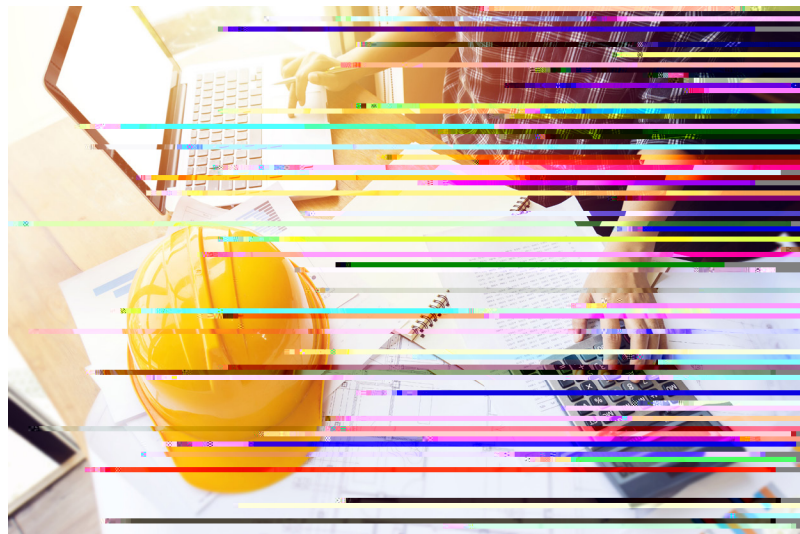


How To Maintain a Steady Backlog

Written by: Matt Verderamo, Consultant, Well Built Construction Consulting



million, you would only need to have about an \$8 million backlog on Jan 1, 2025—or about 25% of the goal. Again, because that's what you should be billing in the next two to three months to hit your goal.

Separate your backlog. While all backlog is great, if, today, you win a megaproject that doesn't start until 2026, you may meet your backlog target, but it doesn't mean you have work for 2025. I always recommend separating your backlog for the next 12 months from your backlog that falls 12+ months out. That way, you are still tracking both important numbers, but making decisions based on the right information today.

Look to other indicators. While you must measure your backlog, it's important to realize that it is a lagging indicator. This means that whether backlog is low or high doesn't tell us much, other than that we either do or don't need work. What it doesn't tell us are things like:

- » Are we bidding enough work to maintain/grow our backlog?
- » Are we having enough sales meetings to maintain/grow our backlog?
- » Do we have enough clients to support our growth goals?
- » Are we doing enough business development with new potential clients?

So, while backlog should serve as a target, it's critical to create a set of leading indicators that will ensure you are doing the things you need to be doing in order to maintain a steady backlog. A simple process for creating leading indicators for backlog is as follows:

1. Calculate your win rate.
2. Use your win rate to create bidding and sales goals. For example, if your win rate is 10%, and your target backlog is \$35 million, then you would need to bid \$350 million. It also means you need to win \$35 million. Firms with more than one estimator should then break that \$350 million down by estimator and create an individual bidding goal for each, and break the \$35 million down by estimator and create an individual sales goal for each.
3. Every week, meet as an estimating team and review the amount each person bid/won the previous week and compare it against goal. Because you may not be bidding every week, you should track weekly bidding and sales goals as an accountability tool, but ultimately you should

measure failure/success for meeting goals based on monthly bidding and sales totals. Four weeks is enough time for the data to settle.

Follow the steps here, and I promise you will be shocked by the results you get in the form of a steady backlog that gives you the ability to chase your strategic goals. 🦋



About the Author

Matt Verderamo is a consultant at [Well Built Construction Consulting](#), a Baltimore-based firm that delivers strategic consulting, facilitation services, and peer roundtables for construction executives.

About the Article

Republished from [Construction Dive](#) online. Construction Dive is a leading industry publication operated by Industry Dive. Their business journalists spark ideas and shape agendas for 10+ million decision makers in the most competitive industries. The daily email newsletter and website cover topics such as commercial building, residential building, green building, design, deals, regulations, and more.

Any views and opinions expressed in this article may or may not reflect the views and opinions of the Construction Management Association of America (CMAA). By publishing this piece, CMAA is not expressing endorsement of the individual, the article, or their association, organization, or company.