



Why Bother With Computers?

by Morris D. Carey, Jr.

Many contractors start out by asking what computer and software they should buy. But in talking to them I find they are really asking a more basic question: "Once I get the computer, what do I do with it?"

When you were a tradesperson you took pride in how you performed your tasks, and you reflected upon how blessed you were to have good tools to help—a razor-sharp chisel, or a well-balanced hammer. But, it was your precise control over your wrists, your keen sense of balance, your physical endurance, and most of all, your trade knowledge that made those tools work so well for you.

Carpenters build frames and finish work, plumbers supply water, and electricians bring in the power. Contractors, on the other hand, make contracts. Hammers and wrenches are great in the field, but in the office the computer is the tool of choice.

In the office, it's necessary to work hard, but working smart has a longer lasting and more positive effect. Working smart means knowing what your business is doing at all times, and the computer is the tool that helps accomplish that end. You must learn about the computer and the programs that it runs to the point that you trust the information it generates enough to make "informed decisions" and improve profits.

Recipe for Failure

According to the California Contractor's State License Board, most contractors fail as a result of their lack of business ability.

For example, a contractor from the San Jose, Calif., area recently called to ask for advice on how he could get his business back on its feet again via computing. He said he had just lost \$60,000 on a \$180,000 remodel job. He let his bookkeeping get behind and was remiss in preparing and billing for change orders during the course of the work. He said he is suing the owner for the changes, but isn't sure he ever will recover. The fact is he has no signed change orders to prove his claim, and in court with a counteraction might result, he is as likely to be further penalized as he is to recover his losses.

It may sound cruel, but this contractor doesn't have the client to blame. He must blame himself for not being a better businessman. This contractor owns a computer and didn't bother using it.

My advice to him is simple: Learn as much about being a contractor as you know about being a tradesperson. Again, carpenters build frames, plumbers supply water, electricians bring in the power, and contractors make contracts. Contractors sometimes lose sight of the fact that their title is derived from the word that describes what they are supposed to be doing.

Start With a Good Contract

Contracting involves handling hoards of information on a daily basis. For this reason one cannot leave agreements to a handshake. Every project must be performed under the auspices of a written contract (a paper tool, if you will), subcontracts, change orders, purchase orders, plans, specifications, and whatever else it takes to clarify everyone's responsibilities. A computer, used correctly, can help create this level of order and generate the necessary reports.

My brother and I receive more than 50 letters a week from our home-fix-it newspaper column. We sometimes are sent copies of contested documents, but we have yet to receive a letter from an angry consumer who has been provided with a thorough contract. The ones we see always are prepared sloppily and are vague. They never include precise specifications, product details, or other information that helps clarify the project beyond what the plans indicate. The consumer is neither an architect nor a builder. If you assume the consumer has the knowledge of either, you are asking for a lawsuit. The law expects the contractor to know and to inform.

Simple Word Processing Helps

An IBM 80286 clone and a simple word processor sells for less than \$3,000 and is all that it takes to produce any or all of the important documents I've mentioned. Personalizing these documents, and altering them for a specific job takes only moments.

On a floppy disk, a very thorough multi-part contract takes less space than the nail on your little finger. Had our failing contractor cited earlier used a simple word processing program like Microsoft Word, WordPerfect or Wordstar to create a standard set of easy-to-alter job specifications, the project may have started off with his customer having a clearer understanding of what he was buying. Additionally, if change orders had been used (also easy to create and alter), he probably never would have needed to call me.

Document control on a word-processing program isn't the fastest way of creating or altering contracts, subcontracts, purchase orders, and change orders. But it is easy to learn, and can give you a quick jump on your competition.

Later, if you and your computer get along well you can look into one of the popular database-management programs, and really learn to fly through paperwork. Database management programs like dBase, and RBase allow you to create a form from scratch on the screen. Later, data is entered, stored, sorted, and printed out in any way you like. Customer data can be entered for use with contracts, change orders, etc. And, the information can be scrutinized later to

learn about how various parts of your business are performing.

Low Bidder May Lose

It has been said that a bid opening is a poker game in which the losing hand wins, and that the low bidder is a contractor who is wondering what he left out. All this might make you chuckle, but there are prime ingredients for failure. For too long we have been taught that the low bid wins. Not so. The most informative bid wins—the one with the best detail that justifies a fair price. Here again, the computer with an estimating software like Remodeling Job Estimator from NCS, or Power Takeoff from Master Builder, or Easycost from CMS can save the day. It's very simple—pay now or pay later (and later will include interest).

Customers don't want to see their contractor go broke. They simply want their money's worth. So give them their money's worth by offering a price that covers all the costs—including a fair profit. This is where the written estimate and a complete set of specifications can help more effectively justify your price to the client.

To get quality work, you must weed out bad prospects. Walt Stoepelwirth, author of the Home Tech Estimating Manual, says you should only expect to sell one out of every four to five estimates you make. This means that if you don't have a fast, efficient way of estimating, you won't be able to handle the volume. Again, this is where fast, accurate computerized estimating becomes handy. And once you get the contract, it pays to have a word processor ready to spit out the necessary documents.

Don't win bids with price. Win them with planning and detail. If you want business growth you must start planning for it, so that when it does happen you can control it. No matter how small your business, no matter how few bids you do, or how few people are on your payroll, organize now. Put the management tools in place. Computerize every function—even if it takes a little longer for the time being.

It's okay to be a tradesperson. I'm proud of my background as a laborer and carpenter. But you have to put on a different hat and master different tools to be a successful contractor. I learned the difference. You can too! ■

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