

JLC Live!

WEST COAST EDITION

Builders and remodelers from the western states convene for a weekend of training at *JLC's* first West Coast Construction Business and Technology Conference

After three successful eastern shows, *JLC's* Construction Business and Technology Conference made its West Coast debut this September at the Santa Clara Convention Center. More than 600 contractors attended some 48 educational seminars on topics ranging from marketing, estimating, and subcontractor management to tile troubleshooting, leak-free exteriors, and seismic retrofit details. In addition, three day-long training sessions — one on the popular QuickBooks Pro accounting package, one on lead carpenter training, and one on laying out and cutting complex roofs — were sold-out.

Even El Nino couldn't keep nearly 3,200 builders and remodelers from visiting on the more than 150 product and tool manufacturers' booths. In addition, the expo featured four live technical demonstrations covering engineered lumber, ceramic tile installation, foam-form construction, and energy performance details, all of which were videotaped and broadcast throughout the hall. Live workshops, including one each on patio door installation, drywall techniques, and weathertight exteriors, as well as two-part sessions on stair building and roof framing, gave conference-goers the opportunity to see theory put into practice.

JLC Live! next appears in Providence, R.I., April 3-5, 1998, and returns to Santa Clara next October. What follows are some excerpts from conference seminars. We hope to see you at next year's shows.

Putting Job-Costing to Work

Job-costing is a good way to catch and correct cost overruns while jobs are in progress. But as Alan Hanbury and Steve Maltzman



explained in "Job-Costing Basics," it's also a useful management tool after the fact. During the recession of the early 1990s, Hanbury, who with his brother, Bob, owns and operates House of Hanbury in Newington, Conn., discovered that the most profitable job his company does is roofing. "I would never have guessed this," says Hanbury, "but after analyzing the data, it became clear." Hanbury subs out all his roofing, using about six hours of company labor to estimate, supervise, and clean up the site. On a typical roofing job, his gross profit is about \$2,000, or about \$333 dollars per hour; by comparison, the high-end kitchens his company builds only earn \$60 per hour for his staff's time. "I don't want to be a roofer," he explains, "but I've found a good roofer who not only earns what he wants for the job, but makes me \$333 per hour. So if I had a choice between a kitchen job and a roofing job, I'd do the roof."

that he does everything else, too. She asked the panel how her husband should go about delegating some of the responsibility.

In his response, panelist Devon Hartman, co-owner of the design-build firm Hartman-Baldwin in Claremont, Calif., explained that owners of growing companies are always moving away from their strengths toward their weaknesses. "We're always running up against jobs that we don't know how to do," notes Hartman. For example, Hartman had to give up framing in the field so he could spend time learning about the accounting and computer systems his growing company needed. "Now I hire people who are way better framers than I ever was," Hartman explains, "but I know enough about framing to be able to supervise. "The key, Hartman contends, is to train someone else in your area of strength, then use the time you've freed up to learn something new.

Panelist Mike McCutcheon, a Berkeley, Calif., design-



Hanbury also uses his job-costing system as a basis for an employee bonus system. Because the performance of Hanbury's lead carpenters affects the company's bottom line, it makes sense for him to provide an incentive. Using the job-cost system, Hanbury determines if labor costs came in under budget, then distributes a percentage of the savings not just to the lead, but to everyone who worked on that job. "Our lead carpenters now pay close attention to how the job was estimated," notes Hanbury, "and they work to beat the budget. They've bought into the concept of making each job a profit center."

Delegating Difficulties

In the Sunday "Business Q&A" session, an attendee explained that her husband still works in the field, but noted

builder, added that for a small contractor, administrative work is generally the easiest type of work to delegate, followed by field production. Last on his list are sales and estimating. McCutcheon also reminded the audience that part of the reason contractors are in business for themselves has to do with a personal sense of satisfaction. He encourages contractors to do what they enjoy the most and hire out the rest.

Selecting Software

The consensus among panelists in Sunday's "Computer Q&A" session was that there is no such thing as a perfect piece of software, particularly when it comes to estimating packages. Panelist Craig Savage, editor of *Construction Business Computing* newsletter, cautioned the audience against paying too much attention as to whether or not a given estimating program can

import data automatically into an accounting package. “Most of the time, the interface doesn’t work well,” Savage explains. “The fact is, it takes only 10 of 15 minutes to type an estimate summary into an accounting program like QuickBooks Pro. If you’re producing just 30 estimates per year, that’s less than eight hours, total.” Savage recommends choosing an accounting package and an estimator on their own merits.

Responding to questions from the audience about the steep learning curve for most construction software, panelist Judith Miller, a Bay Area software and financial systems consultant to contractors, noted that there is always a period during which users won’t get full value from their software. “For a while, you’ll be pushing the rock up the hill,” Miller suggests. “But if you define what it is you need, purchase programs to fill those needs, then work with them, that rock will eventually end up at the top of the hill.”

charging for estimates has helped them reduce or eliminate competitive bids.

Scott Shelley of Petaluma, Calif., used to spend an inordinate amount of time preparing estimates, but only got about 20% of the jobs he priced. To reverse the trend, Shelley started to “qualify” every project he was asked to bid. He looked for jobs with a realistic budget and on which no more than two other contractors were bidding, both of whose reputations he knew. He also made sure that the owner received everyone’s price at the same time, eliminating the ability of the owner to play one contractor against another. Eventually, his detailed estimates led to relationships with architects and designers who now call him in early in the design stage on projects for which he negotiates a price.

Shelley also eliminates “tire-kickers” by asking to be paid for



According to Miller, productivity can’t improve if contractors continually switch software or change the way they use a particular program. As an example, Miller pointed out that the National Construction Estimator, which a member of the audience had asked about, was simply a database of prices, some of which may not fit the way a particular contractor works or the geographic area in which a company works. “The important thing,” she explains, “is to evaluate how that database relates to the work you’re actually doing. By keeping track of job costs, you can compare NCE estimates with actual costs, then adjust those database prices to fit the way you work.”

“Qualified” Bids

Few contractors like to bid competitively. In a session titled “Better Bidding Strategies,” several speakers explained how

estimates. “It’s reasonable to charge \$300 to estimate a kitchen remodel,” says Shelley. “If the owners aren’t willing to pay that, they’re not serious.”

Gary Wilson, who owns Sterling Group in San Anselmo, Calif., also qualifies the projects he bids. “Out of 150 bid opportunities that come across my desk each year,” notes Wilson, “about 15 are right for me and my company. But I want to price out only three of those 15 jobs.” To narrow the list, Wilson spends an hour talking with each of the owners, picks the three jobs he wants to go after, then puts a “ton of time into preparing his bid.” Wilson explains: “I point out difficulties and come up with lots of solutions. I want the owner to want my solution list. I want them to know that all the way through the project, I’ll be thinking of their best interests.”

