Administration for most contractors is a chore that can take up far too much time, whether it’s complying with codes, dealing with payroll and taxes, or responding to bid requests. It’s a wonder that any work gets done at all as the streams of paperwork and piled up in-baskets compete for attention with the day’s flap on the jobsite and the clamor for callbacks from cranky customers. Somewhere in there, one also has to manage the business, sell and complete projects, deal with personnel and see to the overall health and direction of the company.

Managing a company didn’t use to be this complex. A hard-won reputation and a handshake took care of sales, a scrap of paper for a building plan and cash or a check for payment all resulted in many a building that still stands today. So as we are such a tool-centric industry, what useful tools exist to help one stay on top of all the administrative details and managerial challenges of running and expanding a contracting company these days?

A California contractor, who feels so strongly about the need to improve administration and management efforts in the construction industry that he lectures on the subject, says, “A sub’s headaches don’t resolve for one of two reasons. When a [wallboard] installer is standing still, swing at his tools, it’s obvious he doesn’t know how to use them. When the owner of a company scratches his head or beats it against a wall, either he doesn’t have the tools to run the company, or he doesn’t know how to use them. It’s a fact that most executives may know everything about building a house, but when it comes to building a company, they are missing the tools of how to establish a working setup.

We canvassed several contractors around the country and came up with a few administrative and managerial basics that some are applying to good results.

**Wazzit Mean?**

One might start with something as basic as the definitions of the words, administration and managing. It could be a revelation. Did you know, for instance, that “administer” comes from a root word that means “to serve?”

Assuming a manager is at square zero and knows he is
providing a service, a New Yorker points out that, “quality of work is the next ingredient any administrator or executive should insist upon. Without it, he has to work doubly hard to drum up business, and the amount of work that can be generated dealing with irate GCs and owners, re-doing the work, occasionally even duking it out in court, can all make a sub’s life unbearable. Employee turnover will be high, and in the sort of environment where work is poorly done, one is likely to find equipment disappearing, accidents and waste occurring, and a lot of attention going into making things run.”

Quality of work, of course, depends on training and apprenticeship, and a problem in bringing these about is the issue of literacy—ability to read and understand instructions.

The Californian reports that he regularly has to help even successful contractors fill out forms, because they don’t understand them. The folks on the jobsite are no different. “Whenever you buy a framing square, it comes with a small booklet giving simple mathematical concepts on how to frame a room. I have met maybe three guys who have read it. Instead, [most] learn by being shown the motions. So you have a guy who can’t really think with the product, meaning that when he is faced with a situation slightly out of the norm, he goes into a brain freeze. The literacy level of our industry is so low that you can’t normally hand a guy a manual and say, ‘Here, take half an hour and read how this runs, then start doing it.’ You’ll either find the manual in the garbage can, or the guy will read it and not be able to run the machine properly”

Finally, when employees have a rough time finding out how to do their jobs properly, poor work and attitudes set in, work falls behind schedule and accidents happen.

What’s the solution? According to the New Yorker, “somehow, however tight the resources, invest the time and money in training employees, paying close attention to defining words and using manuals or texts that start with the basics in simple language, and then move onto more complex actions. And train with the tools in hand. Training increases stability and production for employee and company alike. For individuals who want to do something about improving their ability to read,
understand and then apply what they are studying, certain programs exist that are effective, such as Applied Scholastics.

**Finding and Keeping the Good Guys**

One of the continual challenges in managing a company is finding and retaining “good people.” A contractor from Ohio has some suggestions. “Some contractors have a large turnover, always hoping that they will find some good people among them. Others hang onto people whom they know are unskilled or unreliable simply because they feel they need to have someone for the job. Some use a system of hiring or testing in an attempt to identify the ‘good guys,’ but the systems don’t always work as well as they are supposed to, and the results are spotty.

“Our company uses the emotional tone scale researched by L. Ron Hubbard, as well as aptitude, intelligence and personality tests recommended by him, to help spot qualified people during employment interviews. The emotional tone scale plots people by their emotions and attitudes in life. The lower ones, such as apathy, grief, covert hostility (the guy who smiles in your face and then stabs you in the back), anger, pain and antagonism, are all people who will give less than they get. They will tend to make nothing of things and other people, and are best not hired. The higher emotions, such as interest, conservatism, cheerfulness and enthusiasm, show a person who will benefit the company and the other employees.

“Production is the basis of morale and is an important guiding principle for keeping good staff in our company. So we make sure everyone is busy making a valuable contribution to the overall effort. People go home each day feeling like they have done something important for the company, no matter what their job.”

A Georgia contractor with five administrative staff running 70 production personnel, gives another twist on quality of work “If you look at the economic simplicity of what we do, we exchange the results of our skilled labor for money. Exchange is an idea that is open to interpretation. The criminal’s idea of exchange is something for nothing. The poorly trained worker’s idea is that he
puts in time and he should get money, even if what he does has to be redone. The business world runs on the idea of fair exchange. You give me $1,000 and I will give you $1,000 of product or service. That’s OK, but it’s not the way to be a great success. That requires exchanging in abundance. In other words, providing more than what was expected. Car-hire companies do this when they give free upgrades to make up for a reserved vehicle not being available. I always deliver what I promise, and I guarantee everything I do, even if it means coming back five years later and fixing a goof. That’s what’s behind our great reputation.”

Is It Written?

On a more mundane level, he says one key action he takes is to always get everything in writing. “Subs can be affected by poor communication between owner, architect and GC, as well as miscommunications within the company itself. For instance, if you’re willing to bid on a poor architectural plan lacking all the specs and details, then you deserve what you get on the job. Let’s say the plan doesn’t show you have to hang both sides of a dividing wall, and you only figured for one side. The GC or owner say ‘Well, too bad, you’ve got to do it per the contract,’ and you lose money. You’ve got to have a good contract, too. If you don’t have it in writing, well, shame on you, you’re going to get screwed. Internally, the estimator has to obtain an accurate idea of what is wanted. Clear and detailed instructions then need to be relayed to the person ordering supplies or equipment and to the crews, so the job is done right.”

“There are many opportunities for miscommunications,” agrees the Ohio contractor, “that can result in costly rework. Delays and changes after the work has been completed waste time and materials and result in general upset and strained relations. There’s a lot of gadgetry helping us to communicate, such as cell phones and voice mail, but the way to have smoothly running projects is to insist on everything being in writing up front, and clearly spelled out. We’re not talking about covering your butt (although that always helps), but proactively making sure that everything is clear at the front end so work can proceed smoothly for everyone’s sake.”
“The other thing about communication that I always insist on,” adds the Georgian, “is to follow the chain of command. That means the foreman can’t make certain decisions involving the customer without my OK and the architect’s. Likewise, I don’t talk directly to a sub. I always talk to the foreman first, let him show me around. When I see a problem, I take it up with him, give him something in writing on it, and then he tells the sub what to do. Doing otherwise makes for trouble, as people who should be part of the loop and who have all the data on the situation are left out, invariably with bad results and blood.

“And while on the subject of putting things in writing we would be lost without computers for keeping track of everything—every stick used and every hour put in on each job. We have developed our own software to track all the jobs, divided into 31 areas from the foundations to the cleanup. Every number and every dollar goes into one of the categories and every two weeks, everything gets billed with a cover sheet providing a breakdown of what has been accomplished.”

“Whaddya Mean It’s Broke?”

Another area that can be a bear is quality control. Some contractors deal with quality control issues by trying to dodge them. They may try to talk the customer out of the idea that there is a problem. They may fail to return phone calls. Others may genuinely want to make things right but lack the means to follow through, because they are stretched too thin with ongoing projects to fix up a job that they think of as “finished.”

The Ohio contractor emphasizes employees taking responsibility for workmanship on a job so as to prevent complaints in the first place, but also has a system for dealing with complaints when they do occur. “It’s obvious that someone has to answer the phone, keep track of scheduling jobs and getting the jobs done, but having a way to deal with complaints is often overlooked when planning operations. Complaints are not something that anyone wants to have, so it’s easy to avoid thinking about them. But if you don’t have a system for handling quality control problems, you’re caught with no effective way to deal with them when they do occur, and that may
be what leads to the dodging of responsibility that we often see on the part of other contractors.

“Our quality control is very well organized, and customer complaints are handled quickly when they do occur. We have been able to do this because we have implemented an organizing board—a tool that breaks down the functions of a business into logical segments—which includes the quality control function. One person is assigned the task of checking over jobs when they are completed. This prevents many complaints because he handles any irregularities that he sees right on the spot. He then goes over the mistakes with the workers responsible for them. They tend not to make the same mistakes repeatedly.

The director of corrections also responds right away when a customer calls to report dissatisfaction or a problem with work that is under warranty. As a result, there are very few problems that are not quickly and thoroughly resolved.

“Another managerial mantra we follow is ‘Look, don’t listen.’ When a GC tells you that it’s OK now to install the ceiling, it is wise to go out to the project and take a look for yourself. It’s a simple action to take, but it can save a lot of aggravation.”

Another issue that can be difficult to manage, particularly during a downturn, is bidding projects at the lowest price. A Vermont contractor says he started in business like that and was always working harder to make the product look nicer than was being paid for. He got out of this by explaining to the customer that his work was good quality and worth paying for. Any who refused, he quit working for. He has grown his operation from one man and a pickup truck to six men working on million-dollar projects.

The above ideas may seem either overly simple or overly complex, but it may be worth selecting out one or two that seem to make the most sense for your situation, and trying them out. If there’s one thing a sub can appreciate, it’s a tool that works, especially when it’s free for the asking.

About the Author
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