Inc.



Be Fitness,  
Corporate Contractors, Inc.



First National Bank of River Falls,  
Derrick Companies



Forefront Dermatology Renovation at  
River Lofts, A.C.E. Building Service



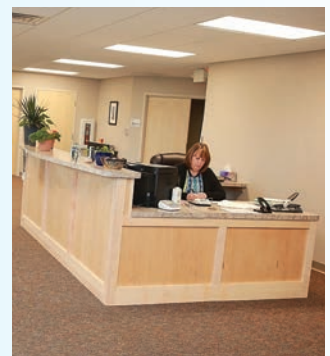
Lodi Veterinary Care,  
Friede & Associates



Milton Public Library Renovation,  
Gilbank Construction, Inc.



Quality Insulators, Inc.,  
Keller, Inc.



Therapy Without Walls,  
Friede & Associates





Union Bank & Trust,  
Stevens Construction Corp.



Reconstruction of the Madison Water  
Utility Operations Center, Joe Daniels  
Construction Co., Inc



Sand Valley Golf Resort,  
Corporate Contractors, Inc.



W.D.S. Construction, Inc.  
Headquarters, Chris Greene, Inc.



W.D.S. Construction, Inc.  
Headquarters, Steiner Electric, Inc.



One Menasha Center,  
Faith Technologies, Inc.



Ripon College,  
Faith Technologies, Inc.



Honey Creek Feed Mill,  
PDC Electrical Contractors



Badger State Ethanol Plant Expansion,  
PDC Electrical Contractors



QBE Building 300,  
North American Mechanical, Inc.



The James,  
North American Mechanical, Inc.



Hinterland Brewery HVAC and Plumbing  
Insulation, Performance Firestop, Inc.



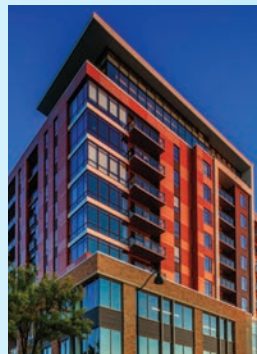
University Hospital Roof  
Replacement - H17-101,  
Pioneer Roofing, LLC



Davies Orthodontics,  
& Pediatric, Keller, Inc.



Shady Lane Assisted  
Living Expansion,  
A.C.E. Building Service



Lyric Apartments,  
Stevens Construction Corp.



AC Hotel by Marriott,  
Madison Downtown,  
Kraemer Brothers

NEW DYNAMICS CHALLENGE ECONOMIC FORECASTERS

# **SLOW GROWTH AHEAD**

By Kyle Schwarm —  
ABC of WI Marketing & Communications Director

# “OUR OLD MODELS DON’T WORK. WE’RE KIND OF FLYING BLIND.”

“This is not your father’s economy.” That’s the message you will hear from Dennis K. Winters, chief economist with the Wisconsin Department of Workforce Development.

Winters presented the latest economic numbers at the Associated Builders & Contractors (ABC) of Wisconsin’s SuperCon and emphasized how we are in the second-longest sustained growth period we’ve ever experienced.

“We’ve only been growing at about 2.5 percent. Growth has been slow,” Winters said.

Quarterly GDP Growth was 4 to 4.5 percent back in the 1960s and 1970s. In the latest numbers from the Bureau of Economic Analysis, the number is only at 2.5 percent. Winters believes we will never get back to that larger growth, even with any influences in Washington.

“Not for any sustained length of time,” he said. “We don’t have the population growth, we don’t have the workforce growth and we don’t have the productivity gains.”

“We don’t know what to do with 3 percent unemployment,” he added. “We don’t often see that.”

The most recent construction unemployment numbers are consistent with Winters’ claim.

“Wisconsin’s economy has performed well over the past few years,” said Dr. Bernard Markstein, president and chief economist of Markstein Advisors, who conducts state-level economic analy-

sis for ABC. “As of December, the state’s not seasonally adjusted (NSA) unemployment rate was a low 2.7 percent compared to 3.9 percent for the nation.

“Given that these are NSA numbers, it is normal for the state to post a relatively high construction unemployment rate. Nonetheless, it was the state’s lowest December construction unemployment rate on record since the beginning of the estimates in 2000.”

What does this mean going forward?

“It’s going to be slow going,” said Winters.

We experienced these low levels of unemployment in the 1990s, but we didn’t have droves of Baby Boomers retiring.

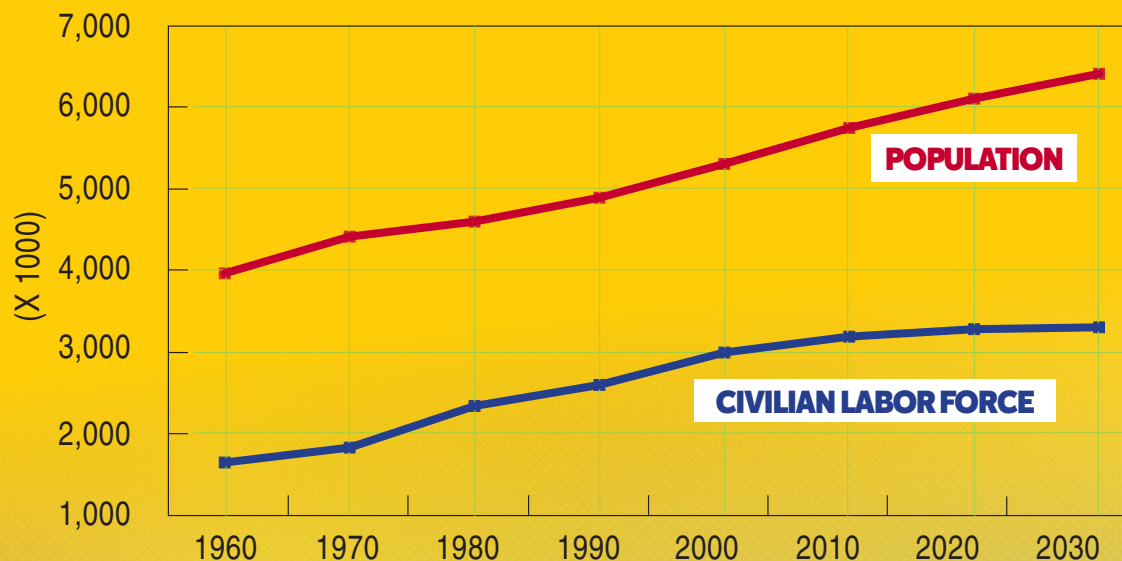
“Our old models don’t work. We’re kind of flying blind,” Winters said.

For the first time, the number of job openings has surpassed the number of hires. Our population in Wisconsin is growing, but the workforce is relatively flat and may even go negative by 2035.

“This is huge for three big reasons,” said Winters. “One, it’s never happened before. We have never had to worry about a flattening, much less declining workforce before. When population was growing, the workforce was growing. Two, it’s not going away. It’s all based on demographic data. Every hour we all get an hour older. That’s not going to change.”

“The third thing is, if you’ve got a flattening workforce and you don’t raise the productivity of that workforce, you can’t pay them

## WISCONSIN POPULATION AND LABOR FORCE



Source: Bureau of Economic Analysis, OEA

anything else. If you can't pay them anything else, they're not going to buy anything else. If they're not going to buy anything else, we're not going to make anything else. If we're not going to make anything else, we're not going to hire anybody else. We're looking at economic stagnation."

Overall, though, the economy is in a very good state, said Winters. Inventory systems are flowing fine with more production going on to meet demand. He doesn't see a recession in sight unless we run into deficit issues or higher interest rates.

Pat Holzem is a CPA and treasurer at McGann Construction in Madison. He foresees the higher building costs combined with higher interest rates as having a potential to negatively impact the industry.

"The Madison construction market, especially for multi-family, has been very strong for at least five years now," he said. "Because of that, increasing wages due to the labor shortage, rising subcontractor prices and materials price increases, building prices have been on the move up for at least three years.

"A rise in interest rates will make many buildings in the planning stage unaffordable to build. The developers will have a much harder time making the budgets work to their satisfaction and may look for other investment opportunities.

"I have seen the rate on our line of credit already move up 100 basis points and all indications are rates will continue to move upward. Any major moves will definitely affect the building market negatively."

Holzem said there have been expectations for increases for years and the only small uptick in interest rates last year had little impact, so business moves on.

"Any time things get moving too fast, that's when I start to worry," said Winters. "We don't have that right now. We have much more moderate growth."

Private domestic investment in equipment & IP has seen steady increases, but investment in structures has remained flat.

"This is where you build out production lines. This is where you add buildings. This is where you add facilities," Winters said. "We've been meeting the incremental demand with just the increases in machinery and equipment we bring in. We're not building more structures or adding more employees at the pace we used to."

To avoid negative growth, our current workforce will need to become more productive, which likely means training on the latest technology, Winters said. "Otherwise, we're stuck." ABC

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# WHY LINKEDIN IS CRITICAL FOR YOUR BRAND

*By Cathy Yerges — LinkedIn Consultant & Director of Client Service at RevGrow*

In a world of increased competition, it is imperative that you stand out from the crowd when it comes to doing business. People don't simply do business with companies; they do business with people. What you personally bring to the table is often the reason why you win (or lose) business. What we're talking about here is your personal brand.

Your personal brand is how you appear to the world. Perhaps it's based on your industry expertise, how you help others or

how you appear in public. Regardless of whether you think about it or not, you have a personal brand.

"The question is no longer IF you have a personal brand, but if you choose to guide and cultivate the brand or to let it be defined on your behalf." ~Shama Hyder

**So why is LinkedIn so important for your personal brand?**

If a potential prospect were to Google

your name, do you know what would appear on the first page of the search results?

Of the professionals that I've trained, 90 percent of them have their LinkedIn profile appear on the first page of Google search. Your LinkedIn profile is front and center when someone is searching for you. This is because the information on LinkedIn is extremely powerful, so when you tie your personal information into an account, this carries a lot of weight to Google.

## Does your business live by word-of-mouth referrals?

Hubspot reports that 84 percent of B2B decision makers start the buying process from a referral. In fact, buyers complete up to 70 percent of their journey before ever even contacting sales (Kapost). So, before someone picks up the phone to call you, they are vetting you to see what you have to offer.

With 546 million users, LinkedIn is the obvious place to learn more about someone you may potentially do business with. This is why it's important to make sure your LinkedIn profile is telling your story the way you want it told.

People may not be ready to buy right now but may in the future.

LinkedIn provides an optimal way to stay top-of-mind with those who may be interested in doing business in the future. By keeping your profile up-to-date, posting an update regularly, and joining in on a few discussions, you'll be staying relevant to your network. When prospects are ready to proceed, they will be more comfortable reaching out to you because you've stayed connected.

## Social proof is the new way of marketing

In our fast-paced society, we don't have time for trial and error. So, we want to know what products our friends have used, which services our colleagues can recommend, and who others trust in similar situations to make our decisions quicker and easier. This is where social proof comes in.

TechCrunch shares five types of social proof and LinkedIn is a great platform for leveraging social proof of your personal brand. Through LinkedIn recommendations, you will build "user social proof." Participating in industry-related discussions will lend to your "expert social proof." And, by continually growing your network and engaging in status updates, you will build your "wisdom of your friends' social proof."



“PEOPLE STILL  
JUDGE A BOOK  
BY ITS COVER ...  
AND A  
PROFESSIONAL  
BY THEIR ONLINE  
PRESENCE.”

People still judge a book by its cover ... and a professional by their online presence.

Imagine for a moment that you are talking to a colleague about a problem you are having with your current bank. Your colleague suggests two commercial bankers that you should talk to about your situation. Before dialing your phone, you jump on LinkedIn to learn a little more about each banker.

You find the profile for Banker A on LinkedIn and notice that you have one person in common in your networks. You both know the colleague that referred you. You figure that's OK since the banker only has 100 people in his network. You see that he's been in banking for ten years, with the last two spent at the bank at which he's currently working. The college he attended is listed, but not much else is found on his profile.

When you look up Banker B on LinkedIn, you find a bit more information. In addition to listing the two banks he's worked at in the last 10 years, he describes the types of customers that he works with and the types of services he provides. Under this current experience listing, you notice two recom-

mendations that he's received from people in his network. There's a link on his profile to an article he published on LinkedIn that highlights a case study about one of his clients. You find that you share ten connections with his network of 500+ people. In addition to seeing the university that he attended, you are also able to learn more about him through the organizations that he is part of and the volunteer roles he's held. You also notice that he's listed his phone number in his summary while mentioning that he welcomes your call.

Now it's time to pick up the phone. Which banker are you going to call first?

## Let's Get Your LinkedIn Profile Ready to Do Business

How confident are you in your LinkedIn profile? Would you encourage prospects to look at your profile to learn more about you?

Follow these 12 steps to begin building your brand on LinkedIn and gain confidence that prospects have the opportunity to see the value that you bring to a project.

❶ Upload a current photo. Social media is all about being "social", so to start, you need to give people an image to relate to you by. Don't pull out a photo from ten years ago. Work to get a current photo taken and uploaded.

❷ Make your "professional headline" keyword rich. LinkedIn will provide a default headline after you set up your account; however, you'll want to update this to be more descriptive.

For example, compare "Principal at XYZ Construction Co." to "Working with land developers to ensure their projects come to reality." Which headline tells people more about what you do and lets them know a bit about the results you deliver?

❸ Provide complete contact info.

Even though you likely started your LinkedIn account with a personal email address, be sure to include your work email address. You can have multiple email ad-

dresses attached to your LinkedIn profile, but only one will be displayed in your contact information. Set your work email as your primary email so that it becomes the one shown to connections.

List at least one phone number where people can reach you. Some connections will prefer to pick up the phone rather than send you a message through LinkedIn. Make it easy for them to reach you.

Utilize all three website links to drive traffic to key pages on your website.

④ Upload a background image. The background image allows you to add some personality to your LinkedIn profile. Your image could relate to your company or to a hobby. While there are no rules against using text in your background image, photos or graphical images tend to work best.

⑤ Summarize your summary with keywords. The summary can be the hardest part to complete. However, if you have an “elevator speech” prepared, this is a good place to use it. Your summary, as well as your entire profile, should be written in first person. You want to include why you’re passionate about what you do, who you help and the kinds of problems in which you can provide solutions. The reader of your summary should feel as though you’re talking to them.

⑥ Upload work samples or media resources. Your LinkedIn profile can become very boring if it is simply a bunch of text. That’s why it’s important to upload work samples or other media resources to your summary and experience sections. Types of content that work well here are: YouTube videos, SlideShare presentations, photos, links to blog posts that contain images, links to landing pages, whitepapers, and links to your other social sites.

⑦ Chronicle your experience. The experience section of your LinkedIn profile should be much more than a listing of the job titles you have held over your career. And, it’s not meant to be a posting of your written job description. Your experience is also individual to you, so include information about what



## “YOUR JOB IS TO PROMOTE YOUR PROFILE IN AS MANY WAYS AS POSSIBLE, BOTH ONLINE AND OFFLINE.”

makes you unique and why someone would appreciate working with you.

⑧ Show off your skill set. Promote your professional skills in the skill section of your profile. Any skill that you can put a name to can be added in this section. Again, it’s about keywords. Think about specific skills that someone may be looking to hire.

⑨ Build a portfolio of projects that you’ve been a part of. The projects section allows you to include a description, link to more information and mention other project members.

⑩ Showcase your certifications. Many professions have certifications, licenses or designations that must be obtained in their industry. This area allows you to showcase your commitment to your profession.

⑪ Make connections. To start, import both your personal and business email contacts to your LinkedIn connections. This will make it easy to invite people who already know you. Next, look through that stack of business cards on your desk and search for the folks that you’d like to stay in touch with. LinkedIn is an ideal way to stay top-of-mind

with contacts. After that, take a look at the People You May Know section and connect with anyone you already know. Finally, use LinkedIn search to find new people to meet. Whenever you invite someone to connect on LinkedIn, you should always personalize the invitation to connect. It goes a long way in breaking down barriers people may have with connecting with people that they don’t already know.

⑫ Give your network an update on what you find interesting. You want to show that you are engaged by routinely being active on LinkedIn. Share content from your company blog and other sources that you find to be interesting and relevant to your network. Also, engage with some of the posts that others have created by commenting on or sharing the post. This shows that you are open to conversation and not just focused on pushing your message.

Now that you have polished your profile, your job is to promote it in as many ways as possible, both online and offline. Consider adding it to your email signature, post it on your website, link to it from your newsletters, and print it on your business cards.

However, you need to remember that building your profile is only the first step in utilizing the power of LinkedIn. With your profile complete, you should develop a strategy for engaging with your connections and reaching out to new prospects. [ABC](#)



*To learn more about how to use LinkedIn for lead generation, download the materials shared during ABCWI SuperCon18 at <http://bit.ly/ABCWILEADS>. For more information visit [www.RevGrow.com](http://www.RevGrow.com) or to schedule a call with Cathy visit, [www.ScheduleACallWithCathy.com](http://www.ScheduleACallWithCathy.com).*

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# TAX REFORM PROVISIONS FOR CONTRACTORS

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*By John Folsom — CPA, Wegner CPAs*

The Tax Cuts and Jobs Act was signed into law on December 22, 2017, and it offers substantial changes in the U.S. tax law for both businesses and individuals. Provisions for C-Corporations are generally permanent in nature, whereas provisions for individuals, estates, and pass-through entities (e.g. partnerships and S-Corporations) typically “sunset” after 2025.

There are several changes to the tax law that will be of particular interest to the construction industry.

## **Bonus Depreciation and Section 179 Expensing**

Construction contractors have long taken advantage of certain expensing provisions related to “Bonus depreciation” and “Section 179”. Essentially, these provisions provide a tax incentive for businesses to acquire machinery and equipment by allowing the majority of (or the entire cost of) such equipment to be deducted immediately, rather than depreciating the items over a number of years. Bonus depreciation is changing for assets acquired and placed in service after September 27, 2017 and before January 1, 2023 to allow 100 percent of the cost of such items to be deducted immediately, vs. 50 percent under prior law. Further, the new law allows Bonus depreciation to be taken on both new and used equipment, whereas under the old law only new equipment

qualified. The change in Bonus depreciation is one of only a few changes that impact a taxpayer’s 2017 tax year; nearly all of the other provisions in the new law are for 2018 and beyond.

Regarding Section 179 expensing, the amount allowed to be expensed in 2018 is now \$1 million per year, and the phase-out has been increased to \$2.5 million. These new thresholds will be indexed to inflation going forward. A new development is that Section 179 expensing is now allowed for certain property used in connection with lodging activities (e.g. residential rentals). Lastly, there is also a new provision which allows replacements of roofs, HVAC property, fire protection, and security systems on nonresidential buildings to qualify for Section 179 expensing.

## **Two items in the new tax law that will have a negative impact on contractors**

One of these is the repeal (i.e. elimination) of the Domestic Production Activities Deduction. This was a provision in the old law that allowed contractors to deduct up to nine percent of their “qualified production activities” income. This deduction will no longer be available for 2018. The other provision that will negatively affect contractors is the elimination of like-kind exchanges for personal property such as vehicles, machinery, and equipment.



Without the ability to use the like-kind-exchange provision, contractors will need to report taxable gain immediately on trade-ins of this equipment. Under prior law, taxpayers were allowed to defer the gain on such trade-ins into the future.

### Provisions related to methods of accounting

The new law utilizes a \$25 million average gross receipts test (based on the prior three years) for several items, including the ability to use the cash basis method of accounting and the requirement to use percentage of completion accounting. Under prior law, contractors with average gross receipts of \$10 million or more were required to use percentage of completion for long-term contracts. Contractors who are under this new \$25 million threshold will want to consider the pros and cons of potentially changing their accounting methods for income taxes going forward.

### Provisions for C-Corporations

For businesses that operate as C-Corporations, there is a new 21 percent flat rate that replaces the graduated rates that were between 15 percent and 35 percent. The alternative minimum tax (AMT) has been eliminated for these corporations. Net operating

losses are no longer allowed to be carried back as they were previously.

### Provisions for pass-through entities

For pass-through entities, such as sole proprietors, partnerships, and S-Corporations, there are benefits as well – at the cost of added complexity. While the specifics are beyond the scope of this article, generally the new law allows a 20 percent deduction on “qualified business income” for pass-through entity owners. A limitation on the deduction, based on the amount of W-2 wages paid and/or the unadjusted basis of qualified property, is phased in above a threshold amount of taxable income. In general, owners of construction pass-through businesses will likely enjoy a nice benefit from this provision.

These are significant changes that all contractors should be aware of. The information provided above is general in nature; please contact your tax advisor to discuss the implications of the Tax Cuts and Jobs Act as they relate to your specific business. [ABC](#)

*John Folsom, CPA leads the Construction and Real Estate Industry niche at Wegner CPAs. For more information, visit [www.wegnercpas.com](http://www.wegnercpas.com) or call 888.204.7665.*

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# HOW TO SCALE YOUR CONSTRUCTION BUSINESS

*By Matthew Pletzer — Lift Consulting, LLC*

*Think of a jar full of change. You might be picturing a mason jar with different coins filling it. Imagine it has an assortment of pennies, nickels, dimes and quarters.*

*Whether you see it or not, the coins represent each type of client you have. The pennies are obviously low margin and not what you would seek out. As we move through the coins we're getting closer and closer to the ideal client: the quarter. This client has a great margin and the project is within your specialty. In this article, you'll gain insight into why this jar is so important and what you can do to fill it with quarters.*

The building market is great right now, so why would you want to scale? Good question. We work with many construction companies and hear this challenge a lot. We also hear that they don't have enough people to support the work they do have, let alone bring in any more. If that's true for you, keep reading.

Everyone remembers 2008 and what happened to the construction industry. Unfortunately, some construction companies didn't make it and the ones who did had to make real sacrifices to survive.

I bring this up to prove a point: scaling your construction business is essential to your ability to withstand another "housing bubble."

As we continue to explore this topic let's dig into the ways in which you can scale your construction business keeping in mind the change jar analogy.

### Exchange your pennies for quarters

First, I recommend that you segment your clients. Hopefully you're familiar with Pareto's Principal that 80 percent of your business comes from 20 percent of your clients.

Why do they do so much business with you? What are the attributes about this account that make it attractive for you to do business with them? Knowing these points will help you better communicate what kind of business you're looking for, which leads me to generating targeted referrals. If you were to ask for a referral now, what will you get?

If you ask for a specific referral, this will give you a greater opportunity to work with more accounts like your top 20 percent.

To better define your targeted referrals, I suggest you answer the following questions: What job titles do you typically work with? Where do the companies you work with typically hang out? Who do these companies work with if not you? Those who didn't work with you, find out what problems they are experiencing and position yourself as the solution.

An important thing to keep in mind is it is important to set the stage early that you are going to ask for a referral. Let them know right away and make sure they know they can say "no." Getting referrals is great, but it's better to give them. Why is that? If you are giving referrals to those you want to do business with, you stay front and center for them. Better yet, you're helping them in their business, which they will appreciate. Why wouldn't they want to work with you? We give referrals every day. My team and I developed a specific list of companies we want to do business with and when we see an opportunity to ask for a targeted referral, we ask for it.

Typically, we've given referrals first, so the ask is welcomed and followed through.

Actively searching for larger deals is a powerful tactic when done right, will produce remarkable results. Have referral conversations with your COI's. Take the power of social media and use it to your advantage. Listen socially for opportunities on LinkedIn, Twitter, and Facebook. Round out your business development activities by asking your top 20 percent for better defined referrals.

PARETO'S PRINCIPAL  
**80%**  
OF YOUR BUSINESS  
COMES FROM  
**20%**  
OF YOUR CLIENTS

### Eliminating bad pennies

What are bad pennies as it relates to my construction business? The answer to that is simple: prospects that never have a true intent to buy, are not profitable and take up too much of your time, or are outside your normal scope of work. To get rid of them, you need to have a strong sales process.

First, ensure you are establishing mutual business stature. Setting the stage early that you both have the right to say "no." Utilizing the up-front contract in your meetings will enable you to

discern more clearly at the end of each meeting where each other stand. Make it clear that if your services do not align with their expectations and needs, both of you feel OK saying so. This will protect your time and theirs.

Each meeting you take with the prospect should have a clear agenda (sent ahead of time) and a clear outcome. Ask questions that really dig into what you need to know to move forward or remove yourself from this opportunity. Seek to disqualify rather than to qualify your prospect. If by the last meeting you have not disqualified them as a potential client, you should have a higher closing ratio.

### Expand your jar

Develop a strong center of influence (COI). A COI is anyone who is doing business with like-minded clients. In your case it could be an owner, developer, sub-contractor or banker. Building a strong relationship with your COI is important. You can do that by reaching out to them on a regular basis and have useful content to provide them when you do. I strongly recommend developing a strategy to aid you in this effort.

Once your COI is established, it is imperative they know your ideal client profile. Make sure it is clear to them what kind of opportunities you are seeking. Train your team on how to have referral-based conversations when in front of an "ideal client." Develop a concierge program and client onboarding process based on your

client segmentation. Think about how your clients are treated as soon as you've won the bid. Take steps to ensure it is a positive and informative experience. It's essential that you also develop a unified metric for your organization.

The number one complaint we hear about construction organizations: not returning calls. The call you fail to return today does not impact you today, it impacts you tomorrow. Empower your people to say "yes." Ritz Carlton adopted this mantra, and they have the customer retention to prove it works. Allowing others in your organization to say "yes" frees up some of your time for you to focus on the bigger picture.

### Add more jars

Having a multipronged approach to your business development strategy is how companies scale. We strongly suggest adding sales and marketing services. Why should you spend money on marketing when you can hardly keep up with the work you have? To invest in the future of your business.

Traditionally, organizations who are at capacity with the business they have would not seek to hire a sales professional. I would argue that there is a snowball effect that will happen if you were to invest in a sales person now. If you wait for the economy to dip, the momentum you could have gained now is lost.

Historically, companies that invest in their sales people and marketing strategies sustain beyond when there's more business than they can handle. Think about it this way; right now, business is good, so investing in sales and marketing is not too hard to justify. Take the profit you have now and invest into the future of your company.

### Make sure your jar is strong enough to withhold the pressure

Right now, there are fewer people going into the trades. The reality is it is harder and harder to recruit. We recommend improving some things within your company. Work on bettering your company culture. Ensure you are treating your employees well by thinking of them first and your customers second.

One of the books that we highly recommend you read is *Good to Great* by Jim Collins. In this book, we learn that great companies focus on building the brand of the overall team. They also foster an environment of open and honest conversations to continually help each other improve without persecution.

The great companies also hire extremely slowly. If you were to hire quickly so you could take on more jobs, you also risk hiring the wrong people. This potentially can lead to your company's failure. Hiring the right people is more important than desperately filling positions so you can take on more business.

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# ... ZERO IN ON YOUR PROSPECTS' PAIN, AND NOT YOUR FEATURES AND BENEFITS.

## Change the look of your jar

What does your website say right now? "We provide great service." "We have more experience." "We provide a quality product." So, what? Your competitors are most likely saying the same thing. People buy emotionally and justify their decisions intellectually. When positioning your company and brand online, consider identifying the pain your prospect is most likely feeling. Prioritize the pain and confirm the cost of said pain. I advise you to not sell on benefits and features. Get rid of all the statements I listed above. Think through the problems you've solved in past projects and frame it on your website. I encourage you to stop submitting proposals because that's what everyone does. I discourage you from providing "free consulting." Move away from these habits and adopt a new language on your website that focuses on the pain you can solve.

## In closing...

I want to leave you with the key takeaways. First, stay focused on your ideal client. Segment your lists and hone in on your ideal client profile. It will do wonders for your business. Second, zero in on your prospects' pain, and not your features and benefits. Third, spend time with your team and help them discover their place within it. Great companies do this, and I highly recommend you invest your time in your employees. Lastly, change in your pennies to quarters.



If any of these points resonate with you and your construction business, we would love to hear from you. You can find us online at [lift.sandler.com](http://lift.sandler.com) or you can connect with us on LinkedIn. [fbc](#)

*Matthew Pletzer is Founder and CEO of Lift Consulting, LLC.*



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For membership information contact **Bill Stranberg**, Membership Director  
Associated Builders & Contractors of WI – 608-244-5883

## JANUARY 2018 NEW MEMBERS

### • BSIS/Acoustech Supply

*John Cvikota*

1710 S. 106th St.

Milwaukee, WI 53214

**Phone:** (414) 453-5551

**Description:** Construction Material Supplier

**Sponsor:** Bill Monfre, Quality Insulators, Inc.

Beam Club Members-to-date: 12

### • Dirkse Glass Inc.

*David Dirkse*

3724 Enterprise Drive

Sheboygan, WI 53082

**Phone:** (920) 627-2007

**Description:** Door & Window Contractor

**Sponsor:** Stan Johnson, A.C.E. Building Service, Inc.

Beam Club Members-to-date: 24

### • Engler Services

*Robert Engler*

28700 E River Bay Drive

Waterford, WI 53185

**Phone:** (262) 865-6273

**Description:** Associate/Consultant

**Sponsor:** Don Engler, Engler Electric, Inc.

Beam Club Members-to-date: 1

### • G&G Plumbing, Inc.

*Ryan Tebo*

215 Jersey Cir.

Waukesha, WI 53188

**Phone:** (414) 531-0860

**Description:** Plumbing Contractor

**Sponsor:** John Prusinski, Jemco Electric, Inc.

Beam Club Members-to-date: 1

### • Magnuson Corp.

*Neal Magnuson*

PO Box 1365

Hayward, WI 54843

**Phone:** (715) 634-5772

**Description:** Electrical Contractor

**Sponsor:** Chris Mlejnek, Northwest Builders

Beam Club Members-to-date: 9

**Website:** [www.abcwi.org](http://www.abcwi.org)  
**ABC National:** [www.abc.org](http://www.abc.org)

## FEBRUARY 2018 NEW MEMBERS

### • American Construction Services, Inc.

*Kraig Sadownikow*

3350 S River Road

West Bend, WI 53095

**Phone:** (262) 334-3811

**Description:** General Contractor

**Sponsor:** Bob Nuzzo, Southport Heating, Plumbing & Geothermal

Beam Club Members-to-date: 1

### • Auer Steel & Heating Supply Company

*Jon Hirsch*

2935 West Silver Spring Drive

Milwaukee, WI 53209

**Phone:** (414) 349-0019

**Description:** Supplier

**Sponsor:** Greg Jones, Dave Jones, Inc.

Beam Club Members-to-date: 13

### • Clarity Management

*David Buslee*

1729 Hillcrest

Delafield, WI 53018

**Phone:** (262) 271-2522

**Description:** Associate/Financial Planning

**Sponsor:** Robert Engler, Engler Services

Beam Club Members-to-date: 19

### • Helping Hands Electric LLC

*Ader Vilorio*

161 Horizon Dr, Suite 109

Verona, WI 53593

**Phone:** (608) 219-8522

**Description:** Electrical Contractor

**Sponsor:** Dan Bertler, Supreme Structures Inc.

Beam Club Members-to-date: 18

### • Schneider National

*Dean Dequaine*

3101 S. Packerland Dr.

Green Bay, WI 54313

**Phone:** (920) 301-0359

**Description:** Associate

**Sponsor:** Steve Klessig, Keller, Inc.

Beam Club Members-to-date: 48



## EVENT REMINDERS

**Networking Social & Duck Pin Bowling,** Sussex, March 13

**Area Meeting,** Oshkosh, March 13

**Area Meeting,** Stevens Point, April 10

**Networking Social,** Beloit, April 18

**Networking Social,** Eau Claire, April 26

**Brewers' Outing,** Milwaukee, May 4

**Apprenticeship Graduation Banquet,** Wis. Dells, May 11

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