



Spreading Yourself Too Thin

by Sal Alfano

Over the Thanksgiving holiday, I visited friends who recently had some renovations done. An open porch that adjoined the kitchen and bordered a swimming pool was enclosed, using lots of glass and a tile floor, to produce a large, comfortable sunspace.

The contractor they hired had worked for them before, but his circumstances had changed. For the earlier work, he arrived with a couple of helpers but performed much of the work himself.

This time, it was a bit different. His business was expanding, and he had just landed a contract for a large project out of state. But he assured my friends that little had changed and that, while he couldn't actually perform the work himself, he would supervise it closely. He promised to keep enough qualified people on site to complete the job on budget and to specifications.

Unfortunately, it didn't work out that way.

The renovation was completed in eight weeks, during which the contractor appeared only twice. During both visits, he spent most of his time inspecting work that the owners found unacceptable. In the end, he reduced his bill by almost 30

percent, thinking that he could manage both jobs simultaneously—especially considering the difference in their sizes, and the fact that the larger job was a two-hour drive away. The builder didn't find the time to lay the groundwork for his crew, or to visit the site often enough, which resulted in problems with quality control.

Second, he misjudged his ability to hire qualified people to handle the work that he could not perform himself. Like many builders this past season, he found himself faced with a labor shortage right in the middle of his busiest season ever. Consequently, he had to delegate responsibility to people whose abilities he was unsure of.

Finally, he ended up buying his way out of the jam by reducing his bill to well below his actual cost. He mistakenly concluded that, by giving the owners a bargain, he could erase from their memories the trials and tribulations they had faced in managing his job for him.

...And Ways to Avoid Them

How could he have avoided all this? Let's take things one at a time.

First, the decision to expand should not be made solely as a response to the market. It should be

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percent. It is unlikely that he will work for these people again, or be recommended by them.

The owners are not that unhappy with the final product. In general, they are pleased—especially because they got a real bargain. But my friends take credit for the success of the project since, in the absence of the builder or a knowledgeable foreman, they had to manage much of the work themselves. And there are things that still annoy them; the largest is that the floor tile used is not suitable for the application.

Problems of Expansion...

If this tale sounds familiar, then you might be suffering from some of the problems of expansion encountered by this builder. Where did he go wrong, and how can you profit from his experience?

To begin with, he was over-scheduled. This was a product of a natural tendency to go for the big bucks by taking on a large project while still trying to maintain a relationship with an established client base. The builder's first mistake was

a conscious decision, based on your long-term business goals. A high market provides an impetus for expansion, but it should not be the primary reason. The market, after all, will fluctuate.

With a business plan that pinpoints the volume and kind of work you want to do, you can reach your goals in good times and bad. If you like new construction better than renovation—or large projects more than small ones—you must choose between them or you will find yourself taking on everything that comes your way. It may be difficult to leave an established customer base to strike out in new directions but, as we saw from the example, indecision can produce disastrous results.

Second, you must deliberately match your work force to the kinds of work you plan to take on. Don't let the market dictate your personnel policies. For one thing, a high market is generally accompanied by a labor shortage. Just when you need more people, there are none available.

It is far better to develop a strong core of dependable employees with

known abilities. Market fluctuations may still require layoffs or new hiring, but you will have that core of experienced people. If your business plan, rather than the market, dictates the kind of work you undertake, you can better match it to your staff. This may mean delegating more responsibility to your regular employees, but it is better to delegate to a known quantity than to bank on the abilities of strangers.

Third, nothing comes free. During the transition period in particular, you, as owner, will have to spend more time managing the work. If you won't be available for on-site decisions, then spend extra time planning the project. Try to anticipate problems.

In the case we just looked at, for example, the window trim was

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partially installed when the owner noticed that square-edge 1x4 was being used, which did not match the rest of the house. Trim that matched was readily available at the lumberyard. The extra time and money spent redoing the trim could have been avoided if the builder had spent a little time writing a brief specification for the crew.

Even with a spec list, this kind of "building by remote control" can fail without frequent site inspections. Plan to check progress often, even if it ties up several nights a week or time on weekends. By phone, keep close tabs on each project with the foreman. It's cheaper than reducing your bill at the end.

One More Thing

Finally, even things that are not your formal responsibility can affect your reputation. In the case cited, the floor tile was not the builder's job responsibility; it was to be chosen by the owners and installed by the vendor. Although the owners approved of the tile's appearance, it was totally unsuitable for the summer use of the room by swimmers. The unglazed tile absorbs liquids, and water stains it indelibly.

A builder who was more in control might have helped the owners choose the tile—or at least discussed with them the merits of glazed versus unglazed tile. As it turned out, the addition's most dramatic feature has become its most enduring annoyance.

The builder thought he had solved scheduling conflicts by giving up responsibilities to the owners and tile vendor. Instead, he left the door wide open for things to go haywire because he couldn't find the time to deal with them properly. ■

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