There has been a significant change in our business over the past 30 years, and I am not sure that we have really taken a good look at the change and its impact. I am referring to the amount of material waste that we allow.

Several years ago, the cost of materials including markups represented only about 45 percent or less of our total sales price. I know that this depended on the type of work we were performing, but as a general rule, other than direct-to-steel fire-proofing, materials were less than labor. Today, in drywall work, our labor-versus-material ratio to sales is about 40 percent labor and 60 percent materials. Years ago, it was reversed. Today, in the lath and plastering field, our labor-versus-material ratio is about 52 percent labor and 48 percent materials. Once again, that is very different from the 65 percent labor versus 35 percent materials of years past. Why has this change come about? The answer is that materials have consistently been given an increase in price while labor has remained pretty constant.

As a company, and for the most part as an industry, in the past we focused our concentration on the labor side. We concentrated on production rates and trying to ensure that we controlled the costs of labor. After all, how many times have you heard the expression that labor is our risk in this business? This focus on labor worked well in past years, but with the changes in ratios, it just doesn’t work as well today.

With the change in ratios mentioned, we now must direct our focus on materials, specifically, on the amount of material waste that we will allow. As a company and as an industry, we need to focus and reduce those costs.

As a reaction to these changes, I have changed my estimating techniques. In the past, I used to estimate the amount of studs we would need by adjusting the on-center spacing, or by stating the number of studs we would need for 100LF of a wall. Then, I would add between 5 percent and 10 percent waste, depending on the difficulty of the framing. Today when I estimate metal stud framing, I make every effort to identify the exact amount of studs that will be needed to complete the framing on the project. I count the studs based on the centers required. I add studs for the start of each wall. I add studs for outside corners. And I add studs for door frames. All of these studs are at the height necessary, plus an additional inch or so as required. Sounds like a pretty tight takeoff right? In addition to my takeoff, I allow 3 percent waste. While the jury is still out on the affect of these changes, things appear as if they will work out fine. From an estimating perspective, modifying my estimating and takeoff techniques have reduced my bid amounts.

I have made similar changes to the estimating of drywall as well. I used to just include 10 percent for waste, but now I attempt to be more accurate and detailed in my takeoff and budgeting. Now, I am specific as to the height of the partition, using different size drywall when it makes sense. I also am not general in the height of a soffit. In short, I am as detailed as I can be and only include 5 percent for waste. Once again, the overall affect is that the bid price is more competitive and the field staff does not seem to be coming up short on materials any more than they have in the past.

The last bit of information that I need to include is that I have included, as part of my pre-job planning and conference, a complete list of what size materials go where. In the past, the field staff got a list of materials and their total quantity. Now, they get the specifics. This takes a significant amount of planning to accomplish, and the field supervisor must follow this plan for things to work, but it appears that we have uncovered a profit center for the company. It appears that we can be more competitive in the bidding, and be more profitable in the field. As in most things, time will tell.

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