I am writing this article in response to the questions and issues raised in a letter that was recently submitted in response to my April article. First, I want to thank the writer very much for his comments. My only purpose for writing this column is to provoke thought among us. The fact that we received a response means that at least one person read the article and thought, but they say that every person who writes represents at least 10 others who didn’t respond. So here we go, just for you 11 readers.

The main issue presented in the letter is the fact that the company’s own experience is that the labor-versus-material ratios are the same as they have been, and that these ratios are the opposite of what was presented in the April article.

OK, I hear what you say and certainly respect that you know far more about what your area of the country’s situation is than I, but I have several comments that I must present for your consideration that may explain why there are differences.

- Labor and material ratios are a matter of what you consider labor, or include in “labor.” I have changed my opinion on this over time. If you include worker’s comp and liability insurance into labor, then those costs are substantially higher than they were in the past. For that reason, I break out insurance costs and do not include them as part of labor.

- We know that materials have gone up at a greater rate than have wages. I think that is pretty universal. Since I compare the raw labor versus material costs, my ratios have changed accordingly.

- To offset the increases in labor, we have, as an industry, embraced changes in technology. We would much rather buy a piece of equipment and reduce labor. Once again, this has contributed to the change in labor-versus-material ratio.

- Another fact to consider is the manner with which you estimate. We have much more exact estimating procedures today than we had in the past. Today, we remove openings for labor purposes and leave part of them for material purposes. As a result, the labor is decreased at a higher ratio than is material.

- Now, even in some union environments, piece work is acceptable. This means that difficulty is not as much of a factor as it used to be. Difficulty is what increases the ratio between labor and materials. Since we pay piece work in many/most instances, we do not bid difficulty as often as we used to, and our labor ratios reflect that.

So have things changed of the past 30 years of so? Yes, of course. I am not the expert in all areas of the country. The reality is a whole group of dynamics have changed, and every estimator should strive to understand these changes or they will mess up.

I stand by the information I presented: the ratio of labor versus materials has significantly changed. We used to instruct our field staff to concentrate on managing the labor and not to worry about the materials. Now, due to these changes, our field supervision must change and adapt. Our superintendents must concentrate on material yields just as much as or moreso than labor.

I appreciate the fact that you read this article and that you have a difference of opinion. I realize that there are many successful methods, and that the methods and techniques I use will probably not work for everyone. Through healthy discussions, we can all learn.

Finally it is not the intent of this column to present information as if it was gospel. It is the intent for all our readers to think and to use what information and thoughts are presented to improve their own as well as their company’s performance.

Once again, thank you for your letter and please let me know if there are subjects that have not been addressed that you would like me to write about.

Comments? Send your e-mails to porinchak@awci.org, or fax to (703) 534-8307.