

Managing Production

by Shawn McCadden

**A lead-carpenter
system helps both
the business and the
employees to grow**

All contractors struggle to find time to sell new jobs while building the jobs they've got in hand. For many, the solution is finding the right balance of time and effort to spend in each critical area so the flow is manageable and effective. That approach worked well for me in the early days of being in business, but as volume increased, I found either sales or production suffered. I didn't have enough time in a day to do both — and have a life too.

I could have scaled back and leveled off my business, but my plan was to continue growing it. I realized I needed to concentrate on either sales or production and delegate the other to employees. I decided to stick to sales and have someone else manage production, but that decision led me to another: Would I use a production-manager-driven system to get the work done, or would I use a lead-carpenter-driven system?

Production managers coordinate between the sales side of the business and the production side, overseeing scheduling, ordering materials, and handling day-to-day emergencies. Depending on the size and complexity of the jobs, one production manager often handles several jobs and crews at once. If circumstances require it, a production manager might strap on

a toolbelt occasionally.

Lead carpenters wear toolbelts and assume the responsibilities of project manager for a particular job. A production manager still oversees the entire company, but delegating control of individual projects frees that person to focus on macro issues, like determining start and finish dates and assigning crews to jobs. In a growing business, lead carpenters can take enough pressure off the owner to allow him or her to continue wearing both the sales and production hats for a little longer.

Like most contractors, I started my business using the production-manager method because it was the system I had worked under before owning my own business. In time, I adopted a lead-carpenter system. I am biased in favor of the latter; my hope, however, is that this article will help you decide which system is best for you and your business. Remember, I wanted to grow my business. Your goal may be to keep yours small or grow only to a certain point.

Production-Manager-Driven System

Running your business as a production manager can be good for control freaks — and I don't mean that in a bad way. Many contractors are

successful precisely because they are control freaks. By controlling the information and the activities, you also control the results. But this works best if your business remains small enough for you to be in control of everything.

As your business grows, so does the amount of information and activity you need to control. At some point, you run the risk of becoming overwhelmed, which can throw the business into chaos. For growth to continue, you have to give up — or share — control. Hiring a second production manager who will eventually replace you in that role is one way to ease into this and still feel confident that things are under control.

Hand Off Production, Then Get Better at Selling

Sales is a skill you can learn, and seminars are readily found. While seminars are good, I suggest you find an ongoing sales training program. It will help you focus on a prescribed sales process and will give you the opportunity to work with a coach who can help you troubleshoot and advance your skills as you gain deeper insight. I am a Sandler Sales Institute (sandler.com) grad myself, and when I owned my business, I put four of my employees in that program as well. It was my experience that improving sales ability required practice and support, not just book or seminar knowledge. — *S.M.*

After a few false starts with production managers at my business, I identified the characteristics I was looking for and then wrote a job description that helped me recruit the ideal candidate — someone with real construction experience and good organizational and people skills who could juggle many balls at the same time and get things done through others on the team. He or she also would have to understand job financials and look forward to compensation based on performance measured

by profitability. This person would be a manager, not a supervisor; that is, he or she would be focused on getting crews what they needed to do the job.

Another consideration is how much on-site physical work a production manager, whether it's you or an employee, will or will not do. The number of hours a week he or she wears a toolbelt will determine how many hours are left to do everything else. It just makes sense that as the number of concurrent projects and carpenters increases, the amount of toolbelt time for the production manager has to decrease.

Keep in mind that a production manager's salary is higher than a lead carpenter's, so your production manager better have a good reason to strap that toolbelt on. Your business covers overhead and earns a profit based on gross profit dollars produced. When your production manager is wearing a toolbelt, he or she isn't finding ways for everyone else to produce more work in less time. Your business and your production manager can make money getting the work done, but both can make a lot more money by increasing overall productivity.

Production-Manager Pitfalls

I experienced several problems with the production-manager system. For one, it was easy for the production manager to fall into the trap of becoming a babysitter. If the carpenters ran out of something during the workday, the production manager became the go-for, chasing down odd supplies or forgotten items to keep the carpenters working — because the carpenters were not responsible for ordering materials. It should be obvious that a lower-skilled employee

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with a much lower labor cost can chase materials, pick up that chop saw that was forgotten back at the shop, and clean up job sites just as fast as a production manager can.

Also, because the production manager made all the decisions about job details and who worked on which tasks, employees would constantly call for instructions about what to do next, hesitant to risk deciding on their own. Such interruptions can absorb a lot of time that should be spent at the office performing management activities such as planning, scheduling employees and deliveries, and answering customer questions.

Another discovery I made was that a production-manager system limited employee growth. The carpenters could become better carpenters, but their growth was limited because they had no intermediate step into management. If you choose a production-manager-driven system, don't be surprised when talented and aspiring carpenters decide to leave your business and work for another so they can expand their horizons.

As a company grows, it needs more managers, not just more carpenters. Because a production manager makes all the decisions and organizes all the activities, no one is being trained or mentored to become the next production manager, unlike in a lead-carpenter system. This puts the business at risk if it loses the current production manager. Finding a new production manager from outside a business is harder and riskier than growing one from within. If the business grows, it will be difficult to find a second production manager who is already trained to work the same way. And it would not be wise to have two production managers operating in different ways.

To measure the success of a production manager, my business relied

on a few key metrics. I had a good handle on company finances, so comparing actual gross profit margins with budgeted gross profit margins was an accurate big-picture way to gauge the production manager's performance. I also watched to confirm that employees enjoyed coming to work and customers were happy both during and after construction. Plus, I checked that the production manager was creating consistently realistic project schedules and that projects finished on schedule.

I find the best way, however, to see how well a production manager is performing is to observe what happens when he or she is on vacation. If things fall apart in his or her absence, your production manager might be someone who's barely been able to keep the business under control, rather than a true manager.

Lead-Carpenter-Driven System

Lead carpenters are more than craftsmen. They're also trained to be responsible for the day-to-day management of one or more individual projects. After being given the relevant information at the sales-to-production handoff meeting, lead carpenters take it from there. They are close to the project, since they practically live on site, and can stay on top of the details. They have the authority to schedule subcontractors, order materials in a just-on-time fashion, verify the status of special orders already placed, prioritize and supervise the activities of employees working under them, and watch the weather and manipulate the schedule and resources accordingly – and that's just a start.

When I went to a lead-carpenter system, one of the more difficult challenges for me was becoming comfortable giving up those responsibilities and relying on my employees.

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After all, I was (and am) a control freak and wanted to maintain the reputation my business had earned. I learned, however, that if you hire qualified employees and tell them you are giving them responsibility, but you constantly jump in to take control, they'll never learn to solve — or prevent — their own problems. The good ones won't find that satisfying and will probably look for another employer.

As I said before, you still need a production manager with the lead-carpenter system, but his or her duties are vastly simplified compared with those in a production-manager-driven system. The best production managers for a lead-carpenter system have themselves been successful lead carpenters. In addition to the production-manager skills described previously, they should also have the people and management skills to be a respected mentor and leader.

It's important to understand that there's a significant difference between managing carpenters and mentoring and supporting lead carpenters. The production-manager system uses top-down management, where carpenters are told what to do in detail. That's the opposite of how the lead-carpenter system should work. Assuming they are given the right information prior to the start of a project, lead carpenters manage the details; all they should need is general direction and occasional backup. Micromanaging a lead carpenter defeats the purpose of the system and drives away good people.

It's a lot easier to adopt a lead-carpenter system if the owner has been one himself. The owner should work in the role of production manager, mentoring qualified carpenters and teaching them what they need to know to become lead carpenters. Qualified candidates should possess

many of, if not all, the characteristics of a production manager. If they don't yet possess these skills, make sure they demonstrate the cognitive abilities and desire to learn and practice them.

Qualified and aspiring carpenters can advance into lead-carpenter roles through observing other lead carpenters, participating in a formal review process that identifies goals, and getting training — such as the NARI Certified Lead Carpenter program (nari.org) or a series of full-day seminars at industry trade shows. As your business grows, you should identify lead carpenters who have the potential to be production managers. I suggest you look not for someone who will manage and lead just like you, but rather for someone who is, or has the potential to be, a better production manager than you are, perhaps possessing skills you lack.

In Either System, Communication Is Key

Regardless of how you choose to drive production, your team will need the right information to be successful. Incorporate clear communication methods within your systems. Make sure the plans and specifications you give your team are accurate, clearly detailed, and complete, containing all the information needed to build the project with limited fallback to the salesperson.

An informal yellow-pad estimating system might work if you wear the production-manager hat and stick with the production-manager-driven system; but it probably won't work if someone else leads production or if you expect lead carpenters to glean from it the information they need each day. Your estimating and preproduction systems should spell out labor-hour goals, the sequence or critical path of the project tasks, the

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products to be used — and where to buy each one and at what budgeted price — and any other information the lead carpenters will need to successfully install each product.

Use clear and detailed proposals and change-order forms. Always conduct preconstruction meetings that include key employees, subs, and the homeowner well in advance of starting a new project. Your production team can use the lead time and information from that meeting to be better prepared the first day on the job.

Make sure everyone has a cell phone, but don't let having one become an excuse not to properly prepare your team for the start of each project or assemble all the information they will need to see it through. Use pre-completion meetings to identify what needs to be finished, then follow through so everything is done before the crew and the tools leave. The use of punchlists after the job is supposedly finished typically provides an excuse to avoid making sure everything is top notch before the crew leaves.

Keep in mind that, as a professional, you are building much more than just decks. You are building a business for you, a career for your employees, and an extension of a home for your clients. Communicate clearly how you intend to do business. The processes you choose speak loudly about your business to your employees and clients. Clarification, planning, and preparation before you start always make for a better result. Professionals begin with the end in mind. If you know where you want to end up before you start — rather than starting without thinking things through — you're more likely to get there.

Contractors who are clear about their goals and the strategies they will use to accomplish them are

typically the ones who remain the busiest, even during economically challenging times. If you sell and deliver more than just a deck, your business will stand above others in the eyes of prospects and customers who want more than just a deck. Happy customers will come back again and refer you to others just like them. Make sure your methods keep your business busy and afford you and your employees adequate and structured time to both do work and find new work.

I once delivered a lead-carpenter seminar to a group of remodeling-business owners. When I explained the job description and daily duties expected of a lead carpenter, one attendee asked, "If a lead carpenter does all that, then what will I do?" I suggested he could spend more time selling work, improving his business, and getting to know his family again. I knew the guy personally, and his wife and kids missed him.

If you are at the point where you need to make a decision about your future and your business's future, I suggest you first choose your priorities. Ask yourself if you should choose the sales or production hat and then get the right training and coaching to be good at the role you choose. Include in this decision whether your long-term goal will be to manage the business or stay involved in doing the work, be it sales or production. Next, hire the right person or people to fill the roles you did not choose, considering both the immediate and future roles. ❖

Shawn McCadden co-founded the Residential Design/Build Institute, speaks at industry conferences and trade shows, consults with remodeling companies and others in the industry, and writes a monthly column for Hanley Wood's Remodeling magazine.