

MYBIGGESTMISTAKE

LESSONS LEARNED THE HARD WAY » BY CASEY PAYTON



Business owner Jody O'Donnell learns the power behind managing man-hours.



Jody O'Donnell

COMPANY:

LMI Landscapes Inc.

PRESIDENT: Jody O'Donnell

HEADQUARTERS: Carrollton, TX

CLIENTELE: 100% commercial

SERVICE BREAKDOWN:

45% maintenance/55% construction

2010 REVENUE: \$13 million

JODY O'DONNELL, PRESIDENT of Texas-based LMI Landscapes Inc., says getting a handle on man-hours is one of the most challenging, but also most important feats in running a successful business. In the past, he says, he might not have paid as close attention to man-hours as he should have — but today, he's learned it's something he can't let slide.

"Your two biggest expenses in a landscape business are material and labor," says O'Donnell. "Material is much more easily controlled than people and man-hours, so sometimes business owners tend to put more effort into worrying about materials. In reality, it's the man-hours that really need your attention. It's not something that can be ignored."

O'Donnell says that years ago, as his business grew rapidly, he was overloaded with a lot of tasks that took up time and attention. He says back then, he wasn't as attentive to man-hours.

"There are a lot of things business owners and their managers are accountable and responsible for, and sometimes there's a tendency to take care of some of the easier stuff," he admits. "It's not always easy to focus on the challenging tasks like managing man-hours. But once you start paying closer atten-

tion to what your actual costs are versus what your estimates were, you realize how important it is to keep better track of the man-hours on each project."

Today, O'Donnell holds weekly meetings where he forecasts and scrutinizes all the jobs he has going on.

"We go over a man-hour report at every meeting, so that we know exactly where we are," he says. "Now we know exactly where our estimates are falling in terms of what's actually happening."

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Gaining control

In terms of getting better control over your company's man-hours, the biggest investment is time. O'Donnell stresses that there's no need for any fancy system. "You can do it with an Excel spreadsheet if you want," he says. "It's just a matter of looking at what you had budgeted for in terms of labor, and then looking at what you're

actually doing. There are a lot of ways to keep track of that information — and honestly, the simpler you make it, the more effective and implementable it will become. If you make it too complicated, you're not going to want to put the time in."

While the management of labor can be delegated to other managers, O'Donnell says this is an area that should start with the business owner's attention — at least in the beginning, until he or she has gained control.

"The function of managing man-hours should emanate from the owner and trickle down to all the appropriate managers responsible for your different crews," he says.

O'Donnell adds that the best advice he can offer to help other business owner better manage their man-hours is to "make it a priority."

"You can talk about how important it is all you want, but you actually have to do something about it to make a difference in your business," he says. "In a perfect world, business owners would be able to stay on top of everything. But if you had to pick one key area to really focus on, I'd definitely say it should be managing man-hours. Once you start staying on top of it, things begin to take care of themselves — and you realize it should have been a priority all along."

Payton is a freelance writer with six years of experience covering landscaping.