



## Trading Your Tool Bag for a Briefcase

The *Builder's Guide to Running a Successful Construction Company* by David Gerstel (The Taunton Press, 63 So. Main St., Box 5506, Newtown, CT 06740). 1991. 221 pages. \$27.95.

Contractor David Gerstel took his first independent project 20 years ago, and unlike 95% of those who do the same each year, the company he created has managed to survive. But it was never easy, and Gerstel has written *The Builder's Guide to Running a Successful Construction Company* so that others, as he puts it, "will not have to cobble together a management program from disparate sources in reaction to their own blunders."

Books on the craft of building abound, but nothing I have seen addresses the management issues facing small-volume builders better than this book. Gerstel interviewed over 100 builders in the four years he spent writing it, and the text is sprinkled with anecdotal accounts of their varied experiences. But it's also a very personal book. Whether he's describing the physical layout of his home office or arguing the optimum crew size, Gerstel uses his own experience as a point of reference.

Consequently, his insights are almost always on target for the contractor who came up through the trades. Many of you will recognize yourselves in this book. He manages thoroughly to cover the basics in a way that is both informative and entertaining, a rarity in books about business.

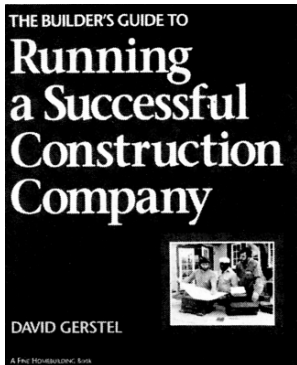
The text follows the natural course the average start-up business would take, beginning with chapters on establishing an office, securing working capital, shopping for insurance, and basic bookkeeping systems. Then it's on to marketing, estimating and bidding, and types of contracts. The last few chapters deal with personnel practices, subcontractors, and project management. Plenty of photographs and sketches supplement the text, and a number of useful lists and charts appear in the wide page margins.

For the most part, Gerstel's content is excellent. The chapter on estimating and bidding, for instance, contains site inspection and estimate checklists that are more thorough than most I've seen. His treatment of contracts is extensive, and the sample excerpts he provides are good models upon which to build your

own contracts. He is always careful to mention alternatives, but supports his preferences with compelling logic. For example, his company operates on a four-day work week, something many of us contemplate but never really implement. In this case, Gerstel's reasoning makes perfect sense. There's one less day of setup and cleanup each week, the owners like the break from construction, and employees love the long weekend.

Occasionally, the author's confidence in his own methods obscures the usefulness of the alternatives. I'm not as sure as he is, for example, that door-to-door canvassing is a good or even practical way to drum up business. Job signs seem to me to be an inexpensive way to advertise; Gerstel never uses them. Even the four-day week may be impossible to implement in colder climates, where there's a shorter working day and the added fatigue from working in low temperatures.

But these small flaws are few in number, and are overwhelmed by a great deal of well-considered material. If I had to name a single business book that would be most useful to small builders and remodelers, *Running a Successful Construction Company* would be it. — *Sal Alfano*



DAVID GERSTEL  
A PHOTODISCORP. BOOK

### Help for Hard Times

*Single-Family Builder Profit & Loss Study* (1991 Edition) prepared by Bob Whitten and Steve Maltzman. 82 pages. 8 1/2x11 paperback. \$23.50.

*Customer Service for Home Builders* by Carol Smith and William Young. 1990. 88 pages. 7x10 paperback. \$15.

*Building Up When Business Is Down: How to Stabilize, Revitalize, and Maximize Your Building Business* by Phillip Scott Scherrer and Fred G. Hathaway, Jr. 1991. 128 pages. 7x10 paperback. \$22.

(All three volumes are from Home Builder Press, NAHB Bookstore, 15th and M Streets, N.W., Washington, DC 20005; 800/223-2665.)

During a construction slowdown, we all look for ways to distinguish ourselves from our competitors. Two of the three books reviewed here can help you through tough times.

The main purpose of *Single-Family Builder Profit & Loss Study* is to help builders determine what their operating percentages should be by "analyzing each builder's operating history and comparing this history to industry standards." The data come from surveys of 770 randomly selected builders across the nation, and are organized by geographic territory, volume of sales, and whether or not the builder owns the land being developed.

Unfortunately, the information is not divided into small enough geographic sections to make it truly helpful. Like national estimating books, it's too general to help you fine tune your business. If you're not already a student of financial esoterica, this book will not convert you. Unless you know what the terms mean and how to apply and interpret the data, you won't know what to do with this book. In short, it is only useful as a general reference for large firms that already have accountants and bookkeepers on staff to help watch over the bottom line.

By contrast, *Customer Service for Home Builders* is a thorough how-to book for small- to medium-size new home builders (only a page and a half deals specifically with remodeling). Even if you're already providing customer service, it's a good refresher course. It covers a broad scope of subjects, from the start of construction to the punch list, from homeowner orientation to final quality check and project closeout. It also presents several sample forms and letters which you can adapt to your own business.

While this book is an excellent

practical guide, its approach is best suited to businesses already on a firm footing. It will not help you overcome a business crisis. Other than that, I thoroughly recommend it.

Most useful is *Building Up When Business Is Down: How to Stabilize, Revitalize, and Maximize Your Building Business*. It speaks directly to builders and remodelers, and is adaptable for subcontractors as well. If your business is shaky, this is a book you need right now. It is full of good, practical ideas that apply in both slow and flush economic times.

For example, it looks at ways to identify signs of early decline and offers concrete remedies. Among the common danger signals discussed are problems any growing business has encountered at one time or another: shortage of cash, stretched accounts payable, late accounts receivable, rising employee absenteeism, and increased customer complaints. The authors emphasize the importance of developing the discipline to face yourself and find your own shortcomings. This may be difficult for builders who have only recently given up working in the field. But for those who break the habit of thinking only about building and instead focus on planning and management, this book offers step-by-step instruction on how to rebuild your business.

If business is good, this book can help make it better. The latter part of the book is devoted to effective management practices. It goes into some detail on how to create a monitoring system to help you organize and interpret all those numbers on your spreadsheets and statements. The sections on money and capital resource management are also quite helpful, as is the treatment of human resource management. Because it provides guidance for both the short and long term, *Building Up When Business Is Down* is perfectly slotted for current economic conditions. — *Michael Markstahler*

### Footnotes

An 18-page manual from the *American Subcontractor's Association* (1004 Duke Street, Alexandria, VA 22314-3512; 703/684-3450) is aimed at educating subcontractors on how to manage workers compensation claims and premiums. A *Subcontractor's Guide to Managing Workers Compensation* (\$15) explains how WC insurance rates are calculated, and provides step-by-step instruction on what subcontractors can do to keep their rates down. Included are sections on implementing safety programs, what to look for in insurance carriers and agents, and how to monitor your WC premiums. Several appendices contain sample calcula-

tions and a list of resources where you can find more information.

The *NAHB Beam Series* (National Association of Home Builders, 15th and M Streets N.W., Washington, DC 20005) provides tables to help select sizes for structural beams. The series includes five volumes, each of which deals with a specific beam type: 1. *Wood Beams*; 2. *Plywood I-Beams*; 3. *Plywood Box Beams*; 4. *Steel-Wood I-Beams*; and 5. *Fitch Plate and Steel I-Beams*. The first part of each volume presents design criteria, illustrates simplified beam calculation procedures, and provides fabrication instructions. The remainder of each volume is devoted to the beam tables. Individual volumes are \$15 each; the complete series is \$50. — *Sal Alfano*