

# Building A Motivated Staff

by Michael Markstahler

Successful contractors know when to hang up the tool belt and concentrate on running a business. But when you turn over the hands-on work, you need to make sure your staff is motivated and productive.

I started my company five years ago with \$2,800 and \$500 in hand tools. Today the company's hard assets exceed \$100,000, and I no longer work in the field. My original investment has grown tremendously, and one of the most important reasons for that growth is the investment we make in our staff.

I had worked in human services before getting back into my father's trade, and I thought that some of the things I had learned about managing and motivating people might be useful in construction. Our company has probably spent more time thinking about this aspect of the business than most companies do, and we feel the effort has paid off. We've tried to create an atmosphere where members of the staff achieve their personal goals and enjoy coming to work in the morning.

## Employees Come First

Why focus on employees? There are three reasons. First is basic economics. A well-trained crew produces a predictable volume of work and fewer accidents. Companies with high turnover have higher unemployment claims and extra costs tied up in training, paperwork, and supervision.

A second reason is "company image." Employees who identify with the company represent the firm better in public. Few businesses have employees more in the public eye than construction.

The third reason is ethical. The boss/employee relationship should be more than a mere exchange of dollars for hours. It's important to have a genuine concern for an individual's job satisfaction. Why make life difficult for your employees, when you can create a sense that we're all in this together?

## Money's Not the Answer

So if you want to motivate your employees, you just pay them more, right? Wrong.

Everyone wants more money, but motivation doesn't come from a high hourly wage. In construction, a crew member may frame like a tiger one day, but another day, he'll chew the fat with the electrician for 45 minutes on coffee break. He pulls in \$10 an hour regardless.

The employee learns quickly that productivity is not related to hourly wages. They measure the weekly paycheck against the doctor bills, furniture payments, and rent. Even if they've dug their own financial grave, they'll think of you as a cheapskate and begin to take pride in small victories against the boss. They stop for hamburgers while making a run to the lumber yard, arrive late on



Markstahler, with the beard, and his father Harold, who now works as a project manager, go over plans for a new subdivision with other staff members. Meetings every two weeks are used to review upcoming projects and company progress.

jobs they're doing alone, or take a 40 minute lunch.

**What's a fair wage?** You don't want to exploit your crew, so figure out a fair hourly wage. The only way you can justify paying more than the hourly rate is to increase the company's productivity. If you have put together a good crew, set your wages slightly above the going rate. Join professional trade associations to find out what the competition pays.

**What about raises?** Decide how you'll handle bonuses and raises. In most companies, the boss keeps an eye on the work and decides certain employees deserve a raise, but that just tells the employee that business as usual is fine. Raises should be closely linked to productivity. I use outside evaluations (explained below) to help make that connection clearer to the employees.

## Morale-Building Strategies

Our company uses several approaches to keep employee morale high. People are individuals, however, and what motivates one, won't motivate another.

**In-kind benefits help.** In-kind benefits attract good employees and help our company image as well. We've recently bought uniforms, and we have the most professional looking crew in town. Everyone has a company truck less than five years old, and I have movable billboards driving all over town. The company provides all power tools (for this we get reduced insurance rates). We also give paid vacations, holidays, and sick days, which helps when we're hiring (see "Hiring the Best," next page).

**Build loyalty.** When employees expect to be laid off, they have no loyalty to the company. We've tried to turn this around by letting our employees know each of them is important and that their jobs are secure. We have a photo of every employee hanging on the office wall. We're proud of our staff

and we want them to know it.

We don't have layoffs or short work weeks. We hustle to keep a steady flow of work, and if we're between jobs, we bring carpenters into the office to file, straighten out the library, or watch educational videos. Employees who can count on regular work stay with you. By guaranteeing 40-hour weeks, we've also reduced moonlighting. Tired carpenters can't give you their best work, and they're a safety hazard.

**Foster communication.** Contractors often pay lip service to communication, but in practice, they don't give much thought to how they sound to others.

How many times have you heard this? "I've told you guys a thousand times—don't leave the shop a mess. I'm getting sick of it. What are you going to do about it?" Comments like this make people defensive.

It's much more productive to calmly explain why it is important to keep the shop clean in terms of safety and productivity. Then, try asking, "What can we do about it?"

We schedule meetings every two weeks to iron out issues like this, to discuss upcoming jobs, to review profit and loss, and to solicit input on changes we're considering.

**Let employees participate.** Employee participation helped me find the right benefits package. We were thinking of providing group health insurance, but we're just beginning to generate enough income to cover such a plan. I explained that I could get a good discount on a group plan, but they would have to carry part of the cost. They decided a health-care plan would be nice, but cash in their pockets was more important. If we had handed the employees a health care plan, thinking it would motivate them, we would have been wrong. Instead, we gained some good will by letting them participate in the decision.

## Improving Productivity

After working out a fair pay scale and taking steps to ensure baseline morale, concentrate on rewarding productivity.

**Profit-sharing.** All profit-sharing programs are supposed to increase employee productivity by increasing motivation, but they frequently miss the mark. Profits are dispersed once a year, often at Christmas. The long time lag between completing the job and getting the reward makes it hard for the employee to see the connection.

We share profits on every job. Our estimating forms break out each task and keep track of the number of work hours required. If we get the job, we meet with the crew working the job and hand out copies of the labor-hour bid. If they agree with the hours bid as "normal or average," then the job is open for bonus work. Every labor dollar the crew saves is theirs as a bonus.

If your employees know their performance is tied to the success of a job, and that job success directly translates into regular profit sharing, efficiency and morale remain high. We have a standing rule that no bonuses will be given on a job with an injury. This helps prevent accidents caused by carelessness and rushing.

Of course if labor exceeds what we've budgeted, the project manager tries to find out what's causing the problem. Maybe we forgot something in our bid. People in the field aren't held responsible for bidding errors. However, if the job had enough labor in it, but the person in the field isn't organizing the work correctly, they are expected to get the job back on track.

The profit-sharing system also creates weekly evaluations where we can spot problems in a hurry and weed out those who should not be supervising.

**Unbiased evaluations.** Because an employee's productivity may ultimately be rewarded by a raise, I want to make sure my personal biases, or too many cups of coffee, don't skew my judgment of their worth to the company. To keep evaluations fair, I hire a professor of organizational and industrial psychology to help do them, but you can find many university students majoring in industrial relations or industrial psychology who would value the experience of listening to the employees and preparing a written evaluation.

Each super fills out a written evaluation form on each crew member. In addition, the crew as a whole meets with the consultant and critiques each super. The consultant boils down the comments and meets with each supervisor individually to go over them. I read the comments too. Then I meet with the supervisors and crew members individually, and a write-up of our meeting goes in the employee's file. The consultant also meets with the supervisors and the crew to critique the office staff's performance,

# Hiring the Best

Before you can motivate employees, you have to figure out whom to hire. And to do that, you need to figure out where the company is going. My job as owner is to gaze into the economic crystal ball, develop a business plan, and set the general direction for the company. I decide where we market ourselves and what market niche to fill.

## Why Not New Construction?

As an example, if I had chosen new construction as the company's market niche, I would have had to move four states away to have the kind of business growth I wanted. And that would have led me to hiring a "new-construction" field staff and to another set of questions.

- Do I want to build the whole house?
- Do I want to spec-build or custom-build?
- Do I hire my own sales staff?
- Do I keep all trades in house?
- Do I separate carpenters into framers and finishers, or do I want generalists?

You need answers to all these questions before you put an ad in the paper to hire your help.

## Help Wanted

Remodeling Carpenter Residential/Commercial for permanent full-time position.

We offer:

- no layoffs in last five years.
- no short weeks in last five years (unrelated to weather).
- 47 total staff hours lost last year related to weather.
- paid holidays (including B-day).
- paid sick days.
- company truck or travel allowance.
- U.S. Dept. of Labor BAT approved apprenticeship program.
- company uniforms provided.
- paid approved continuing education.
- profit sharing.
- promotion from within.
- open-shop atmosphere.
- all power tools provided.

You must have:

- high school diploma or GED.
- a minimum of 48 verifiable months direct carpentry experience.
- passing grade on our written carpentry test.
- a strong background in quality remodeling carpentry rather than in new construction.
- a strong work ethic.
- be drug free.

Salary commensurate with your qualifications. We are an equal opportunity employer.

Unless you're in a hot market, a new construction contractor will hire new crews every year. In that case, you'd need two good carpenters and several nail pounders. But really you only care about keeping the two good carpenters. The rest are expendable.

## Hiring Remodelers

Given this region's demographics and population size, I found it made more sense to position our company for remodeling work—renovation, restoration, and maintenance, both residential and commercial. The nice thing about working on existing buildings is that the volume of work is more insulated from the whims of the economy. People don't have to borrow money to replace a window or repair a leaky roof, and office rehab brings in steady business.

Deciding to go after this market meant I had to have different kinds of employees, trucks, and equipment. You have to hire employees who can work on their own. If you have to go out and troubleshoot problems, you're in trouble.

In our newspaper ad, we try to prequalify applicants by telling them exactly what kind of carpenter we really want (see an ad above).

We don't have a preprinted application form. Instead we ask for written resumes because we want to know if the applicant can read and write. A resume shows their ability to organize their thoughts and put them down so they can be understood by another person. I believe this is a transferable skill that shows whether a person can organize and troubleshoot a job.

We also ask for five personal and professional references, and we check them. We rank the top applicants and bring them in for a written knowledge-of-the-field test and rerank them based on the results of the test and the previous information.

We ask applicants to meet with two project managers who ask a set of standardized questions so they can make fair comparisons. The construction managers decide the top three candidates and send them on to me for a final decision. This whole process takes 3<sup>1</sup>/<sub>2</sub> to 4 weeks. All new hires have a three-month probationary period. Once the person passes probation, I assume we have hired them for the life of the company.

If we're hiring a cub, we don't go to quite as much trouble, but we do make sure they take apprenticeship classes. We have two first-year people right now, and we're paying \$700 each for them to go to school. We've budgeted their tuition money for the next four years, and know that at the end of that time, we'll have trained people.

If a candidate hangs in there, we know we have someone who isn't looking for the quick job. The candidates we've found this way have been diligent, top-quality people who are more likely to stay with us.—M.M.

## Employee Self-Assessment

The purpose of this form is twofold: (1) to help you reflect on what you see as your strengths and weaknesses, and (2) to help you set goals for yourself both in the long and short term. This form will only be made available to you and to Michael, and in no way does it affect future raises.

In completing this form, please consider *all* aspects of your job (e.g., interpersonal aspects as well as carpentry skills.) Please be as specific as you can. For example, write: "I'm good at laying out floor joists," and *not* "I'm good at basic carpentry skills."

1. What do you consider to be your strengths on the job?

2. What do you consider to be your weaknesses on the job?

3. What are two short-term self-improvement goals that you have for the next month?

4. What are two long-term self-improvement goals that you have for the next year?

Name \_\_\_\_\_ Date \_\_\_\_\_

including mine as president. We complete this process once a year.

This may sound like a lot of unnecessary meetings, but having an outside consultant can be a big help when you have family members in the business, or when employees are adjusting to new job descriptions. Because our company gives its staff opportunities for advancement, the staff frequently finds they have to acquire new skills.

Tradesmen who've been promoted to project manager need to learn to write everything down. They have to make sure the contract is signed, write down architects' change orders, track jobs with forms and meeting reports, and document requests for additional work from owners—or the company will have an argument about money later on.

Time management is another new skill that tradesmen fresh from the field need to learn. Instead of keeping an eye on one job, project managers find they're juggling 18 to 20 jobs, with different kinds of contracts—time and materials, competitive bids, and negotiated bids. Properly keeping a pocket calendar is a skill that also takes time to master. We want our staff to pick up these skills as quickly as they can because they will be more productive.

**On-the-job training.** To increase productivity, we set aside \$8,000 a year for employee education and apprenticeship training. When the company hires new employees, we ask them to fill out a form that helps them set goals for themselves (see "Employee Self-Assessment," above).

At the end of every week, I also ask them to write down what they've learned on a weekly learning worksheet.

We use this information to help employees reach their goals, and to try to make sure they've learned at least one thing during the week.

Our employees attend classes on construction supervision, project management, technical writing, carpentry, OSHA safety, building codes, CPR and first aid, time management, and office management. They can watch videos on supervision and leadership, carpentry, and general construction information. We also have a 600-volume library.

## What If They Quit Anyway?

Whenever you try to create a system to hire good people and motivate them, one or two will still let you down. For example, one employee got regular wage increases and was ready to be promoted, but his life changed: his circle of friends changed, and he got involved with cocaine. Working for us was mainly a front for the IRS.

When the paycheck isn't even a basic motivation, there's little you as an employer can do. But in most cases, our efforts pay off with good morale and high productivity.

There are intangible rewards, too. When I decided to start this business, my friends advised me to view business as a means to an end—like early and wealthy retirement. But I found that I really do it for the satisfaction I get now. Running a construction business allows me to be creative and feel challenged. And having the trust of employees who invest so much of themselves in the company is an important part of the paycheck. ■

Michael Markstahler is president of Michael Markstahler, Inc., Champaign, Ill.