

# The Builder's Library

by Paul Hanke

## Win-Win Negotiation

by Fred E. Jandt with Paul Gillette. New York: John Wiley & Sons; 1985; 298 pages; \$19.95 hardcover.

Who among us hasn't occasionally been in a tense, uncomfortable negotiating session in the ongoing architect-owner-contractor drama triangle?

Perhaps you've had to ask your boss for a raise. Or perhaps you've had to face a tough-bargaining client like one of the owners in Tracy Kidder's *House*, who insisted that without a last-minute \$660 reduction in the bid, there would be no deal.

Now, armed with Jandt and Gillette's *Win-Win Negotiating*, you can enter these situations with the hope, as the book's subtitle says, of "turning conflict into agreement."

What is "win-win" negotiating? A simple example is how my wife, Jan, recently handled a conflict with our five-year-old son over taking down the Christmas tree.

When the time came to take down the tree, we were met by tearful protests from Brian, who wanted Christmas to "last forever." Jan proposed that (1) we take down the tree as scheduled (adults win), and (2) Brian draw a picture of the tree and snip off a branch to keep in a vase on his desk (Brian wins).

A more complex case cited by the authors involves a legal secretary who asked her boss (who keeps his fees low and does a lot of public-interest work) for a raise.

She had prepared herself with sound arguments justifying her request, including the fact that she worked for 30 to 50 percent less than other legal secretaries in the area, and the cost of replacing her if she quit.

Instead of taking the *positional bargaining* approach and attempting to refute each of her points (and finally saying, "Look, I'm paying you as much as I can—take it or leave it!"), her boss used the win-win strategy of *interest bargaining* to find a solution they both could be happy with.

He asked questions and found that she liked

her job and her boss, and that she didn't want to work elsewhere—she simply needed more money. He also learned that she was willing to work more hours to increase her income.

The lawyer promptly arranged to get extra part-time work for his secretary from a colleague, and he let her use his word processor for "free-lance" work that allowed her to triple the hourly wage she would receive at another firm.

She increased her salary while keeping a job that was convenient and enjoyable. He was able to retain his low fee structure without losing a valuable and compatible employee. They both won.

Other examples in the book include the delightful and insightful escapades of "the great litigator," a non-lawyer friend of the author who successfully challenges his Goliath-like adversaries. The authors also explain how French President Francois Mitterand used the "unpacking" technique to get South Korea to go along with the establishment of diplomatic relations between France and North Korea, and how Dwight Eisenhower kept students from walking on the grass while he was a university professor.

In addition to learning the basic strategies and tactics of interest bargaining, you'll find out how to apply specific techniques to your own negotiating situations. Among them: constructive versus destructive uses of conflict, determining your and your opponent's "mini" and "maxi" positions, "tokening," "issue substitution," and most important, how to deal with "hardball" negotiators—people who either tell you there's nothing to negotiate or simply refuse to take your calls.

Even though I didn't agree with every word, this is one of the best books I've read in a long time. Do yourself a favor by reading it—and applying it.

## The Architect's Handbook

by David Kent Ballast. Englewood Cliffs, N.J.: Prentice-Hall; 1984; 308 pages; \$59.95 hardcover.

How I wish my most recent employers had read David Kent Ballast's *The Architect's Handbook*. If they had, several staff members and I might still be there, and the company might have been prospering instead of struggling for survival.

On every page of Ballast's book, I found principles of good management that were violated every day by my former employers—mistakes that I myself have made in my own design and consulting business—and a wealth of practical advice that virtually every architectural firm could use to develop a successful practice.

According to Ballast, architects and designers (most of them, anyway) are excellent at planning physical environments, but not their own "professional destiny." As a remedy, he offers a good overview of the crucial business, planning, financial and management skills required for success in today's competitive and fast-changing design world.

The book can be read as a whole (as it probably should be by anyone setting up an office for the first time) or as the handbook the author intended, by selective reading of specific chapters on marketing, increasing productivity, quality control, graphics, personnel management, scheduling, record-keeping, accounting, general business planning, and the use of computers.

As Ballast himself admits, many of his topics are covered in greater depth by such books as Weld Cox's *Marketing Architectural and Engineering Services* or Stephen Kliment's *Creative Communication for a Successful Design*

Practice.

But Ballast's book is a terrific introduction to managing a design office, offering enough practical advice and sage wisdom to get you started in the right direction—or perhaps to change your course midstream. He also provides a helpful resource list (often several pages long) at the end of each chapter.

The *Handbook* begins with an overview of seven essential strategies for success, from setting goals in a way that can be easily monitored for progress (management by objective) to planning for profit ("usually the weakest area of most design professionals' business skills").

Two early chapters are devoted to the essentials of marketing—creating a business plan, researching the do-it-yourself market, finding and tracking leads (sample forms included), and the wise use of a variety of public-relations tools, including brochures, direct mail, advertising and presentation techniques. These ideas are supplemented in a later chapter with detailed advice on creating a graphic program.

Another chapter focuses on avoiding legal problems by ensuring quality control through all stages of a project, from client contact to construction administration. Topics of interest here include checking a client's ability to pay and the possible pitfalls of wrongly estimating construction costs.

The emphasis is on the construction-document phase, which Ballast says accounts for most claims against architects. The overall message is "Communicate!"

Project management—with an emphasis on scheduling, record-keeping, team coordination and the importance of follow-up when the job is done—and research and information-management systems are the subjects of two other chapters. (*Sweets Catalogue* alone lists an estimated 10,000 projects on 44,000 pages, which is just the tip of the project iceberg.)

Chapter 12 introduces the world of computers, which may be the wave of the future in design offices, and gives practical advice on entering the field, purchasing equipment and making the transition from a labor-intensive office to a capital-intensive one.

Perhaps the most interesting chapters are 3 and 4, which focus on productivity (or "managing the creative process," as the author calls it) and "The Architect's Most Valuable Asset" (Chapter 7).

Noting that increasing productivity requires both good morale and organization, Ballast recommends encouraging client participation, providing a pleasant work space (look out for the traditional, open and overcrowded drafting room), careful scheduling of in-house work flow, and delegating authority.

He also gives tips for handling the unexpected and for running meetings ("one of the greatest time wasters of the architectural profession.")

In the course of any design project, says Ballast, the thinking must range from the "wildly outrageous to the most analytical." The best offices, he says, have systems where design is enhanced—not compromised—by the desire to get the job done efficiently, and he

recommends specific strategies for creative problem-solving toward that end.

Having touched all these bases, what does Ballast consider to be the architect's "most valuable asset"? Creativity? A broad knowledge of construction methods and materials? A good reputation? An ability to bring projects in on time and under budget?

No, says Ballast. It is the firm's employees, and therefore the employer-employee relationship.

Given my most recent job experience, Ballast's recommendations—for employee involvement, two-way evaluations, flexible benefit programs and, most of all, *communication* within the firm—were music to my ears. (Anyone who has come up "through the ranks" will immediately recognize his description of the relatively low pay and high turnover that characterize too many architectural offices.)

Finally, Ballast's prescription for a combination of employee involvement and improved productivity provides the antidote for today's vicious cycle of low salaries so accurately sketched by the author (i.e., being competitive requires low salaries, which leads to high turnover, which leads to employees who want to start their own firms," which leads to many competing firms, which brings us back to low salaries).

My recommendation is that if you care about your practice and want to succeed in business by actually trying, don't be dissuaded by the incredible price tag of this book. Get a copy.

## Entering the Remodeling Field

by Henri de Marne. Washington, DC.: National Association of Home Builders; 1977; 96 pages; soft cover; \$4.50 (now half price) for NAHB members or \$6 for nonmembers, plus \$2 handling.

Written by NEB's own Henri de Marne, *Entering the Remodeling Field* is a manual for small-volume builders who want to try this segment of the market either as their exclusive area of business or as an alternative to new construction when the market is slow.

Witty, informative and opinionated, de Marne's book covers virtually every base that the prospective remodeler needs to consider—from market potential to preparing the final punch list.

De Marne opens his discussion with the pros and cons of different types of firms, including the "small/well-organized" operation (versus the "small/informal" one where contracts often consist of *misunderstanding*); the "large/well-advertised," which requires heavy capitalization; the "skimmer," who generally subcontracts; and the "medium-sized general contractor," whom de Marne regards as the "most professional."

Any of these builders may enter the field either by making a transition from new construction or by working for an established remodeler. In either case, planning, goal-setting and market analysis are important.

Dividing the market both geographically (rural, suburban and urban) and sociologically (along the lines of class and income), de Marne notes that the professional, upper-income clients are "the most temperamental" and "the most likely to brandish a lawyer."

Builders also must know their own personal limitations, keep tabs on the availability of competent personnel and be able to plan for growth, de Marne says. Classic pitfalls include estimating, scheduling and communications, which the author analyzes in detail and offers antidotes for resolving.

The keys to success, according to de Marne, include a personality that exudes "confidence," "knowledge," "extreme patience" and "an ability to smile." (Although a scant half-page is devoted to "rewards," this is no reflection on their value, however.)

Practical, detailed business advice is given on such internal and external business controls as employment records, contact slips, estimating, use of forms, invoicing and the ever-important change order. Sample forms (many of them taken from the author's own business) are included.

A section on showrooms rates half a page of text, while separate chapters are devoted to the estimator (and how to pay one), and the field crew (de Marne advises strong prohibitions

against moonlighting).

The book addresses the pros and cons of working with architects (the author is generally favorable) and offers age-old advice on making house calls, writing proposals and managing conditions at the job site. Two bits of advice he offers: Remodelers always should spend the first day on site with the foreman and crew, and they should be sure to point out any things clients do not notice when formulating the punch list.

The essential topic of cash flow, including the importance of accounting all payroll costs, is the subject of its own chapter. It was in this section, however, that I found one thing that really bothered me.

In discussing payroll, de Marne presents a sample letter to employees itemizing all costs to the company beyond the person's basic hourly wage ("120 hours of vacation at \$X per hour, the value of your company truck at \$2,000," etc). The last entry in this nine-point list notes, "Since you are working only 1,888 hours (2,090 less holidays and vacation), your actual hourly cost to the company—your wage or whatever you want to call it—is . . . I thought you should know," he concludes.

The tone of this letter reminds me of a line from the movie "Superman I," in which editor Perry White asks cub reporter Jimmy Olsen, "Why am I paying you \$40 a week when I should have you arrested for loitering?"

I think the idea of presenting complete wage and benefit information to employees on a regular basis is a good one, but you can use the Perry White approach or you can phrase things in such a way that employees feel they are making a valuable contribution to the company and therefore deserve the rewards they have earned. How it is expressed has a subtle but important effect on employer-employee relations.

To his credit, however, de Marne does recommend a "generous benefit package" in a chapter devoted to this topic, because older, experienced workers (who often have families) are particularly important assets in the remodeling trade.

While de Marne offers no references beyond his own for further reading, his book provides plenty of practical advice and information to start you thinking. The sample forms and letters are valuable assets in themselves.

The author's writing has plenty of zip, and anyone entering the remodeling field undoubtedly could profit from his experience. And what's more, the book's on sale.

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## The Builder's Guide to Office Management

by the National Association of Home Builders.

Washington, D.C.: NAHB; 1985; 127 pages; paperback; \$14 for NAHB members of \$17.50 for nonmembers, plus \$2 handling.

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Another business manual from the National Association of Home Builders, this one covers office management, which is just as important to success as knowing how to build.

Among the many topics covered is organization, including the establishment of a chain of command, staffing, the advantages of temporary versus part-time employees, lawful and unlawful interviewing questions, and maintaining field and office morale.

The book also addresses record-keeping (six of the 10 most common reasons for construction-firm failures have to do with accounting practices, it notes), basic accounting and bookkeeping procedures that differ from those generally taught in accounting classes, estimating, job-cost control, working with subs and establishing control of the job.

Last but not least, it gives exhaustive advice on customer service and quality control, including warranties, which the authors consider the key to satisfied clients and future prosperity.

Some of the advice tends to be excessively detailed—to the point of explaining exactly how and when to void a check, for example—while sometimes it's a bit too skimpy, as in the discussion of contracts. On the other hand, the section on purchasing is very thorough indeed.

Sample forms are included throughout the book, as well as specific advice for both managers and such personnel as bookkeepers and secretaries.

Dry but informative, it includes appendices and a useful bibliography. It's a good reference for someone starting out, or for anyone whose business skills may not be as sharp as his or her other tools. •

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## Cost Records for Construction Management

by W.P. Jackson. Carlsbad, Calif.: Craftsman Book Co.;

1984; 204 pages; paperback; \$15.75.

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According to author W. P. Jackson, even the best builders can go belly up, but when they do, the reasons are seldom high interest rates, slow periods, debt load, cash shortages or poor construction skills.

Instead, the culprit is most likely poor record-keeping (as the NAHB also maintains in its *Builder's Guide to Office Management*).

Jackson's book is written to tell you how to use your own systematic record-keeping to make accurate estimates for future bids—which is your only reliable source of estimating information in the first place, assuming you check current prices on materials.

While detailed, standardized systems exist for making bids, Jackson maintains that it isn't important *what* system you use, as long as it's consistent and you do in fact use it.

He argues that unless you already own a personal computer or have outgrown the label of "small builder," there's no need to computerize your records. Instead, he suggests that you use your bank and/or a bookkeeping service to automate individual segments of your records at a relatively low cost. The author tells you what forms you'll need and offers examples.

Following this introduction, Jackson gets specific about administrative, labor and material records. Two chapters are devoted to payroll, billings and disbursements to help

readers understand the actual costs of doing business and hiring subs.

Subsequent chapters cover each particular phase of construction, giving separate consideration to site work, footings and foundations, floors, wall and roof subsystems, insulation and wallboard, siding and trim, and masonry.

A typical example is the chapter devoted to floor systems. Jackson starts off by defining terms and explaining how to calculate board feet, price per 1,000 and the amount of nails and plywood needed to do the job. Tables illustrate how to price each item when estimating, and sample weekly timesheets show how to use your labor records to determine this elusive part of an estimate.

This format is repeated throughout this entire portion of this book.

A separate chapter deals specifically with subcontracting—how to write an agreement to minimize the possibility of loss, a checklist of common problems, and the importance of plans and specs (including how to make them part of the record when they are supplied by a sub).

A final brief chapter summarizes how to put all this information together into one composite form.

Overall, this is one of the better references I've seen on the subject of estimating. •