

Keeping Tabs on Production

by Mark Zaffarano

Not long ago, I fired two employees. Losing two workers at once meant having to put my toolbelt back on till I found replacements, but I got more work done in a week than they had in a month.

It took me a while to figure out that something was wrong. It was obvious that they weren't getting the work done, but I put up with it for almost two months before I discovered that they were billing for hours not worked. Worse yet, they were telling stories about me to my clients.

Of course, my wife, who works in the office part-time, suspected there was a problem long before that. She's still giving me the "I told you so" treatment, and I can't blame her. I'll be kicking myself for a while on this one.

Early Signs

The first problems I noticed had to do with our job schedule, which we discuss at a weekly company meeting. We go over what will happen during the next week, what materials and subs will be needed, who's working where, and so on. Each job foreman then uses this information to update the job calendar on his site so the client will know what to expect.

At the time, I was visiting each job site twice a week to check on progress. For some reason, these two employees never got around to using the job calendar at all. And each week they had a different excuse — they ran out of materials, or they had the wrong materials, or the materials didn't arrive on time.

Next, I noticed that nothing ever got 100% completed. The particular job

these two employees were working on was in the final stages, so we had made a list of tasks that needed to be finished up. There couldn't have been more than two weeks' work left, but the list never got any shorter. Toward the end, I started getting calls from clients asking how these guys could be working every day and not getting anything done. When I confronted the employees, again they had ready excuses — the clients changed their minds, the materials were wrong, they needed something different. I really got sucked in.

Final Proof

When I finally got around to job costing, I found we were 60% over budget on labor. I sat down and estimated the time needed for each of the tasks remaining on the punch list and came up with 60 hours for two men. That's less than two weeks of work, yet these two employees had been working on the same list for almost a month.

Finally, I devised a test to see if I could find out what was going on. I put the two employees on a different job, a small porch that we all agreed could easily be framed up in one day. I left them on the site at 8:30 in the morning; when I returned that afternoon, they were gone, but the framing wasn't finished. I called another site for help, and the two of us had the porch framed in an hour and a half. I spoke to the owner and he mentioned that he had stopped by around 1 o'clock and the guys were gone. They told me they worked till four.

I let the two carpenters go on a Friday, then called the client and explained what was up. By coincidence, I had just

hired a new carpenter that Monday, and we went out together and finished the original job up in just over a week. Thankfully, the clients are pleased with the final product and with how well we recovered from the problem. I had no trouble getting the final payment, which I had worried about for a while because the job had dragged on for so long there was talk of legal action on the clients' part.

I also found out that there had been a great deal of "talk" behind my back. Apparently, one of the fired employees had been telling the clients stories about me to explain the lack of progress — that I was strapped for cash, wasn't ordering the right materials for the job, and so on.

Lessons Learned

These guys cost me all of my profit on the job and then some. Not only did they kill my cash flow, but I lost a huge referral base with the clients, who are prominent in the community. We had also been discussing building a large second home for them next year.

To keep this kind of thing from happening again, I've made some changes in the way I run my business:

- **Listen to my wife.** I was too close to the situation to see the writing on the wall, but I was also too stubborn to listen to someone else's opinion. From her vantage point in the office, my wife sees and hears the daily dealings of employees and subs from a different perspective. I now regularly seek out her input.
- **Job-cost weekly.** Had I been reviewing expenses more regularly, I could have discovered the problem sooner and saved a lot of money. Now I review job


costs every week and if something looks out of line, I track it down right away before it gets out of hand.

- **Visit every site every day.** More frequent site visits help me judge progress better.
- **Hold production meetings in the office instead of on site.** I'm hoping that this will keep the field crew in closer touch with people in the office, and foster better communication.
- **Spend more time planning.** I have

tripled planning time, and I now review schedules with my wife. I also compare actual progress to the schedule daily, and I require a one-week look-ahead plan from my lead carpenters. Eventually, I'd like them to use a two-week look-ahead plan.

- **Listen to my customers.** My clients complained about the slow progress of the job, but I chose to believe my employees instead. The employees used my stereotypical image of the

fussy client to manipulate me. Next time I'll try to hear what both sides are telling me.

- **Be more aggressive in dealing with problems.** Had I acted sooner, I could have saved some money and regained control of the project sooner. 

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