

Using Lead Carpenters

FOUR CASE STUDIES

by Tim Faller

Sooner or later, a construction company owner is faced with an increasing number of jobs, and less time to manage them all. Many companies have found the solution in the lead carpenter system, where one carpenter takes full responsibility for each job, including material ordering, labor allocation, sub supervision, and client communication. In this excerpt from *The Lead Carpenter Handbook*, author Tim Faller uses four case studies to show how different companies have modified the system to meet their needs.

Case Study One

Hartman-Baldwin Design/Build

Claremont, California

www.hartmanbaldwin.com

Owners: Devon Hartman (design),
Bill Baldwin (production)

Year started: 1981

Specializes in: high-end remodeling
and restoration

Annual sales volume: \$2 million to \$2.5 million

Number of employees: 15 (including four lead
carpenters, six field carpenters, three licensed
architects, and an office manager)

Jobs per year: 20

Average job size: \$100,000

Hartman-Baldwin has a reputation for being a bit brainy. Located in a town with seven private colleges, many of the firm's clients are academics, or wealthy, or both. This means that the lead carpenters, who represent the company to the client for the bulk of a remodeling job, need superb communication and people skills.

Says co-owner and production manager Bill Baldwin, "It's as important for a lead carpenter to know how to discuss the French Revolution with a client as it is to discuss the merits of Spanish, eclectic, and Arts & Crafts design." Because Hartman-Baldwin works on the homes of a "heady" clientele, its lead carpenters must behave in an intellectual manner. For instance, carpenters' job-site radios must be tuned to National Public Radio, or to classical or jazz stations — no rock-and-roll is allowed.

Attitude is everything. Lead carpenters are not hired into the firm. Rather, people are brought into the company with rudimentary carpentry skills and are groomed from the first day to become lead carpenters in the manner Hartman-Baldwin wants. Typically, it takes two or more years to reach the lead position and once there, the wages are good, close to \$25 an hour.

For Baldwin, the most important quality in a new hire is artistic vision and a strong sense of aesthetics, because lead carpenters are expected to take part in the design and details of the remodel. There's not a lot of finger-pointing in this design/build firm, but there is a lot of hand raising, as in "Hey, I've got an idea." Aesthetically-oriented ideas from leads are not only tolerated, they're expected.

Lead carpenters at Hartman-Baldwin also need to have team ability, pride in workmanship, and a lot of energy, intelligence, and education. Nearly all carpenters and leads have at least some college education.

Early involvement. Because Hartman-Baldwin is a design/build firm, the lead carpenter (or "foreman," as he's called in this company) gets involved with the job at an early stage — often before it's officially sold. Typically, the process starts with a feasibility study of different design options. If the client

To motivate lead carpenters to keep track of change orders, Hartman-Baldwin offers a \$25 "reward" for every signed change order form. So far the "bribe" is working.

agrees with the preliminary estimate and scope of work, the feasibility portion is closed and the firm starts the working drawings.

After the out-of-house engineering work is done, the lead carpenter who will be running the job is given a set of plans to take home. Baldwin and the project manager (who designs the project) also have a set, and all three red-line the plans with any questions they have. Then they sit down and discuss the architectural details that they'd like to see on the plans. When the plans are completed, the project manager schedules a preconstruction conference, often at the site, at which the clients formally meet the lead carpenter.

Tweaking the system. One problem Hartman-Baldwin has struggled with is change orders, which are viewed by some carpenters as a sales function and therefore not part of their responsibilities. Formerly, change orders were verbally approved by the company owner and lead, but not written up in a timely manner, and too often not written up at all. This led to lost income, and to a misconception by the client about how much the change extended the completion date. The company's latest strategy to improve the situation is to motivate leads with a \$25 reward for turning in a completed and signed change order form. The "bribe" is added to the administrative costs of the change order, so the company doesn't lose money. So far, Baldwin says, the system is working.

Sharing the profits. After looking at numerous ways to implement profit sharing on the basis of gross profit or net profit or tied to individual jobs, the owners found that the most effective approach was what Baldwin calls "the benevolent dictator school." Here's how it works: At the end of the year, Hartman and Baldwin determine how to share profits by weighing upcoming jobs, the state of cash flow, and how well the company did that year. Last year, they paid out \$20,000, prorated according to hourly pay rate and number of hours worked during the year.

An ever-evolving system. While Baldwin says he considers his firm to be on the cutting edge, he believes the lead carpenters are doing only about 80% of what the owners would like them to be doing in order to call the system perfect. Part of the 20% shortfall stems from one of Baldwin's shortcomings: "I just don't ask for help," he says. "I think I can do everything myself." But he recently realized that his "Papa Bear" position in the company was acting as a deterrent for others to make decisions about change orders, difficult subs, and other issues. A recent restructuring of his time and duties has allowed lead carpenters to assume greater responsibility.

Case Study Two

Remodeling Designs Inc.

Dayton, Ohio

www.remoldingdesigns.com

Owners: Michael Cordonnier, Joan Cordonnier, Erich Eggers, Kelly Eggers

Year started: 1990

Specializes in: kitchens, baths, room additions

Annual sales volume: \$1 million

Number of employees: 10 (including one production manager and five lead carpenters)

Jobs per year: 55

Average job size: \$22,000

Mike Cordonnier and Erich Eggers started their remodeling company in 1990 by remodeling their own homes. Both had college degrees in engineering, but neither knew anything about running a remodeling business. After a classmate from the University of Dayton asked them to remodel his home, the two decided, "Hey, we like this."

At first, both Eggers and Cordonnier were on job sites, sawing and pounding. Eventually, they learned about subcontractors, and by 1993 Eggers was able to get into full-time sales, which he loved, and out of hands-on construction, which he didn't. "He got out of my hair," is how Cordonnier put it.

Separate sales and production. The shift left Cordonnier on the job site from 1993 to 1995, supervising the lone helper they had hired. "We're both conservative by nature," Cordonnier says to explain the steady, moderate

pace of the company's growth. When a second person was hired who had more skills than a helper and could think for himself, he was called a carpenter. Then in 1995, Eggers' brother-in-law, a skilled carpenter from Cleveland, brought his professional construction skills into the company. For Cordonnier, who realized he really liked designing and supervising more than pounding nails, hiring a highly skilled carpenter was a liberating experience: "That was my first inkling that there might be light at the end of the tunnel."

With Eggers selling full-time, volume increased and another carpenter was hired, then another helper. By 1996, the company had several jobs going at once, with Cordonnier dealing with customers and doing all the ordering and scheduling. Just when he started to have more design work lined up in the office than he had time to do, the carpenters started to take on more responsibility and showed signs of becoming good job-site managers. Eggers and Cordonnier had heard of the lead carpenter system, and Cordonnier decided to formally introduce it to his carpenters at the weekly company meeting. "You guys are going to have to do more ordering and scheduling," he told them. "I can't handle all the decisions. If a sub needs to be scheduled, you do it." The carpenters wondered what took him so long to ask.

Lead carpenters in full swing. Today, the company has five lead carpenters, with Cordonnier acting as production manager. The hourly rate for leads ranges from \$11 to \$16 an hour, but the company considers its family-like atmosphere (both wives, also college graduates, have joined the company) and the generous employee benefits to be as important as wages. The company provides health insurance and uniforms, seven paid holidays, and two weeks vacation after three years. The week between Christmas and New Year's Day is a company-wide paid holiday, and a year-end bonus is tied to performance and profit. The company also pays for lead carpenter training programs, and, in fact, prefers that a carpenter be working toward NARI's Certified Lead Carpenter designation — when certified, carpenters get a \$100 bonus.

Because the company handles a lot of smaller jobs, the leads have a lot of time to work rather than just supervise a large project. For this reason, the owners prefer that lead carpenters have a variety of skills, including painting, drywall, carpentry, plumbing, electrical, and concrete.

The process. Before a job begins, the lead meets with Cordonnier and coordinates the schedule, subcontractors, and materials. On larger jobs, Cordonnier will call in one of his more experienced leads to help with the estimate. Cordonnier is not afraid to admit that a lead carpenter will know more than he does about construction. In fact, he counts on it.

Once the job starts, Cordonnier visits the site about once a week — more often than that, he says, undermines the carpenter's confidence. The whole company keeps in touch via two-way radios. If a helper on one job needs to make a lumberyard run, he radios the other jobs to see if anyone else needs something. Even outside calls are radioed to someone in the office, who makes the call.

Recently, the company decided to change the title of the lead carpenter position to project manager. Even though the phrase "lead carpenter" perfectly explains the position's duties, customers do not understand that the lead carpenter is much more than someone who pounds nails. To them, project manager is a more reassuring title.

Part of the company's success, Cordonnier believes, lies with a consistent, stable work force. He prides himself on having virtually no turnover. Besides good wages and benefits, he finds that employees want to be acknowledged for good work. "I make a conscious effort to praise them," he says. "Without these guys, I'd be on skid row."

Remodeling Designs pays for training programs and offers a \$100 bonus to employees who successfully complete NARI's Certified Lead Carpenter program.

Case Study Three

HammerSmith, Inc.

Decatur, Georgia

www.hammersmith.com

Owners: Warner McConaughey, Craig Kennedy

Year started: 1991

Specializes in: design/build, high-end remodels

Annual sales volume: \$2.9 million

Number of employees: 18 (including one production manager, seven lead carpenters, one field carpenter, and three laborers)

Jobs per year: 45

Average job size: \$50,000 to \$80,000

Warner McConaughey has 18 years of construction experience and was running a small remodeling company when he teamed up with Craig Kennedy, a certified public accountant who previously worked as the controller of a Seattle-based commercial construction business. Until 1994, when sales volume grew to \$800,000, the owners performed all management and sales functions for three to four jobs at one time, and field employees did all the construction work. Each employee had specialized skills, such as framing, drywall, or trim, and each morning, employees would be called and told where they would be working that day.

Those times are remembered in the company as chaotic. Eventually, the owners realized that they needed to be freed up to sell other jobs instead of worrying about who was picking up the lumber or when a sub was showing up. The lead carpenter system seemed to be the answer.

Rocky road. For HammerSmith, the transition into the lead carpenter system was difficult. For instance, while several employees were good at their particular specialty, they did not have the skills or aptitude to become job managers. Some had to be let go; others left voluntarily to work in jobs where their talents were better suited. Three carpenters from that time period stayed with the company and became lead carpenters.

For training, the managers have come to rely heavily on the NARI lead carpenter training program. Last year, half of the leads took the course, and this year the other half will attend. Of the seven current lead carpenters, three are former contractors. Newly hired leads are typically moved around for the first month, working with other leads and learning how the system operates. Those with less construction experience also spend time helping the framers, the plumber, the electrician, and other trades.

Hiring right. While carpentry and other building skills in a lead carpenter are important, even more critical is how well a potential lead communicates and how he looks. Carpentry skills can be taught, but clear communication and professional appearance are much more difficult concepts to teach and grasp. Plus, the owners must feel that a new hire is someone both they and their clients can trust.

Today, HammerSmith's goal is to get into higher-end remodels and restoration jobs — "up to a million bucks," says production manager Wright Marshall. Already the company and its leads have a reputation in the Atlanta area for working well with difficult, demanding clients who need a lot of hand-holding. And this is where HammerSmith's lead carpenter system really makes a difference, because the lead carpenter stays on the job all the time. Even if two jobs are only a half mile from each other, a lead will not supervise two projects. This policy costs the company money, but the owners believe that it will bring them the higher-end jobs they covet. "Babysitting the client" is not a negative concept in this company's culture. In the future, the company expects jobs will be so large that the lead carpenter will not wear a tool belt, but will spend all his time planning, supervising, ordering, and interacting with the client.

How it works. In the first two weeks after a contract is signed, the production manager orders the initial materials, sets up the framing package, and plans the demolition and any other early work. At that time, the product selections are made with the help of an interior designer, including the fixtures and appliances. During this pre-job phase, the lead carpenter starts a job file and reviews all contract specs and drawings, the estimate, and the job schedule, and relays any expected problems to the architect and production manager.

A week before the job is to start, the production manager, salesman, archi-

tect, and lead carpenter gather with the client to have a “pass-the-baton” meeting to establish the lead carpenter as the contact person for the client. The lead is walked through the project to make sure he fully understands the scope of work, making notes about special conditions and details in a job book so he can “hit the ground running” when he starts the actual job. He takes over all the ordering and scheduling, and is responsible for bringing the job in on time and on budget, and meeting a standard of high quality. For change orders over \$100, the production manager steps in and sets a price for the customer. This eliminates the lead’s tendency to undercharge for changes.

For HammerSmith, the lead carpenter system offers continuity between the client and the company, especially on renovation jobs, where client contact is so intensive. On the downside, larger jobs require so much supervision that the lead isn’t able to accomplish much carpentry work. This is especially true on mid-sized jobs, where spending three-quarters of the day working with the plumber can be frustrating for a lead who was expecting to be driving nails that day.

Pay and benefits. Top leads currently earn \$16 an hour, plus benefits that include a tool program (the company pays half for every tool that costs more than \$100), and will soon incorporate a profit-sharing system. To reduce turnover — leads tend to stay with the company for a little more than two years — the company has raised benefits as profits have gotten better. Also, as the company grows and matures, employment will be perceived as more of a career path, rather than just a stopping place on the way to a bigger company.

System still changing. According to the company owners, their lead carpenter system is in its adolescent stage, still growing and changing. For instance, the production manager was only brought into the company last year, after seven lead carpenters were already on board. According to the man who got the job, if the owners knew then what they know now, they would have hired the production manager first, and then developed the lead carpenter system.

At HammerSmith, new lead carpenters learn the ropes by moving from job to job and working with more senior supervisors. To fill gaps in their technical knowledge, new leads may also be teamed with subcontractors.

Case Study Four

It makes sense that this company does 40% insurance work: Mark worked in the insurance industry for seven years before hanging out his “Sass Construction” shingle; Christine was a bookkeeper for a car rental agency. In 1990, after ten years of operation from the couple’s home, Sass Construction moved to an office and Christine started to work part-time for the company. Shortly after that, Mark and production manager John McGowan obtained information from the NARI lead carpenter program after they heard about it at a trade seminar. When they reached a sales volume of about \$800,000 a year, they realized that to grow further they would need to transfer on-site responsibility for supervising subs, planning, scheduling inspections, and dealing with the clients.

Doubts about paperwork. After early worries among carpenters that there would be too much paperwork, the company has developed tight systems,

Sass Construction Inc.

Excelsior, Minnesota

www.sassconstruction.com

Owners: Mark A. Sass (president),
Christine Sass (vice president)

Year started: 1980

Annual sales volume: \$1.2 million

Specializing in: 60% residential remodeling,
40% insurance work

Number of employees: 12 (including three lead
carpenters, one field carpenter, one helper)

Jobs per year: About 150

Average job size: \$20,000 (for remodels,
insurance work usually less)

At Sass Construction, each lead carpenter oversees three or four jobs at a time, with subs doing most of the work.

including a three-color triplicate form, titled "On-Site Job Communication." Here's how it works:

- 1) The "addressor" writes a message on the left side of the white top sheet;
- 2) The "addressee" writes a reply on the right side of the top sheet, and takes the yellow second sheet for his records;
- 3) The addressor notes the reply, leaves the white sheet for a permanent record, and takes the pink third sheet for his records.

Getting a job started. The lead carpenter is brought into the project as soon as the contract is signed. In a "baton-passing" job-site meeting, the clients, production manager, salesman, and lead carpenter review the contract and scope of work line by line to make sure there are no questions or confusion. Later that day or the next day, the lead carpenter spends at least four hours in the office with management, planning the job. They decide what materials will be needed, which subs, and other details.

Because many jobs are small, such as insurance work after storms, each of the company's three leads may be in charge of three or four jobs at a time. Obviously, they cannot be on each job at all times, so subs do much of the work. This frees up the leads to all work together when needed on a larger, more complex job, thereby bringing all of the company's construction experience to bear instead of having one lead and a number of helpers.

Lead carpenters discuss change orders with clients, but when it comes to pricing, the production manager takes over. Everybody prefers this to having the lead give the client a price on change orders.

Pay and benefits. Lead carpenters are paid \$16 an hour, plus truck reimbursement, health insurance, and paid holidays and vacations. Bonuses are not tied to a specific percentage, but are paid at the end of the year based on company performance.

For Sass Construction, the lead carpenter system brings continuity to a job. The production manager doesn't have to "babysit" each project, and because someone is on top of all the details, finishing up is much easier. The company has no formal training program for leads, but relies heavily on the job description, careful hiring, and employee attendance at seminars on building codes, lead carpenter systems, and energy issues.

The downside is that it seems to take longer to get started, especially when you add at least one entire day for planning at the front end. But in the past the company often saw six-week jobs drag out to seven or eight weeks because of bad planning, so that one day is a small price to pay.

Another challenge is that every lead does things just a little differently, such as filling out the paperwork. This sometimes creates a little confusion. However, instead of trying to force everyone into the same mold, the company adjusts to each lead's style, up to a point. And there's not a lot of turnover — only one lead has left the company to go into another trade.

When John McGowan is asked what is unique about Sass Construction's lead carpenter system, he says, "Well, I guess what's unique about it is that it works." Apparently it does; the company's volume has increased 50% since the system was set in place. McGowan says, "We try to be thorough from day one all the way through. We have a mature system. I think we have a pretty good thing going here."



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