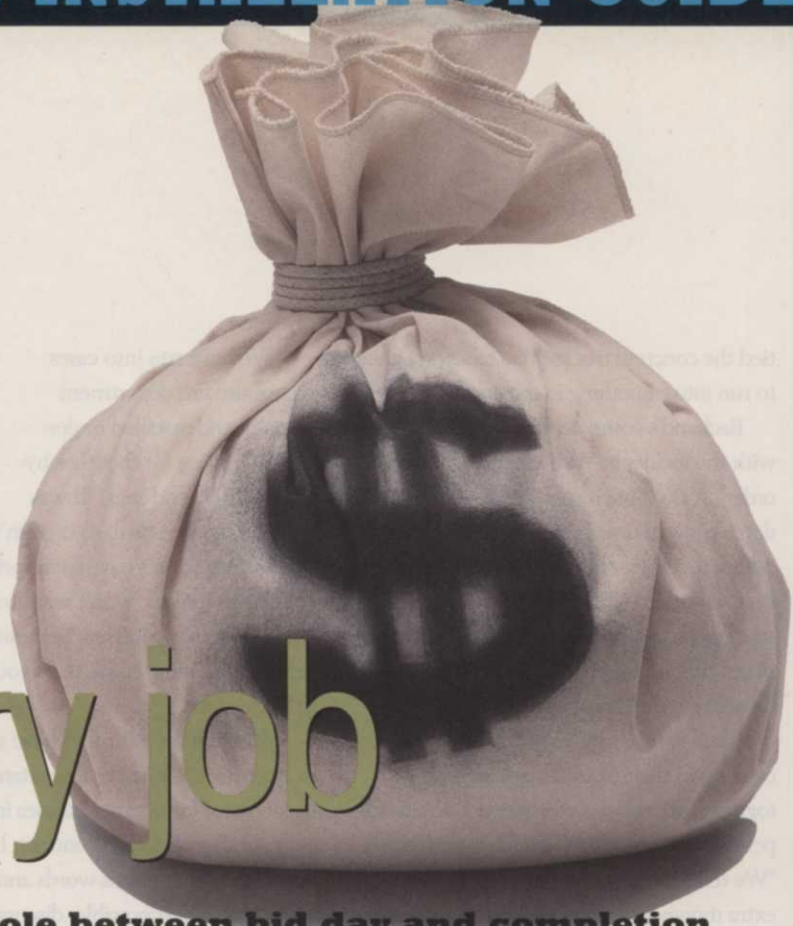


# Make money on every job



**Profits can fall into a black hole between bid day and completion. These seven steps can help you stay profitable**

BY ED, TODD AND AARON WANDTKE

**A**lthough making money is why many Green Industry company owners start their own business, are you really making money on all of your work? Let's look at some operations that are working 100+% daily, are paying employees for eight hours or more each day and often don't know how much money their company is making. Let's also focus on several steps that will identify the profitability or lack of profitability of each job, which will lead to higher profits for your firm.

## **Making money on each job**

### **1. Take a picture of the property**

Whether a landscape designer, company owner or maintenance sales person visits a property, take a picture for the file. That will help the salesperson back at his

or her desk identify the work on the picture, avoid confusion and offer a visual image for the crew chief and the salesperson. The photo also helps you or your staff avoid needless trips to a property to start the job and allows a crew to head out to a property confident about what work needs to be done.

### **2. Define the job**

Whether a job is maintenance or installation, define it completely. Do not use terms like "usual," "standard" and "eyeball." Rather, be specific about the tasks to be performed. For instance:

- ▶ Provide a drawing of the property and indicate what work will be performed in each area.
- ▶ Identify one-time and weekly tasks.
- ▶ Specify measurements as much as possible (for instance, the number of inches of mulch, etc.). The more detailed

the instructions, the easier it is to perform the work.

### **3. Organize the work**

Inefficiencies add up quickly when installation, mowing and maintenance crews hit the road. A simple 10-minute delay on a three-man crew amounts to 30 minutes of paid time during which the crew isn't working. Scheduling or sequencing jobs can be a critical factor in lowering non-productive time.

One landscape maintenance firm discovered that its practice of routing a mowing crew across a four-lane street without a signal light caused the crew to increase its daily work time more than 30 minutes. By resequencing the order of the mowing jobs, the company was able to perform one more job during the day and decrease the time the crew was working.

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#### 4. Make logical work sequences

Ask yourself: What is the sequence of tasks needed to be performed on each job? Mowing crews need to have established duties for each crew member, depending on the crew size and experience of the employee. When tasks vary on a property from week to week, as is the case in some areas with mowing and maintenance customers, you may need to give specific instructions as to the extra tasks to be performed on the work order each week.

In addition, one of the crew members should be responsible for performing the additional task when it does occur. We frequently see mowing companies having a standard schedule of properties to be done each week with little notice or indication that additional tasks need to be performed on an individual property that week. Power edging, vegetation control, mulch touch up, weeding, fencerow trimming and other tasks are inserted at different weeks. Standardize these tasks for the company on a weekly basis by having someone do the same extra task once a month for all properties on the same week of the month. This may also help reduce the incidences of missed work.

On a recent renovation project we visited, the landscape designer, landscape crew chief and irrigation crew chief were all on site. As the landscape employees worked, the designer was trying to anticipate issues like where to place removed plant material, where to dump new soil and what to do if it rained, as debris would only be removed every other day. At the same time, the irrigation crew chief stood around waiting for the area to be cleared to

place sleeves and downspout new runs, because the old lines were being torn out as part of the renovation work. We saw two or three people waiting to do their work during the hour we were on site. Apparently, the job was being planned as the work progressed. Since this was a job that would run for a projected five days, the designer wasn't concerned that the crew would bring the job in on time. We figured that one job could have been performed with a 45-hour savings from the budget!

#### 5. Have only ONE leader on a job!

Crew chiefs like to be in charge of performing the work on landscape jobs, and often will appear to take control of everything. All your employees need to understand who is the leader of different types of work. While all employees need to be trained and competent, and while decision-making needs to be placed at the lowest level of competency in an organization, have a clear leader on site.

#### 6. Communicate the budget

Providing a crew chief with the hourly budget for a job can help the project come in within the budget limitations. When people know the number of days or hours to work on a property before starting the work, they have time to plan for efficiencies. Crew chiefs manage employees on a job much better once they know the scope of the project and the total budgeted time for the job. Many companies are finding that a great incentive is to pay a crew for part of the budgeted time for a job when they can finish the job under budget.

#### 7. Evaluate the completed job

When a job is completed, it's important to evaluate its profitability. Daily and weekly analysis and monthly highlights can

be revealing. It also helps to have all your employees concerned with the profitability of jobs.

During the quarterly meeting at one contracting firm, the employees and managers got into a fruitful discussion of the profitability of landscape and mowing jobs. It was amazing to hear the ideas the employees came up with to improve job profitability in the future. The mowing crews' ideas were especially insightful, as the suggestions resulted in savings each week.

#### Solving the information gap

It is time consuming to watch each of your firm's jobs to determine the costs associated with the completion of the work. In this era of improved cost accounting systems, you need to be able to isolate your profitable jobs from the unprofitable ones. But how can you be sure? Two landscapers had similar questions. We devised solutions to their information gaps.

One owner had two crews doing landscape installation work. The average job lasted 1 to 1.5 days. Each week, the owner had to make payroll and regularly needed to borrow from the line of credit. After analyzing his jobs and the costs of the jobs, based on his quotes to the customers, he realized several problems:

► The plant material that was specified and delivered was different.

► Looking closer, he found that the cost estimate sheet for plant material did not reflect what the local supplier had in stock. Consequently, his jobs used higher priced materials on a regular basis. These two situations alone are problematic. He was less profitable from the get-go.

Next, he examined the labor hours for





all of the jobs during the month. He discovered that the time needed to perform the work was longer for the crew when the owner was not present. When he studied this in more detail, he realized he needed to charge a 25% premium for jobs where he wasn't present because of the longer hours needed.

Like others, this owner assumed his job would be profitable when the jobs were bid. And, like others, he found that this profit would not be realized when the jobs were completed.

This is especially true when bids are

placed and jobs are signed one month or more before the start of the work. Likewise, long-term jobs such as mowing and maintenance need to be monitored closely to make sure that the annual hourly budget is what is truly needed to perform all the work involved in a bid.

**What's your score?**

As you look back on the past year, how faithful have you been in evaluating the profitability of your jobs? Did you review each job's profit or loss? Do you know why you had a profit or a loss?

What did you do with the information? All company owners have great plans and ideas to make each year more profitable than the last, but they seem to get involved with the day-to-day issues. Often, the day-to-day work keeps you from analyzing how and why you're either making money or losing it. If this happened to you in 1999, get some help with job profitability analysis.

— The authors provide Green Industry consulting services for Wandtke & Associates Inc., 614/891-3111.

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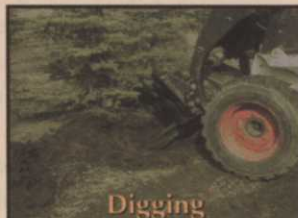
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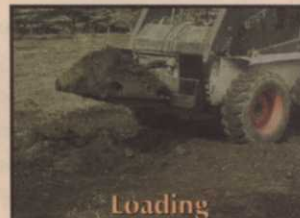
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