

# MANAGING FOR Maximum Productivity

**W**hen I worked as a carpenter in the field, I organized my toolbelt in a particular way. On my left I kept a utility chisel, my tape measure, and two pouches filled with 8d and 16d nails. On my right I stored my pencil, my utility knife, and my hammer. Other carpenters devised different

by Michael McCutcheon

arrangements, but those who were most productive could reach for the tool they wanted without looking.

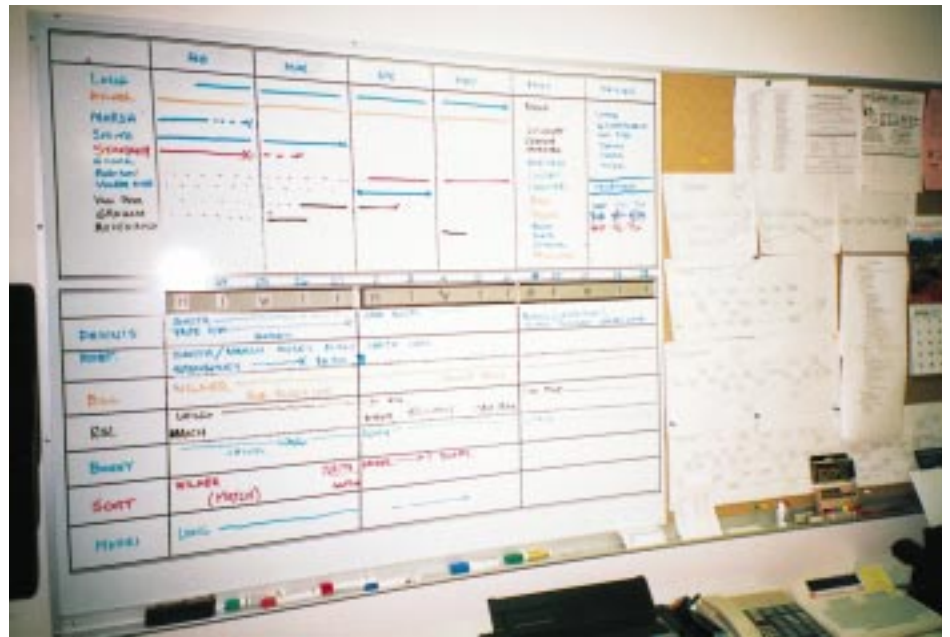
Making your business more efficient is no more difficult than arranging your toolbelt. But it does require some thought and an investment of time and money. Start with the small stuff that will improve your efficiency, and work your way up to the bigger ideas as you can afford them. Here are some tips that have increased my productivity.

## Employees

When the recession hit California in the early '90s, I shaved costs by eliminating a layer of middle management. Until then, I had a traditional, by-the-book, construction company organizational chart: president, production manager, foreman, carpenters. I removed the production managers and upgraded the foremen by giving them more responsibility for day-to-day job-site operations. By reducing one layer of management, there are now fewer miscommunications between the office and the field.

The economy is stronger today and I can once again afford that additional management layer, but I doubt I'll reinstall it. Our current system is much more efficient.

**Office manager.** If you're a small con-



A 4x8-foot dry-erase board in the office keeps track of job schedules and foreman assignments, and provides a place to display important employee notices and news clippings.

## How to organize for greater efficiency — without spending a lot of time or money

tractor, consider hiring an office manager before a production manager. As a rule, it's a lot easier to find someone who's knowledgeable about office procedures than a competent production manager. And a good office manager will be much more efficient at everyday tasks like filing, invoicing, and correspondence.

**Lead carpenter.** The most efficient way for a remodeler to handle produc-

tion is to put a field carpenter in charge of the job and let him or her make decisions with the owner and architect. You want someone who can handle change orders, deal with inspectors, and resolve engineering snafus without you. Placing this responsibility with a lead carpenter reduces down time on the site as well as the number of phone calls I get, leaving me more time to

meet with prospects and estimate jobs. Still, I try to visit each site once a week.

## Production Management

Managing your employees and subs better can make your jobs go more smoothly. This cuts down on delays and makes everyone more productive.

**Regular meetings.** We schedule monthly employee meetings during work hours. It's an opportunity for employees to trade ideas about subs, suppliers, tools, safety issues, problems encountered on jobs, and other concerns. They learn from each other's experiences, so when a similar situation arises on their jobs, they don't waste time deciding how to deal with it.

My office manager uses these meetings to talk about time cards, invoice coding, and other administrative details; otherwise she'd squander her time by having to talk separately to each employee, which could take several weeks.

When it's my turn to talk, I discuss upcoming jobs, where they are located, and why we're doing them. If employees know that more work lies ahead, they're less likely to slow down on current jobs.

**Schedule board.** I keep a 4x8 dry-erase board (see photo, previous page) in the office, which shows at a glance, current and future jobs, foreman assignments, job schedules, and notices. This is a very effective way to keep everyone informed about what we're doing and when we're doing it.

**Preconstruction meetings.** The lead carpenter and I meet with the homeowner before the job starts. We can handle a lot of housekeeping details — parking, tool storage, working hours, how to deal with owner pets and children, among others — before there's a crew standing idly by.

On jobs over \$150,000, we schedule regular weekly meetings with the homeowner, which we might schedule to coincide with specific phases of work. For example, one of our weekly meetings may take place when the electrician is ready to set the boxes. We'll do a walk-through to check box location and function, switch order, and lighting fixture placement. It's a lot easier to move a box

before the drywall is up.

**Shopping.** Employees can waste a lot of time picking up materials at suppliers. Instead, deal with suppliers who deliver, even if it costs a little more. And when you do have to make a material run, use common sense. Don't send your most experienced person to the yard for three sheets of plywood; similarly, don't send an apprentice to select a specialty hinge.

**Subcontractors.** We sub out about 40% of our annual volume. It's an efficient way for us to increase our volume without taking on new employees. We used to do everything in-house, but it became increasingly difficult to find good people.

We've also increased productivity by hiring someone to haul job trash. They pick up the debris, load it into their truck, and haul it away for the same price as a dumpster. My crews don't have to provide any labor, there's no dumpster getting in everyone's way on the site, and there's no container inviting the neighbors to fill it up.

**Job supplies.** We maintain a ready supply of caulk, nails, and other supplies at the job site so we don't have to send someone out every time we need a nail or screw. We also keep a clean and orderly job site, which is not only good for the clients, but for us, too: With everything in its place, we don't waste time searching for a misplaced tool or material.

## Estimating

Here are a couple of quick tips to make your estimating time more productive.

**Unit prices.** I favor negotiated jobs over bid jobs because I earn a greater profit and I (and my subs and suppliers) gain back the many hours of time that the bid process eats up. For negotiated pricing to work, however, you

The image shows a Franklin Day Planner for Monday, February 23, 1998. It features a calendar grid at the top, a 'PRIORITIZED DAILY TASK LIST' in the center, and an 'APPOINTMENT SCHEDULE' on the right. The task list includes items like 'Hersh plans/RB', 'Burn Schedule/plans', 'Sensor SB', and 'Tax collector 905-256-2110'. The appointment schedule shows handwritten entries for 8:30 and 9:30.

23 MONDAY FEBRUARY 23 1998							APPOINTMENT SCHEDULE						
S	M	T	W	T	F	S							
1	2	3	4	5	6	7	Early Morning						
8	9	10	11	12	13	14	8:30 Lonny Rigg C has office re Book design						
15	16	17	18	19	20	21	9:30 Carolyn Kapp re George D. Cove office re (n) budget						
22	23	24	25	26	27	28	10						
JANUARY 1998							MARCH 1998						
S M T W T F S							S M T W T F S						
1 2 3 4 5 6 7							1 2 3 4 5 6 7						
8 9 10 11 12 13 14							8 9 10 11 12 13 14						
15 16 17 18 19 20 21							15 16 17 18 19 20 21						
22 23 24 25 26 27 28							22 23 24 25 26 27 28						
29 30 31							29 30 31						

**PRIORITIZED DAILY TASK LIST**

- ✓ - AS Hersh plans/RB
- ✓ - B2 Burn Schedule/plans
- ✓ - B1 Sensor SB
- ✓ - A1 A planner insert
- ✓ - A2 Pella re munition pins
- ✓ - A3 Review Holland Sols report
- ✓ - A4 Update Dent Broadstreet
- ✓ - Tax collector 905-256-2110
- ✓ - \* Joyce Holland
- ✓ - Orig. Condo purchase papers
- ✓ - take to bank
- ✓ - Day brief
- ✓ - Pack for Thase trip
- ✓ - Clean bike/set up rack
- ✓ - Tom Leva 523-0060

**DAILY EXPENSES**


**APPOINTMENT SCHEDULE**

Early Morning
8
9
10
11
12
1
2
3
4
5
6
7
8
Late Evening

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McCutcheon uses a Franklin Day Planner to organize his

need to work with your subs and suppliers to develop unit costs for their work and materials. For example, you might get a unit price from your plumber for removing an existing kitchen sink and installing a new mid-priced stainless steel double bowl sink with faucets; from your electrician you might get a fixed price for each new switch or receptacle installed. With these unit prices, you can assemble your estimates quickly.

**Preliminary bids.** Instead of agreeing to submit a competitive bid, I try to get a feel for the budget and find out whether professional estimating has been done as the design has developed. If the job interests me, I'll say "I'd like to give you a preliminary estimate for this job because it's not worth it to me to invest, 40, 50, or 60 hours to develop a full line quote." It works; I get as many



• Comments Exchanged  
• Journal Entry  
• Thoughts & Ideas  
• Agenda (telephone, meetings)  
• Conversations

FEBRUARY 1998  
**DAILY RECORD OF EVENTS**

**23**  
MONDAY  
54th Day 511 Left  
Week 8

① Mtg. w/ Kipper + George Deakst  
 - Submitted for design review on 6/22 -  
 10 w/ days in ~ 7/6; "Vivica" is Oak. req.  
 - 30-35 plans  
 - 16 excavations @ garage - may req. showing  
 - assume common wall @ garage stairs  
 - all lot will be staged; inc. landscaping  
 - demo is an allowance - \$15-20,000, more  
 prob. avail.  
 - clearing Aug. 6 - plan to return as req.  
 - utility/storage room req. extra loc. T/R/W  
 - may be too expensive

② Nevada City tax collector re cords 916-265-1285  
 - taxes are up to date and ok  
 - supplemental tax bill will come; then  
 Oct. 31 reg. tax bill will come.

③ Joyce Holland  
 - sent S/P hard copy of plans  
 - sent w/ll cert. mail, soils report  
 - w/c towards end of this week  
 - re pool tiles - they were unusual  
 "Loret Rooting" had done in 1987  
 Amy will check on the cost  
 - kept concerned about files + stairs  
 - assumes we are refining our set for S/P  
 - verify w/ Amy

④ Ruth Collins - borrowed books  
 - Sunset - ideas for Improving Your Home  
 - Landscaping  
 - Ortho - gardening  
 - "Catalogue for Contemporary Design"  
 - La Bagna + La Cucina book issues.

⑤ Early light  
 - 3600 SF or less? w/ garage ~ \$300/SF  
 3400 SF } light fixtures \$5,000 (50 ea.)  
 Don Cramel - framer  
 Smalberg - fcn "Cliff" - can rec. fcn. contract  
 - avail. Fri. pm to do walk - Tony @ Jones.

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days and to keep a record of important conversations.

jobs this way as I do by producing a full estimate. Once the homeowner has accepted the preliminary quote, I proceed with a full-bore estimate.

**Productivity and profit.** The first foreman I hired was by far the most productive carpenter I've ever employed; he was three to four times faster than anyone else. But I thought he couldn't be that unusual, so I priced my jobs based upon his productivity. When new employees came aboard, however, I lost money because I used his production rate to price jobs. Now I price jobs based upon my average employee; if I hire an exceptionally productive employee, he generates additional profits for me.

The same is true for tools: If you can produce more work in less time with a new tool, don't undercut yourself by lowering your price.

## The Right Tools

As a general rule, I don't run out and buy new tools and equipment unless I'll be using them regularly. I rent the equipment instead. For instance, it doesn't make sense to buy \$20,000 worth of staging when you can rent it for \$2,000. Still, carpenters love tools, and certain kinds of tools can increase productivity.

**Nail guns.** I found out early that a \$2,000 investment in a couple of nail guns and a compressor was a lot cheaper than hiring an additional carpenter at \$20,000 per year. The pneumatic equipment makes my entire crew more productive, and it doesn't require workers comp or other employee benefits, just regular maintenance.

**Battery-powered tools.** My company has several cordless drills and saws, most of which cost less than \$200. Cordless tools save us time because we

don't have to look for outlets or untangle extension cords; in many cases, they've speeded up tasks that we used to do by hand. We now use drywall cutters, for example, to make in-place cuts around electrical boxes and other openings; it's a lot faster than measuring and cutting by hand, and we get a better fit.

**Protective barriers.** A clean site keeps clients happy, but controlling dust and debris also saves on cleanup time. For the last few years, we've been putting zippers made by Strom Corp. (800/362-8239) into our plastic dust barriers. These allow us to enter and exit the work area without contaminating other parts of the house.

**Leveling feet for ladders.** This accessory, which simply attaches to the rails of an extension ladder, makes it much easier to level a ladder on uneven surfaces. It's faster than scrounging around the

site for blocking and it's safer, because it reduces the chance of the ladder shifting position while a worker is on it.

**Fax machines.** I dallied two years before getting a fax machine, then the minute I hooked it up I asked myself, "How could I live without this?" All of your subs, vendors, architects, and suppliers should have one. On larger jobs, we keep a fax machine on site, so the foreman can fax sketches, change orders, and other information back and forth to the architect's office without this information flowing through the office. This arrangement cuts lag time and delays.

**Alphanumeric pagers.** I stayed with numeric pagers for several years, until I realized the benefits of alphanumeric pagers. With these new devices, we reach field personnel by keyboarding in a message and sending it out. They now receive a message like, "Mrs. Jones is running 15 minutes late. You don't have to be there until 10:15," rather than just a phone number, which requires them to stop work and call in for the message.

**Voice mail.** The benefit of voice mail is that, while you can still offer to take a message, you also have the option of letting the caller leave the message directly. A voice-mail message won't get lost in a stack of paper, and I think the messages can better convey a sense of urgency. For example, instead of receiving a sticky note that says "Bob called about his millwork order," I can hear Bob saying, "Where's the millwork? I've got three men standing around waiting for it."

**Job phone.** Our contract calls for a separate phone on every job. This allows field personnel to call the office, subs, vendors, and suppliers whenever they need to without bothering the homeowner. It also ensures that a phone is available when we need it.

**Cell phones.** We give cell phones to travelling field employees only, like someone doing punch lists. This allows them to check in with the office or order materials without wasting time searching for a public phone.



**Michael McCutcheon** owns *McCutcheon Construction*, a remodeling company in Berkeley, Calif.