

Hi, everyone. This is Wayne Rivers at FBI, where *We Build Better Contractors*. Welcome to 2024. I want you to remind about Boot Camp in '24. We have Denver, Raleigh, and Dallas coming up this year. So, enroll your high potential people up for boot camp. Contact Charlotte for more information.

As a kickoff to 2024, I want to talk about something near and dear to my heart, and that is “No Margin, No Mission: The Ethical Imperative to Make a Profit.” So, I was reading a newsletter called Every, and this was in November of '23, and the author was Casey Rosengren. And he talked about a period in his late twenties. He was exhausted. He had just finished his first startup and they had sold it, and he'd made a little bit of money. But he was just burned out, burned to a crisp.

And he had a friend who was doing a nine-month retreat at a Buddhist monastery in New York State, and he was kicking that idea around. He wanted to have nothing to do with the hustle and bustle of a startup and worrying about money and raising money and selling for money and all those things. And as he was considering this retreat in a monastery, one of the older monks mentioned to him that the monastery was having financial difficulties. Well, this was what, wait a minute, this is a shock. I'm trying to get away from money. He said, "There's no escape from the money problem." And that's right.

I've known contractors over the years that do work, and they make very little margin, maybe no margin at all. And they say things like, "We're not in this for the money. We're in it for our customers. We're in it for the community. We're in it for something else." But that's a fallacy. That is a logical fallacy. Let me read you this. "For many founders..." Founders in particular, "Sales and cash flow aren't the fun parts of the business. As a result, they focus on product, or in this case, construction put in place, while underpricing their services and ignoring unit economics. The problem is even more pronounced in mission-driven organizations." So, if you're a mission-driven construction company, perhaps the problem is even more acute in your organization.

The phrase, "No margin, no mission," originated with Sister Irene Kraus, who ran a series of 80 nonprofit hospitals. Can you imagine that? The idea of running one hospital is overwhelming to me. Running a network of 80 nonprofit hospitals. And she originated that phrase. She said that any threat to their financial health was a threat to their mission. No margin, no mission.

Trappist Monks, in fact, specialize in running small businesses to support the work of their order. So, they have breweries, they make cheese and all those things. One monastery in France in particular sells its cheese, not at a bargain price, but at a premium price. Wait a minute, these are people that are committed to vows of poverty. How can they sell their cheese for a premium price? Well, no margin, no mission. Keep in mind, they want to pay their trade partners fairly. Well, that seems quite up and up and ethical, doesn't it? And the third thing is they want to pay their employees fairly. No margin, no mission. If you charge bargain-basement prices, you can't pay your trade partners as they'd like to be paid. You can't pay your employees the way they'd like to be paid.

Even in a mission-driven organization, there is an ethical imperative for you to find margin and profits in delivering your construction services. What are you going to do differently in '24. If you're one of those low to no margin contractors, what are you going to do? How are you going to change your mindset in '24 so that you can continue your mission by growing your margin? I'd like to hear from you in the comments.

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