

To Temp or Not to Temp

by Paul Winans, CR

My wife and I own a design-build residential remodeling company in California. Like most builders, we're constantly trying to balance our operating capabilities with demand for our services and we're always on the lookout for good employees. Like any company owners, we want people who are decent, hard-working, and flexible, who are interested in learning and growing, and who will represent our company well. Finding such people who are interested in a career in construction is a growing challenge.

Rising to the Challenge

Our company uses in-house labor for project management, demolition, rough carpentry, and finish carpentry. But we don't always have enough in-house employees to complete all the projects needed to meet our receivables goal for the year. One of the solutions we've found is to use temporary labor, and, like most solutions, this one has advantages and disadvantages.

In California and elsewhere, workers' compensation insurance costs are escalating at an alarming rate. One advantage of using temporary employees is that their hourly rate includes the cost of workers' comp, plus all payroll taxes (local, state, and federal), Social Security withholding, and unemployment taxes (state and federal).

We work with a temp agency called CLP Resources (formerly Contractors Labor Pool). If we have a large job

scheduled and think we might need to add a good carpenter, we contact CLP's local represen-

tative several weeks in advance and ask him to be on the lookout for an appropriate person. The more lead time you give an agency, the better your chance of getting the best person for your job.

Labor Cost

The cost for temporary labor is higher than the cost for an in-house employee, for several reasons. As Noel Wheeler, the CEO of CLP, points out, the hourly rate for a temp employee incorporates the cost of employee benefits, in addition to all the taxes and insurance costs just mentioned. At CLP, those benefits include medical and dental insurance, 401K retirement savings, paid vacation, and safety incentives. You might not offer that many benefits to your in-house employees. Also included in the fee are overhead and profit for the temp agency.

This adds up to about 1.75 to 2 times what a regular employee of equivalent skills would earn on an hourly basis. In our company, taxes, insurance, and similar benefits create an actual hourly cost of about 1.5 times the hourly wage, so we pay a premium to use temporary labor. It's important to anticipate that cost when preparing estimates for projects that will probably require temp labor.

Making It Work

To get the most out of temporary help, always have an in-house employee work with the temp employee — never leave the temp worker on a site by himself. Last year our company started several projects before we were ready. We had more sites open than we had lead carpenters and other in-house employees, so to keep the work going on

the different sites, we relied heavily on temporary help. Occasionally, a site was staffed only with a temp, who was unfamiliar with our company's standard way of doing things and lacked an employee's motivation to meet the budget. The projects did get done, but several took longer than they should have and therefore didn't generate the gross profit we had anticipated.

As a result of that experience and a reduced workload, we backed off of our reliance on temporary labor. And we made a rule that we would use temp labor only on sites that are also staffed by an in-house employee.

Hiring Temp Workers for Real

Temp agencies generally discourage customers from permanently hiring temp employees. CLP charges contractors a buyout fee based on the hourly rate of the temporary employee and the amount of time he has worked with the company that wishes to hire him permanently. The fee can amount to several thousand dollars. A company may be able to waive the fee, however, if it does a substantial amount of business with the temp agency. Many temp agencies also require customers to observe a waiting period before hiring tradespeople away from the agency.

We met two of our best employees as temps. Both people worked with us on and off for several years, which enabled us to get to know each other before they joined our company. We were careful to observe the agency's rules when we hired its employees as permanent members of our staff.

If you choose to use temporary help, be clear about the real costs, expect less than you would of an in-house employee, always have the temp work with a staff employee, and keep your eyes open. You might see a future member of your team.

Paul Winans, CR, is co-owner with his wife, Nina, of Winans Construction, Inc., in Oakland, Calif.

Temporary Trade Labor Agencies

CLP Resources
800/225-5257
www.clp.com

Labor Connection
888/888-8367
www.laborconnection.com

Labor Express
800/645-2640
www.laborexpress.com

Labor Finders
800/864-7749
www.laborfinders.com

Labor Ready
800/245-2267
www.laborready.com

TradeSource
800/349-3279
www.tradesource.com

Five Things You Should Never Say to Customers

by Ruth King

When your office staff is busy and the phone is ringing off the hook, it can be easy to say the wrong thing to a customer who calls to complain. The customer may be upset because one of your employees or subcontractors didn't show up when you said he would. Or maybe the work took too long or something in the customer's home got damaged. Whatever the reason, the person who answers the phone for you needs to deal with the client in a constructive manner. The goal should be to calm angry clients and take care of their problems as quickly as possible. Saying the wrong thing can make clients angrier than they were when they called. One way to prevent that is to avoid using the words and phrases described below.

We're Busy

The client doesn't care if you're busy. He only cares about getting his problem fixed. Just let him know how soon you can fix his problem. If the solution means going to his home, give him options as to when you can get there and let him choose. If he asks for an earlier time and there isn't a possibility of getting there then, make a realistic appointment and tell him you will call him if you can find a way to get there sooner.

No

Saying no to an irate customer is like pouring gasoline on a fire. The problem might not seem serious to you, but the customer is upset so it's an emergency to her. If you can't fix it right away, she may become even more upset. Find a way to say no without saying no. Tell the customer what her options are and let her choose. Let

her know that you empathize with her problem, and reassure her that you will do your best to fix it as quickly as possible.

We Can't

The word "can't" is just as upsetting to a stressed-out client as the word "no." Tell the client what you *can* do and what he *can* expect. "Can" is a positive word and lets him know that you are doing your best to take care of his problem. You might also use the approach "If you can do A, we can do B."

For example, if it's Monday and your subcontractor is booked until Thursday, you might say one of two things to the client: "Mr. Smith, according to the information I have now, our first available employee can get to your home on Thursday morning. If you can give me a number where I can reach you, I'll give you a call if he can get there sooner." Or, "Mr. Smith, the person who can fix this is booked till Thursday. But if you can approve overtime charges, I can get him there this evening. It might be late, but he'll get there." Either of these two examples shows that you are empathizing with the client and are doing your best to help.

Won't or Don't

When a client is upset, she doesn't want to hear negatives. She wants to hear positive wording about how you will help. The phrases "we will" and "we do" are much better and let her know that you are taking care of her.

It's Our Policy

If the client doesn't like what your employee says about your company's policy, he may tell her to change the

policy. Then she ends up saying, "I can't," which starts a negative cycle of conversation. Or the client may want to speak with someone who *can* change the policy, which could mean interrupting you to get into a conversation you would much rather avoid.

Help Your Employees Say the Right Things

One of the best ways to defuse any angry customer is to have a calm voice on the other end of the telephone. So whoever answers the phone for you needs to be calm and upbeat, even if that person has three other lines on hold. Your clients aren't the only ones who get grouchy. Your office staff can get grouchy, too, especially when they're already busy and you give them the added burden of dealing with unhappy customers.

It's important to make sure that everyone who answers the telephone gets a break in the morning and afternoon as well as at least 30 minutes away from their desk at lunch. "Away" means getting away from work. It doesn't matter whether they eat lunch, read a book, or stare into space.

Do whatever you can to help the employee who answers the phone maintain a positive frame of mind, because that's the first person who will talk to your customers when they call with problems.

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