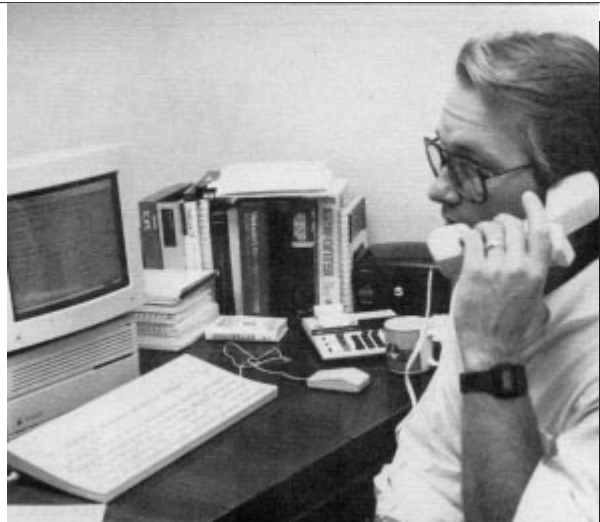


Managing a Framing Business

by Michael Davis

Including employees in the very heart of the business builds loyalty and productivity



Author Mike Davis divides his time between bidding in the office (above) and visiting job sites (below, left). He produces his weekly newsletter on the Macintosh seen here.

Trying to keep framers motivated to produce, conscious of quality, and committed to staying with you for more than a few paychecks is what makes life interesting for framing contractors. Or a nightmare. I carry between 40 and 50 full-time framers on my payroll these days, and over time I've discovered a few things that work, and a lot that don't.

Perhaps most important is realizing what service you're selling. About 70% of my company's work is custom residential framing; the balance is light commercial and multifamily. But overall, more than two-thirds of our total volume of \$1.5 million is in labor only contracts.

That means our primary product is labor, and labor is nothing more than people. How my guys feel about working for me has a lot to do with my bottom line, so I invest time and a chunk of the profits in making my company the best place they've ever worked.

The Old School

That wasn't an attitude I saw much of when I was a framer, nor is it one I understood when I was first running crews. My introduction to framing was working as a nailer for a piece crew that built Motel 6 units all over the Southwest. We worked six to seven days a week and used up every hour of sunlight. We lived out of our trucks, hotels, and the occasional tool trailer. It was as rough as it sounds, but we made good money and we had a lot of fun.

Those years taught me some valuable lessons. I learned to hustle, I realized that time really is money, and I saw that no supervisor could ever hope to push an employee as hard as an employee will push himself if he's properly motivated.

Some years later, I found myself running framing crews here in Albuquerque. At first, I hired piece workers (that was the way I'd always seen it done), but I always seemed to end up on the short end of the stick. I didn't feel as though I had enough control over the work, and the quality I was getting showed that. I switched over to hourly crews.

Although I worked hard, I wasn't sure how to motivate others to do the

same without the leverage of piece work. A couple of close friends were the lead men on the crews. We were all young, and none of us had a clue about management. We basically tried to rule with peer pressure and intimidation.

I remember hiring a group of framers once, and telling them "We have purposely overhired. We don't need all of you, and so, at the end of the day the slowest man is down the road." Thinking back, it's a wonder that they didn't just kill me on the spot. But it was 1982, and construction in New Mexico was at a standstill. Needless to say, these techniques were less than effective. We were running about 20 to 25 men then, and we'd go through four to five hundred employees a year.

Construction is still pretty slow here, and good framers are hard to find. If I lose a framer, I know he'll be very difficult, if not impossible, to replace. The obvious answer is "Just pay 'em better than the next guy, and you'll keep 'em," but money isn't the only thing. Last year, some of my guys were offered more money by a competitor and they turned it down.

Why? A combination of little things. There isn't any magic formula or Big Step you can take to make your employees happy. A lot of it is getting your head out of your old attitudes, and treating the guys who work for you as real people. Here are some of the things I do along that line.

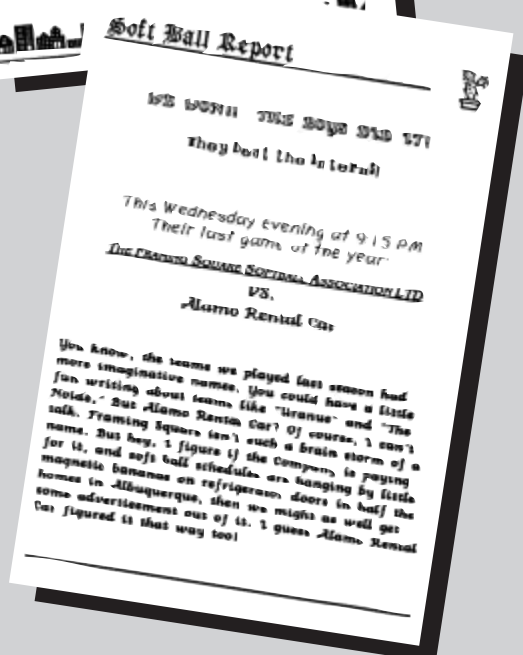
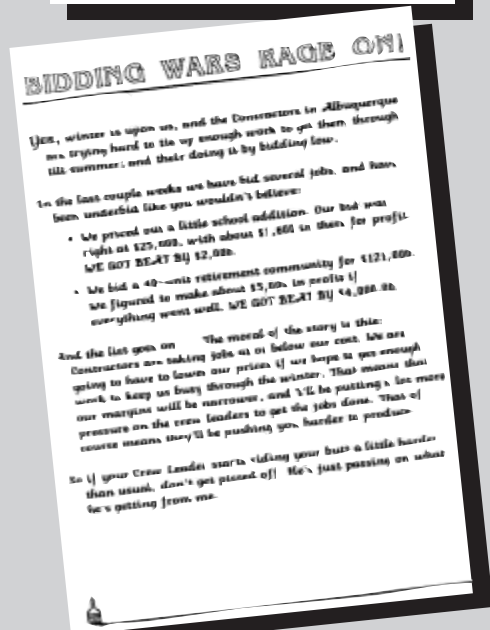
It Starts With the Boss

An important part of managing people is communication. I once worked for a guy who told me that the key to successful management was never to socialize with your employees — if you get too close they'll start thinking they can take advantage of you.

It's true that when you get out there and start mixing with the guys you can find yourself in some awkward situation. For instance, the new guys will always try to hit you up for a raise, but that's all part of it. Employees need to know what's going on in a business to feel as if they're a part of it. And they want to hear about it from the guy who's making the big decisions. This means getting out

Newsletter Keeps Crews In Touch

Framing contractor Mike Davis uses a weekly newsletter to keep his 40 to 50 framers in touch with what's going on. In addition to a lead page that gives a detailed list of projects, their start date, and crew leaders, he focuses on crew members and the life of the company. Here are some excerpts from several additions.



there, getting to know the guys on your crews, and giving them a chance to get to know you. Those of us who are tradesmen turned businessmen have a real advantage here.

Now, I make a special effort to now the name of every employee I have, and to say hello when I'm on the job site. Not as the boss to his subordinate, but as one framer to another. I don't have to fake this respect. I know they work hard, I know they're out there in the heat and the cold, and I appreciate the fact that they are choosing to work for me.

Organization

Our guys are basically split up into six crews. Each crew has a leader. I get together with crew leaders every Wednesday night. I collect the payroll and job costing for the week; we discuss the jobs that are under way, and we assign new projects.

Our system works well because it's flexible. If we have a house to build, we send one crew. If a house is close to completion and we can't use a full crew on it, we pull men off that crew and assign them to one that could use extra bodies. If we have a commercial project, we'll send in one crew to get it started, and then keep adding crews and hiring people until we have the manpower we need to crank it out.

We have a lot of experienced framers who have been with us for years. While they may not be able to build a custom home without supervision, they are more than capable of leading a wall or floor crew on a large project. Working with the nucleus of people we have right now, we could easily double our current size without losing control of lowering our standard of quality, if the work were available.

Communication

Since we have a lot of people on a lot of different job sites, the way we keep in touch with everyone is with a weekly newsletter produced on my Macintosh computer (see "Newsletter Keeps Crews In Touch," previous page). It gets handed out with the paychecks.

The first thing we cover in the newsletter is the scheduling. We list the jobs that are under way, and jobs that are coming up. If this does nothing else, it provides the guys with a sense of job security and let them know where they'll be going next. The newsletter also talks freely about jobs were hoping to get, and how that fits into our plans as a company.

Another topic for every newsletter is how current projects are going. We're pretty frank – we applaud the winners and analyze the losers. We don't point fingers at individuals or crews, but if we're screwing up when it comes to safety or quality, the newsletter points it out as a company problem that we all need to solve. We talk about both our strengths and our weaknesses as a company, and we ask the guys for suggestions on how we can make things more efficient.

We get some of our best ideas from our crew members. It follows. They're the ones out there doing the work, so no one should know better how to make it go more smoothly. And they appreciate that they can have a say in how things are done.

We also talk in the newsletter about the successes of individual crew members. If someone learns something new, like how to cut stairs or figure rafter lengths, we write it up. Basical-

ly, we brag about him a little to let him know that we appreciate the effort he has made.

We really encourage these guys to improve their skills. If a guy is going to frame for a living, he owes it to himself – not me or the company – to be the best framer he can be. Pride – in yourself and your craft – is basic to the trades – and it keeps you going.

And when somebody makes the effort, it's important to acknowledge it. Everyone has that dual need: on one hand, to be part of a winning team, a great company, or the hottest crew, but on the other, to be noticed and to stand out as someone special.

We also recognize employees on their anniversaries with the company, and use birthdays and children's births as good excuses to bust their chops in print. This helps promote a team spirit.

And speaking of teams, we play league softball as a company. We pay all the fees and buy jerseys and balls so it doesn't cost the crew members anything to play. They're not the top team in the league, but they have a great time. It's a chance to get families out there, and for all of us to socialize a little bit.

Insurance and Retirement

We have a major medical plan (\$250 deductible), and anyone who has been with us for a year or more can get coverage. We pay half. For a single guy, the cost of coverage is around \$8 a week.

When I set the plan up, I thought it would be a big plus, but when it gets down to it, few of our people participate in it. Our guys range in age from about 25 to 30 – still young enough to think they'll live forever, I guess.

We also have a profit-sharing trust that contributes money towards employees' retirement in years where the company makes a profit. We started the program back in 1987, but construction has been pretty slow since then, and we've only accumulated \$45,000 to date. That's not going to give any of our guys thoughts of retiring once it's divided up, but it's enough to show we're serious about their future as well as the company's.

The Bonus Program

The latest program we've initiated is the Bonus Incentive Plan. Unlike

The bonus money available for August is \$2,350

Kramer Framer made \$1,000 in August

Total payroll in August Was \$29,382.68

\$1,000 divided by \$29,382.68 = 3.4%

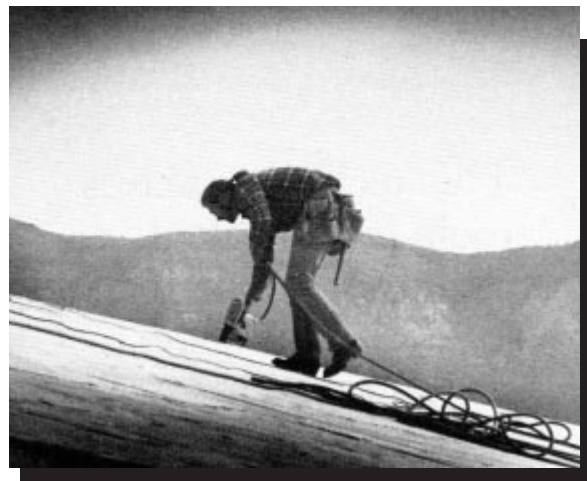
So Kramer gets .34% of the \$2,350 bonus pool

\$2,350 x .034 = \$79.90

retirement, which is a pretty distant concept for some of our guys, the bonus is based on dividing up 10% of the company's profits each month among the employees. The money goes to everyone in the company from top to bottom, not just the crew leaders.



Framing Square Construction keeps more than 40 framers on the payroll and completes most of its jobs in the neighborhood of \$2 a foot heated.



Framing Square's bonus incentive plan doesn't just reward crew leaders – it applies to all levels of the crew.

Here's how we make the split. First, we figure out how much we made for the month and come up with a pool of dollars based on 10% of the profits. Then we divide each crew member's earning by that total payroll for the month to come up with their individual percentage. We multiply this percentage by the amount we have allocated for bonuses and come out with how much to pay each employee. It looks like this:

By basing the bonus on an individual's wages, it reflects each man's merit. By using total wages earned rather than hourly rate as a gauge, this system also credits the guy who showed up everyday. This may sound as though we're complicating the simple idea of giving a bonus for hard work, but bonuses can be tricky. Although the guys are pals, there is a pecking order within the company and on each crew, and there are no secrets when it comes to how much everyone makes. So when it comes time to give a bonus, you don't want to cross those established lines or you can end up creating some serious resentment.

We started this program in May of last year, and so far it has worked well, although it's often tough to calculate just where we stand financially on the first of each month. It would be a lot more workable if we set it up on a quarterly or semi-annual basis, but

then the reward and the work would be too far apart in time, and it would lose its effectiveness as a motivator.

The plan is also expensive, and only time will tell if it will keep us more productive over the long term. But it's really hard for me to believe that if I hire the best people and get them working as a team, that the profits won't follow.

I do know that we have the happiest crews we've ever had. Our turnover rate has dropped dramatically in the past few years, and the quality of our work is up. I'm also enjoying my job more now, and that's worth something. I've even gotten several calls from former employees who want to let me know how much they enjoyed working for us and how good the newsletter made them feel. One of those framers was a guy I had fired – quite a switch from the death threats I use to get.

There is a risk in this approach, though. It doesn't work if it's not honest. If you don't believe what you're telling your crews, they'll know, and no program of perks is going to help you. If your heart's not in it, leave well enough alone – or you'll undoubtedly do your self more harm than good. ■

Michael Davis and his company, Framing Square Construction, are located in Albuquerque, N.M.