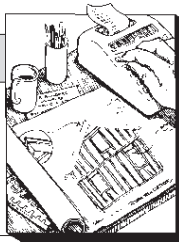


## Divide and Conquer

by Jud Motsenbocker



When I started my remodeling business 22 years ago, I knew there was more to it than just rounding up some jobs and banging nails. But I have been surprised by the variety of skills I have needed to be successful.

Good people skills, for instance, are as basic to this line of work as the ability to work with tools and wood. You can't sell your business without them, and they're essential to maintaining good relationships with your clients.

But perhaps most important, and most foreign to many contractors, are the administrative abilities necessary to keep the business side running smoothly. People who start businesses are notoriously negligent about tracking the day-to-day administrative tasks such as bookkeeping, correspondence, and filing. Somehow these activities don't seem as productive as making bids or doing the actual remodeling — they distract us and keep us from focusing on the big picture.

### You Can't Do It All

Every construction business may be divided into three distinct areas: sales and estimating, production, and administration. Even in small companies, no one can do all three. But trying to do it all is probably the most common mistake small contractors make. When one person tries to do all three of these things, all three areas suffer. But it's usually the administrative end that suffers most.

It's easy to underestimate the importance of these administrative tasks. Consider what they actually include: answering the phone, handling mail, typing letters and proposals, filing, verifying and paying invoices, posting verified prices to job cards, placing and verifying purchase orders, billing, handling payroll and taxes, keeping insurance up to date, tracking accounts receivable and accounts payable, and working with the company's attorney, accountant, insurance agent, and banker.



Jud Motsenbocker and Carol Doctor, his administrative assistant for more than 22 years, update the company's price book.

Every construction business must perform these tasks, and in all but the tiniest companies they are a full-time job for at least one person. Neglecting them can cause all sorts of problems: lost sales leads because of unreturned phone calls; credit problems because of late payments to suppliers; overpayments to suppliers because you don't have time to check invoices; inaccurate estimates because of poor cost records; and IRS audits or late payment penalties because of late or sloppy tax work.

### Make the Right Hire

Even if you're convinced you need one, hiring an administrator is easy to put off. It's expensive, it's a hassle to train someone, and it's hard to find the right person, someone who understands the construction business. It's also difficult to delegate when you're used to doing it all yourself. But I learned early that neglecting administration is a mistake. You'd never dream of handling production that way.

When I started out, even though I had only four people in the field, I hired a full-time administrative person. That person's salary was added in with the other costs of doing business, such as other salaries, insurance, gas, transportation, and tools. I knew I'd have to sell more to cover that salary, but having an administrative assistant allowed me to concentrate on sales, estimating, and production.

You may have to look hard to find the right person, and when you do, that person should be well paid. You want to hire someone capable and willing to take responsibility for this whole area of your business. You'll probably need to pay more than if you were hiring clerical help. If you aren't sure of the going rate, check with other companies or ask around at a construction trade association meeting.

### Define the Job

Before hiring an administrator, you should define that person's duties. The following items should be included:

- **Phone calls and correspondence:** These are your links to the outside world. The administrator should answer all calls promptly and pleasantly and take good, detailed messages. It's easy to underestimate the advantage of a live voice versus an answering machine, which many people won't talk to. According to some estimates, answering machines scare off as many as 50% of all calls. The administrator should also keep up on correspondence. Prompt, well-written, correspondence on attractive letterhead

does wonders for your business's image.

- **Leads:** Teach your administrator as much as possible about the business. The more an administrator knows about construction and your company's capabilities and expertise, the better he or she can answer phone inquiries and help you qualify and pursue your leads.
- **Verifying invoices and purchase orders:** Suppliers do make mistakes on invoices and purchase orders. All invoices should be compared against receipts, and everything should be filed promptly and neatly.
- **Tracking costs:** This goes along with verifying invoices. I have my administrator keep my materials price book current. This saves me many phone calls and helps with job costing and estimates down the line.
- **Bookkeeping:** Your accountant may generate your year-end numbers and quarterly taxes, but the administrator should handle the day-to-day bookkeeping duties, such as payables, receivables, payroll, and monthly profit and loss statements. He or she can also stay on top of late receivables.
- **Scheduling:** Since the administrator is in the office all day, he or she makes and verifies appointments with clients.
- **Working with other professionals:** Every business needs its "advisers" — an accountant, an attorney, an insurance agent, and a banker. The administrator can maintain contact with these people and make sure all relevant paperwork, accounts, and insurance coverage are up to date.
- **Office procedures:** This is the rest — the filing, bill paying, processing of time cards, and general paperwork that will otherwise pile up on your desk.

### What About Family?

Many contractors hire a family member as the administrative person. This works well for some. But for many, working with a family member causes all kinds of problems, from fights at home to resentment among other employees. If you hire a family member, it's especially important to define their duties and boundaries of responsibility clearly, and make sure you both stick with them.

### Do What You Do Best

Hiring an administrator may help your operation run more smoothly and professionally. But its real value is that it allows you to do what you do best: sales, estimating, and production. It also frees you to concentrate on the big picture so that your business can keep growing, and so that you can anticipate and adjust to changes in the business climate. The way I see it, there isn't any way you can afford not to have this kind of help. ■

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