You've branched out on your own. You've labored years for this chance and finally garnered the confidence, money and determination to make the move. Work is lined up (you've been not-so-subconsciously setting up opportunities for months now), you have the tools, labor's available, and you're ready. But you're an owner now and you begin thinking like an owner. The future suddenly becomes more immediate. The current work is going to last only so long, and you need to generate more. You also need an office staff to do it. You've inherited other responsibilities now and can't possibly handle it all. It's time to

By S.S. Saucerman
develop your team. It’s time to choose the people who will make up the core decision-making and administrative members of your fledgling company. But where to begin?

Weighing the Need: Your Plan

There’s much to consider, but nothing worthwhile can be achieved without having a clear picture of where it is you want to go. There are questions to be asked (and answered) before proceeding, such as these:

- How/Where do you see your new company in five years?
- What do you want to achieve professionally? Personally?
- Are you in it to acquire wealth or is the work itself its own reward?

These are all questions that, with the help of your banker or financial consultant, you should map out in a (commonly) five-year financial growth/strategy. This plan simply helps put your visions in more “tangible” perspective and is invaluable in “quantifying” and formulating a more exact vision of the size and scope of your future office needs. This plan depends on your vision of the future. If your plans for the future don’t include a lot of growth—that is, work is guaranteed to be pretty steady as is, profit margins are adequate, and you don’t plan on pushing your volume up to that “next” level—then you may find your office needs not so daunting. You may even be able to handle the office and the site management by yourself. Perhaps a small office setup with receptionist (bookkeeping can be farmed out) and one or two trusty foreman in the field will be all that’s needed. And that’s great—if that’s your vision of the future.

However, if you envision greater growth, perhaps setting higher volume and profit targets every year until you reach your “dream” goal, you may find yourself more in need of personnel such as estimators, project managers, in-house bookkeepers/accountants and even draftspeople to churn out shop drawings and submittals. Yes, overhead will be costlier, but if the growth you seek is truly attainable—and truly what you want—then you may decide to borrow against (assuming that you don’t have the cash) the future to build your dream. You wouldn’t be the first to do this.

In the Beginning

What and how many people to include in your new administrative nucleus will ultimately be molded by a variety of considerations including the following:

Your generated revenue. Having already chosen annual target sales volumes in your five-year plan, you will also need to determine how much profit from this volume will be generated to cover your office overhead and future growth. You’ll need cash to survive—and it’s more than just covering payroll, rent and all the standard office overhead costs. Will you be able to offer competitive wages needed to obtain skilled and experienced help? Will you be able to cover the cost
of new equipment (it’ll be needed) when the old breaks down? What about the cost of promotion, the new computer system or health insurance for your employees?

**Your role in the company.** Are you going to be more of a hands-on boss, performing perhaps some of the estimating or project management duties yourself, or do you picture your place as more of a true administrator and delegator of authority? Perhaps you perceive your role to involve more sales responsibility and networking, leaving the more technical and day-to-day aspects of the actual construction operation to others. Of course, in the beginning, there will be virtually no way that you’ll not be able to be involved in day-to-day operations but still, this vision is important in establishing direction for your company and in establishing your staff.

**Your immediate need for particular skills or assistance.** Planning for the future is all for naught if you can’t get this thing off the ground. Are there glaring gaps in your company expertise, such as estimating skills or project management efficiency that need to be filled—even if it means not yet getting that perfect person?

**The labor pool itself.** Sometimes an employee comes along who is just too good to pass up. Sure, you really weren’t looking for someone to fulfill his particular responsibility right now, but you snatch him up anyway in the hopes that his exceptional talent will cause sales to rise or work to grow more efficient or professional. Call it proactive hiring. What about that candidate with all the computer skills you’ve been wanting to incorporate more computer applications? Sometimes, in staffing, the risk truly does equal the reward. At other times, it will seem virtually impossible to find the person you seek, and patience, diligence and pure hustle will be required to cover the void until that right person comes along.

And there’s more, depending on your current situation and the local market climate. There are no firm hiring rules. Nothing is carved in stone, and you will learn as you go. There is, however, one benchmark available to you: There are
certain responsibilities in any construction office that need to be filled by someone, whether by several individuals or one person. It's certainly not unusual for small offices to have one person performing both the estimating and project management, or a receptionist who also does accounts receivable and accounts payable. It's simply all the cost overhead will allow. It's a natural part of growth.

To get an idea of a typical construction starter office setup, look at the following sample for a small (less than $300,000 sales volume) office setup:

**CEO/Owner/Manager** — Duties are many and include sales and marketing, general management/administration (all the major company decisions), some estimating and project management as needed, safety/compliance and the overseeing of subcontracted accounting and administrative functions such as payroll, insurances and health plans. A full plate indeed.

**Secretary/Receptionist/Bookkeeper** — Duties include office administration and office supplies; answering phones and greeting guests (something I consider extremely important); coordinating daily activities of customers/workers/suppliers/subcontractors and more; processing of paperwork such as contracts and job closeout materials in conjunction with the estimator/project manager; daily bookkeeping and entries (often with small offices, the major accounting such as profit/loss and balance sheets are sent to an outside accounting firm) and much more.

**Estimator/Project Manager** — Assuming that within the $300,000 volume the office could generate enough profit to cover the expense of this position (a big assumption in some cases), an estimator/project manager would be the likely next hire. Duties would include estimating and costing of potential work, preparing proposals, contract administration for those jobs awarded, and all phases of project management from purchase orders to job closeout.
That’s it—that’s our staff for the small office. That’s all we can afford, for now. Obviously, these people are very busy. This scenario also likely includes having one or two good “lead” people in the field to keep a handle on site activity. As the company grows and profit increases, overhead cost allows the hiring of more people with more clearly defined duties. Indeed, a contractor doing upward of $20,000,000 per year may have different departments with titles like executive, accounting, supervision, engineering, safety, estimating, surveying/layout, scheduling, cost engineering, quality control labor relations, contract administration, material handling/receiving and more. (yes, wow!)

Closing: The Office Itself

Physically, you’ll likely need adequate room for your staff members and the typical creature amenities to keep office morale as positive as possible. A coffee-maker is a must. There are, however, a few items that deserve a little more consideration. For instance, consider the location of your office. If you can afford it, you may want to locate your office near the main business activity in your town. What about near the city hall or county courthouse, for obtaining permits and government documents? Or how about by an association plan room for quicker access to bid documents?

Then, of course, you’ll need office furniture, computers, peripherals, software, office supplies and maybe even x-y axis tables and plotters for estimating and drafting. Also, in today’s world, plan on performing a lot of your daily correspondence online. This means having dependable, high-speed modem access and phone lines along with the conventional phone/fax systems—all costs to be considered in your growth plan. As you choose to do so, and as money allows, you’ll acquire other employees in both the office and field. It’s not at all unusual for (only?) $5-million volume companies to keep—besides their office staff—anywhere from three to six field workers at any given time on the payroll as employees. The good news is that there is no real “right or wrong,” as long as you feel you’ve addressed all the important and relevant responsibilities. If so, your plan is a good one.

Have faith in yourself and your decisions, and be content that as the business grows, you’ll know when you need to adjust and make changes. It’s all part of growth. Good luck!

About the Author
S.S. Saucerman recently retired as a full-time commercial construction estimator/project manager for a Midwest general contractor after 26 years in the building industry to pursue writing, speaking and industry consulting full-time. Since 1976, his career includes building material sales/estimating, architectural drafting, home building/design, commercial construction estimating and project management. He also taught part-time in the Building Construction Technology program at Rock Valley College in Rockford, Ill., for 11 years.