

SCHOOLS FOR CONTRACTORS

by Mark Feirer

These days, very little separates success from struggle in the construction business. Thomas Schleifer, a researcher and teacher at Arizona State University, looked into the subject and found that the ten most common reasons for construction company business failures involve flaws in business strategy or mistakes in financial management. There's a lot more to the business than plywood and pickup trucks.

What should be in your survival kit? Accounting skills. Management skills. Estimating, bidding, and project control skills. The ability to sniff out and solve cash flow problems. In short, any business skill you don't already have. Here's how and where to get them.

Trade Association Courses

I've been a trade association junkie for a long time. Many associations devote considerable effort to educating members and nonmembers alike. The big ones, in fact, have entire departments devoted to education and offer everything from a course to a curriculum. Check your local library for *The Encyclopedia of Associations*; here are a few examples in the meantime.

Code knowledge. What better way to stay a step ahead of your inspector than to learn what he learned (or should have)? BOCA International, the oldest model code agency, offers all sorts of seminars, workshops, and institutes open to everyone in the building community; they're listed in the *BOCA Training Services* catalog. (This and other resources are listed at the end of the story.) Subjects include earthquake-resistant design and the basics of residential plan review. Think of the courses as part of your estimating education ("Let's see. If I miss a bunch of code requirements, job cost will jump maybe 3%..."), or as scheduling ("Damn, it'll take an extra day to change those railings!"). Courses are offered throughout the BOCA code region.

From your peers. The folks at Associated General Contractors (AGC) offer a multi-faceted education program that includes craft and management training. Their two-week long management "university" focuses on basic management skills. It's designed for owners or officers of construction companies, but there's a similar

program for job-site supervisors and other programs for foremen and project managers. The AGC has about 100 chapters in the U.S., and many of them conduct classes of their own, particularly in estimating, blueprint reading, safety, and Total Quality Management.

You might want to check out the Construction Management Association, too. Their goal is to take modern management techniques and apply them to project planning, design, and construction in order to keep costs down and quality up. Scheduling and coordination are the keys to the process, so that's why you'll find courses on those subjects at the CMA national conference and at periodic seminars during the year.

Smaller associations are just as likely to offer workshops and seminars. The American Society of Professional Estimators, for example, offers seminars on scheduling, change orders, contract law, and bid procedures. Members of the Construction Financial Management Association represent financial managers from all sorts

and sizes of construction companies, and their offerings include "The Basics of Construction Accounting," "Job Close-Out," "Construction Software," "Total Quality Management in Construction," and "Introduction to CPM Scheduling."

Don't overlook the locals. Even state and regional associations sometimes offer courses. The education and research arm of the Construction Association of Michigan, for instance, offers courses in estimating, construction accounting, marketing, and lien laws. And most state and regional Home Builders Associations offer useful seminars from time to time.

NAHB

No discussion of association offerings is complete without a mention of the vast offerings of the National Association of Home Builders.

The big show. NAHB offers the most extensive single collection of seminars in the industry at its annual conference; more than 200 were held at the NAHB '93 in February, for instance, covering everything from

reducing job-site scrap to getting into commercial building. Business topics are always well represented. For information, call NAHB at 800/368-5242.

The NAHB Research Center is also getting into the education act; it began giving one-day seminars in "Total Quality Construction" in the fall of 1992, and more seminars are planned for 1993.

NAHB also offers the Custom Builder Symposium, a series of courses and roundtables that rotates around the country. Twelve courses are arranged into four tracks (Production, Business Management, Marketing, and Design) costing from \$225 to \$325 apiece. Something good must be going on here, because the courses fill up fast. The most popular NAHB course of all ("Big savings for the small builder through smart negotiation") is part of the symposium.

One of NAHB's better offerings is the Graduate Builders Institute. This program is designed around a number of day-long courses: Building Codes, Building Technology, Business Management, Computer Applications, Construction Contracts and Law, Energy-Efficient Construction, Estimating, Finance Banking, Project Management, Sales and Marketing, Scheduling, Customer Service, and Land Development. You can take one course or all of them, but to gain a GBI certificate you must attend at least nine. The courses are open to anyone. The courses I took offered another benefit: The mix of builders, contractors and folks from other parts of the industry made for some sprightly and informative lunch breaks. GBI courses run \$150 or less apiece. The courses are held at different cities at various times; call GBI for the latest schedule.

NAHB has about 800 state and local chapters, and many of them offer courses as well; contact your local chapter for details. In addition, NAHB offers other courses through other programs. For a current listing of all NAHB courses (excluding those at the national convention), call the NAHB Education Department.

Finally, NAHB's Remodelers Council offers seminars at its annual November "Remodelers Show." While considerably smaller than the NAHB show, the Remodelers Show is aimed more at the small builder, and with less hype, it's a bit easier to find what you're looking for.

**YOU CAN LEARN THE TECH SKILLS ON SITE.
BUT FOR BUSINESS TRAINING, A CLASSROOM
IS SOMETIMES THE BEST
WAY TO GO.**



A VERY BIG SMALL BUSINESS RESOURCE

Running a business is a lonely job. What you need is a partner you can talk to, a knowledgeable confidant who can listen to your problems and brainstorm solutions — but who won't take a dime in salary. Which describes the Small Business Administration pretty nicely.

The SBA is an independent governmental agency created to encourage the formation and development of small businesses. You'd suspect — this is a federal agency, after all — that the SBA would be so tied up in bureaucratic red tape it couldn't help the average small businessperson. Fortunately, the majority of its assistance is offered through Small Business Development Centers or through a nifty program called SCORE — both of which are highly accessible and valuable resources.

Small Business Development Centers. There are approximately 600 SBDC locations nationwide that offer counseling, marketing and financial advice, business training, and research assistance. The centers generally collaborate with local government, the educational community, and local businesses to provide these services free or at low cost.

SCORE (Service Corps of Retired Executives). To improve your business skills (and your business), one of the first connections you should make is with a SCORE counselor. These folks are retired men and women who average 35 years of business experience each; their sole purpose is to provide free information and advice to small businesses. With about 750 SCORE branches nationwide, there's probably one near you. Contact the SBA Answer Desk at 800/827-5722 for recorded information leading you to the nearest office.

All this sounded pretty good when I first heard about SCORE, so I called my local office to investigate and got to know Jerry Kearney. After retiring from the business world, Kearney signed on with SCORE to share his business know-how. When I asked him about builders and contractors coming in for help, he said that almost without exception

they already know something's wrong with their business — they just don't know what. That's where SCORE counselors come in. "We won't actually keep books for a guy," Kearney said, "but we can steer him towards solutions to his problems." He offered a couple of examples.

A small blacktop contractor kept ending the year in the red and didn't know why. While meeting with him, SCORE counselors asked about everything from materials costs to the competitiveness of his quotes. Everything seemed fine, until the questions turned to how and when his crew got paid. "Have you ever matched the hours you pay your crew for with the hours you've bid on a job, or with the hours they actually put into the job?" "Well, no, not really..." As it turns out, the contractor was paying his crew for work, but also for hours they weren't working, like waiting for materials to show up and waiting out bad weather. That's a business reality, but the problem was that the contractor never included these hours in his bids. Either he'd have to add the cost of "slippage" into his bids or he'd have to figure out some way of eliminating it. Kearney told me that matching labor inputs to the bid often turns up flaws in the bidding procedure.

In another case, a remodeling contractor worked on all his jobs with one employee. Gradually his cash flow began to evaporate to the point where he was having trouble paying for materials. He laid off his employee, but the problem persisted. SCORE counselors quickly uncovered two flaws in his business. One was change orders: This contractor was simply adding extras to the workload without negotiating additional payment, and it was costing him dearly. But there was something else. When a completion deadline neared and he got pressed for time, the contractor often subbed out work he had originally intended to do himself. The problem? The higher cost of the subcontractor wasn't accounted for in the original bid. The solution? He'd have to plan the work more carefully.

— M.F.

SBA ONLINE

The Small Business Administration has an electronic bulletin board and database available 24 hours a day seven days a week through which you can access SBA publications, a national calendar of events, information on loans and services, and an online information exchange. Downloading is free. For 2,400 baud modems, dial 800/859-4636. For 9,600 baud modems, dial 800/697-4636.

Committing to the Long Haul

If seminars and workshops don't satisfy your desire for education, consider enrolling in university or college courses. This can involve anything from a semester-long evening class to a full-time four-year degree program. There is a wealth of colleges, universities, and technical schools to choose from. Most have business management programs you can plug into, and many offer business and technical courses tuned to the construction industry. These days you may not even have to show up on campus — plenty of good courses are available by mail or online. Remember, too, that you don't have to sign up for a four-year hitch just to improve your business skills. Even one course can pay off as an investment in your business.

Checking it out. You should put some time into evaluating any class, and considerable time into evaluating any longer term program you're considering.

To begin with, find out if the school is accredited. Be aware that there's a big difference between "accreditation" and "licensing." In licensing, a state department of education visits a school and reviews its operation to ensure compliance with state safety regulations and laws. Accreditation is a voluntary process performed by one of several national agencies that have educational standards the school must meet. Because accreditation can take three years or more to gain, it's one sign of a program that's been around for a while.

Legitimate accrediting agencies are recognized by the U.S. Department of Education. Accreditation by a regional agency is a blanket that covers the entire college or university. But an additional layer of accreditation comes when a professional trade association or society bestows its blessings specifically on a construction program or department. Thus a construction management program in California, for example, may be accredited by a regional association as well as by the National Association for Industrial Technology (NAIT) or the American Council for Construction Education (ACCE). You can get a complete list of accredited schools by contacting NAIT or ACCE — the two most prominent and widely recognized accreditation bodies.

After that, you have to get personal. The teachers are the program's most crucial resource, so you should meet them. Meet or call the teacher (for a single course) or teachers and department heads (if you're evaluating a 2-year or 4-year program). Ask about their backgrounds: How long have they been teaching? What did they do before teaching? What will be covered in the course or curriculum, and what do the teachers expect the students to get out of it? You want these goals to match your needs.

Another strategy is to ask the

teacher(s) for advice on a business problem you are currently struggling with or have recently solved (or failed to). The conversation should give you an idea of how good their ideas are and how well they can communicate them.

Ask also for the names and phone numbers of some recent students who could serve as references. Then *call those students* and ask them what they got out of the course or program, and if they'd do things any differently a second time around.

Starting out small. Sometimes the best place to start your business education is close to home, at a community college or other small institution. Offerings can be spotty, but when the teachers are good, these schools offer great value. The courses are almost always cheap, are usually held in the evening hours, and require a small investment in time.

Quite a few contractors, either retired or active, teach in community colleges, which is often the only place that will give class time and space to a contractor without an advanced degree. John Siegenthaler, for instance, a knowledgeable and articulate hydronic heating engineer, and a contributor to *The Journal of Light Construction*, teaches a hydronics course at his local community college. You will often find tradespeople teaching courses in their areas of specialty, or GCs or other small businesspeople teaching the fundamentals and fine points of their businesses. What these people lack in advanced degrees they often make up for in real-life experience. And, given the lack of a great future in community college education, you can bet they are teaching mainly for the love of it, rather than to elbow their way into the ivory tower.

Larger colleges and universities. There are at least 306 schools that offer majors in construction technologies (220 of them are two-year colleges) and 110 schools that offer a major in construction management. Look particularly for programs in Construction Science or Construction Management if you want to minimize time spent on learning carpentry or other trade skills. Also check out construction courses organized under the aegis of Industrial Technology programs; such programs typically fuse a strong construction management component to a core of construction science and technology.

You won't always find construction courses in the obvious places, however. At the Amherst campus of the University of Massachusetts, for example, deep within the College of Food and Natural Resources, in the Department of Forestry and Wildlife Management, you'll find the Program in Building Materials & Wood Technology, and courses such as "Principles of Light Frame Technology." Michigan State University, on the other hand, parks their Building Construction Program in the Department of

Agricultural Engineering. So especially in large universities, check the general catalog carefully for signs of construction life.

Continuing ed or adult ed programs. Most universities have programs that allow anyone from the community to take courses without committing to full-time study and without needing to fulfill entrance requirements. These courses are generally grouped in a division called Extension, Continuing Education, or Community Education. Courses are typically taught in the evening or late afternoon, making them particularly useful to the working builder or contractor. Extension courses are often available by mail, too (more on that in a moment). Business topics are always available, and are often pitched to the particular needs of the small business community. The same advantages and precautions hold here as for community colleges.

Technical Schools

If you're looking for a lean mix of construction courses, you'll find it at a technical school. Many technical schools prepare tradesmen for a craft, but a number have courses for the GC.

- The Institute of Design and Construction in Brooklyn, N.Y., for example, offers two-year degree programs in construction technology and structural systems. Administrator John Anselmo says the evening program is filled with craftsmen tired of "working with their backs;" they want to add skills in management, estimating, or scheduling as a way up the business ladder.
- Wentworth Institute of Technology in Boston, Mass., offers an extensive technical program in construction, including a four-year degree in construction management. It's also one of the few schools offering a four-year construction technology degree that's linked to cooperative work experience.
- The Career College Association accredits trade and technical schools, and publishes a catalog of its members.

Learning From Home

If you can't go to school, get school to come to you; there are many good home study programs. In addition to self-discipline, you'll need good reading and writing skills because most of the course work is transmitted back and forth via mail or computer. Few schools offer home study specifically in construction topics, but you'll find many courses to improve your business or engineering skills. There are three basic types of home study programs.

External degree programs are offered by colleges and universities, and lead to a college degree. They require course work in the subject field as well as traditional general

education courses such as English and history. You may have to spend some time at the school during the course of a degree program, though it might be as little as a few weeks over the course of several years. Roger Williams College (Bristol, R.I.), for example, is a fully accredited school with an external degree program in Construction Science. External degree programs are accredited by the National University Continuing Education Association.

Continuing education by mail programs are also offered by colleges and universities, but the course work doesn't lead directly to a degree. Instead, Continuing Education Units (CEUs) are used to recognize course completion. Anyone can take a continuing education course, and many employers look favorably at CEUs as well as college credits when hiring or promoting. For builders and contractors who can't attend classes, continuing education by mail is a great deal: How else would you fit 12,000 courses from 70 colleges and universities into your office? Here's a sampling of courses from *The Independent Study Catalog*:

- Business courses: Small Business Management, Residential Real Estate Appraisal, Real Estate Law, Bookkeeping on Computer, Property Management, Introduction to Finance/Accounting, Supervisory Leadership
- Engineering courses: Strength & Properties of Materials, Engineering Mechanics, Fundamentals of Engineering
- Architecture courses: Architectural Design, Structural Technology, Architectural History, Interior Design

Proprietary schools also offer home study programs. These schools are privately owned and run for profit. Only one (NRI Schools, 4401 Connecticut Ave., NW, Washington, DC 20008) offers courses specifically for construction. Several, however, offer accounting and business administration courses. Proprietary schools are accredited by the National Home Study Council.

The Bottom Line

Some schools have financial aid and scholarship programs, and the Veteran's Administration supports some types of courses, including home study (contact your local VA office). The Stafford Loan Program (formerly the Guaranteed Student Loan Program) offers low interest loans to students in financial need who carry six credits or more; participating local banks have application forms. ■

Mark Feirer is a former builder and a one-time editor of *Fine Homebuilding*. He now publishes *ConstructEd Update*, a newsletter covering construction education.

FOR MORE INFORMATION

Trade Associations

American Society of Professional Estimators
11141 Georgia Ave., Suite 412, Wheaton, MD 20902
301/929-8848

Associated General Contractors of America
1957 E St. NW, Washington, DC 20006
202/393-2040

BOCA International
4051 West Flossmoor Rd., Country Club Hills, IL 60478
708/799-2300

Construction Financial Management Association
Princeton Gateway Corporate Campus
707 State Rd., Suite 223, Princeton, NJ 05840-1413
609/683-5000

Construction Management Association of America
1893 Preston White Dr., Suite 130, Reston, VA 22091
703/391-1200

Graduate Builders Institute (a division of NAHB)
1090 Vermont Ave. NW, Suite 600, Washington, DC 20005
800/795-7955

Institute for Construction Management
1351 East Jefferson Ave., Detroit, MI 48207
313/567-5500

National Association of Home Builders (NAHB)
15th and M Streets NW, Washington DC. 20005
800/368-5242

NAHB National Research Center
400 Prince George's Blvd., Upper Marlboro, MD 20772-8731
301/249-4000

Accrediting Agencies

Each agency can provide a current list of member schools, along with information about accrediting procedures.

American Council for Construction Education (ACCE)
901 Hudson Lane, Monroe, LA 71201
318/323-2413

The Career College Association
750 First St. NE, Suite 900, Washington, DC 20002
202/336-6700

National Association of Industrial Technology (NAIT)
3157 Packard Rd., Suite A, Ann Arbor, MI 48108-1900
313/677-0720

National Home Study Council
1601 Eighteenth St. NW, Washington, DC 20009
202/234-5100

National University Continuing Education Association
One Dupont Circle, Suite 615, Washington, DC 20036
202/659-3130

Reference Books

Guide to External Degree Programs in the US
American Council on Education
One Dupont Circle, Suite 800, Washington, DC 20036
202/939-9300

The Independent Study Catalog
Peterson's Guides
P.O. Box 2123, Princeton, NJ 08543-2123
609/243-9111
(A sourcebook of accredited courses at 87 colleges and universities)

Peterson's Guide to Four-Year Colleges
Peterson's Guide to Two-Year Colleges
Peterson's Guides
P.O. Box 2123, Princeton, NJ 08543-2123
609/243-9111
(Also available via CompuServe)