

THE ACADEMY OF ELECTRICAL CONTRACTING

**Paper Presented by Fellow
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The Transition from Electrician to Electrical Contractor

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Prelude:

The majority of the Electrical Contracting Companies in business today, and in the past, had their beginnings with someone who worked as an Electrician. The transition from Electrician to Businessman can be very tough. As a factory Electrician, to Apprentice, to Journeyman, to Electrical Contractor, I believe I can relate to this subject.

Many things need to be considered before making this step.

1. Do I have enough financial backing to handle payroll, material costs, taxes, insurance, accounts receivable, etc? (Sometimes you have to wait 30, 60, 90 or 120 days or more for payment)
2. Can I survive if a customer doesn't pay?
3. Do I have the skills needed to deal with my customers, bankers, insurers, suppliers, workers, Unions, etc?
4. Will my life style allow me to work the 12 hour days and 7 day weeks that may be needed to start and maintain my own business? Will my family be able to handle it?
5. Do I have a business plan that includes marketing? (Having a market plan that correlates to your skills and experience rather than a shotgun approach should help the start)

If all the answers to the questions above are yes, the following may help direct your struggles to get started.

1. Build a business plan, including planned growth. Growing too fast can be as bad not growing at all. (My first year of business we grew too fast, and only the

banks and electricians made money. So we cut back to do only the work we could handle profitably, and everything improved, including my temperament.)

2. Talk to your existing employer. Try to leave their company on a friendly note. They may even be able to give you some help in your new start.
3. Visit the NECA Chapters within the area you plan to work. Becoming a NECA member will prove to be one of your best business decisions.
4. Create a growth plan with the Local Unions you will have to deal with. They will be supplying your workforce, and a good relationship is of the utmost importance.
5. Interview and select an insurance agency that is familiar with construction. Usually it is best to find an Agency that can handle all your business requirements and has the experience in the type of Insurance you will need as a contractor. This could include future bonding. Ask for referrals from your NECA Chapter or other contractors.
6. Find an accountant that understands the construction industry and one with whom you will be able to communicate with freely. You should consult with your accountant several times throughout the year.
7. Start to build a relationship with preferably two banks for your business. You will need checking accounts and possibly a line of credit.
8. Visit the supply houses with whom you will be dealing. Set up your discounts and a line of credit.

9. So far, you don't have a large monetary investment. Now, if you're still determined to start your own electrical contracting business, you will need computers for accounting, estimating, e-mail, etc. The fax is still not dead, so you will need that ability also.
10. You will need to select some Accounting Software that includes payroll, accounts payable, accounts receivable, and general ledger as a minimum, unless you use an outside service to do it for you. You will also need estimating and costing software.
11. Now it's time to invest in the trucks, tools, and materials needed to start.
12. Hopefully you already have some sales leads, because now it's time to sell your services.

The following can help your business survive and prosper.

1. You will need to know how to Estimate. NECA offers estimating classes, and I highly recommend that you use that service. The next step is to purchase a computerized estimating system. Treat this as a tool, no less important than a bender or wire puller, that will help your company grow. Estimating by computer can save up to 80% of your estimating time. This will allow you to spend the time needed in other areas. (I figured that anything that helped me leave the office and call on customers made money. If my Electricians time was worth \$75.00 per hour, my time was worth \$125.00.)
2. You may also need some help in the sales area. One of the things that Jack McCormick, the founder of McCormick

Systems says is that the NECA sales seminar was one of the most valuable business things he did. I went to the same course, and used that information on a daily basis in my business.

3. You will either have to learn accounting, hire someone to do it for you, or use an outside service.
4. NECA has many management classes that will help you in the transition from Electrician to Businessman. Make use of as many of these as possible. They will be what makes your business grow. At the Academy meeting in Carlsbad, California, Ben Cook told about a Non-Union Contractor that became a Union Contractor just because of the benefits provided by NECA.

Epilog:

As a NECA member, become involved. Volunteer to serve on committees. Become a member of the Board of Directors, and serve as an Officer if possible. Attend the Spring Conference and Convention. Help with Chapter functions. These experiences and relationships will become invaluable to your business and very rewarding to you. We can't continue to take from the Industry, without giving something back.

Being involved with NECA has been a very rewarding experience for my wife and I. We have made many friends and accomplished many goals because of our NECA relationship.

If you're still ready to go ahead, **Good Luck.**

Please direct any comments or questions to:

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Richard E. Manrod worked in the industry as an electrician for four years, and then served a four year apprenticeship. In 1964 Mr. Manrod started the business of Manrod Electric Inc., which he ran for 35 years, becoming a NECA member in 1968. During that 35 year period he developed his own computerized estimating system and taught computerized Electrical contracting at the University of Wisconsin in 1983-85. As a member of NECA, Mr. Manrod participated in many of the NECA classes including ESP, Sales, and the "Win Win" negotiations seminar held at Cornell University. He served on the Northern Illinois Chapter's negotiating committee for over 20 years,

served as Chapter President for 10 years, and Chapter Governor for 2 years. Mr. Manrod was inducted as a fellow of the Academy of Electrical Contracting in 1995. He served as President and Board member of the Rock River Valley Electrical Association, a group of Electrical Contractors, Electrical Industrial Members, Suppliers, Electrical Utility members, Electrical Inspectors, and Electrical Workers. Mr. Manrod was a member of the National and local Electrical Inspectors Association. Mr. Manrod is also a member of the American Society of Professional Estimators. He has been instructing on McCormick Systems windows estimating products since March of 1999. He presented a paper "The How, Why and Future of Estimating" to the Academy of Electrical Contracting in June 2003 and "2D AutoCAD® for the Electrical Contractor" in June 2006.

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