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continued from page 50
nity to move forvard with DHS to create positive solutions in the realm of employment verification rather than more misguided policies. ... The current $1-9$ system for checking work autborization is not perfect, but it is fast and has led to a workforce that is $95 \%$ work autborized. Business, labor, and civil rights groups worked with the past administration and the 110 th Congress in trying to find a solution to address the issue of the remaining 5\% to no avail. Furthermore, employment verification is only one aspect of our broken immigration system. Thus, permanent reform of our employment verification lanvs sbould occur in conjunction with comprehensive immigration reform."

Small and seasonal businesses also are teaming to win back H2-B's returning worker exemption (H2-R visas), which in fiscal 2006 and 2007 did not count against the cap of $66,000 \mathrm{H} 2-\mathrm{B}$ guest worker visas permitted each year.
H.R. Bill 1934, which if passed would reinstate H2-B's returning worker exemption, takes this position:
"Tbis provision expired in 2007, and small and seasonal businesses across the country are now facing a labor sbortage due to the temporary nature of these jobs and the unavailability of United States workers who are willing or able to consider these temporary seasonal positions. ... The Congress must take every step to preserve American jobs, and without immediate relief, many small and seasonal businesses could be forced out of business, thereby costing additional American jobs."

The Save Our Small and Seasonal Businesses Act of 2009 (S. 388) also seeks to reinstate H 2 -B's returning worker exemption.
contimued on page 54

Nov. 28, 2008Bensalem, PA, police reported that an intoxicated, revengeful illegal immigrant working for Green Tree Landscaping struck and killed a local bartender with one of the company's Ford F-150s. Just a few minutes prior to the homicide, the victim had refused to serve alcohol to the illegal alien, saying he had had enough, and then had escorted him out of the establishment after he argued loudly with staff and patrons. Unlawfully living in the United States the past six years, the Ecuadorian shortly thereafter pinned the bar employee, then standing just outside the bar's door, between the building and the F-150. The local landscaping company maintained the illegal immigrant who had no driver's license was not authorized to use the company vehicle.
[200 In another raid of an Arizona landscaping business, MCSO arrested 59 employees of Phoenix-based migrants. Sheriff Arpaio said MCSO turned over 19 HMI workers to ICE and the remaining 40 are awaiting trial for felony identity theft charges. This raid stemmed from a four-month investigation following a tip last October from a former HMI employee. - MW

## Some thingsjust don't work when they're cut in half



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## 2-PART SERIES

In May, we'll cover the fallout from the loss of H2-B's returning worker exemption, and our industry's persistent problems attracting Americans to fill seasonal positions - even with unemployment at $8.5 \%$ nationwide.

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## Not backing down

Pace and other industry insiders say they foresee a continuation - if not an uptick -in immigration worksite raids.

They point toward unemployment hitting a 25 -year high $-8.5 \%$ nationwide and climbing - as justification for the crackdowns. Some say the United States no longer can afford to look the other way as many of the nation's estimated 11.78 million illegal immigrants take jobs in the face of 13.2 million unemployed U.S. citizens.

Some say the continued loss of H2-B's returning worker exemption makes contractors even more susceptible to hiring undocumented/ illegal immigrants and, therefore, also to worksite raids. Nearly $70,000 \mathrm{H} 2-\mathrm{R}$ visas were issued to returning guest workers in fiscal 2007, but that labor pool evaporated after Congress let that exception lapse.

The enforcers leave little doubt as to what the future holds. ICE spokesman Richard Rocha says ICE raids in fiscal 2008 resulted in 12 times more arrests than they did six years earlier ( 6,274 combined criminal and administrative arrests versus 510 ).

## E-Verify: A dozen subscribing states

Twelve states require the use of E -Verify for public and/or private employers, nine through legislation and three through executive orders. One state, Illinois, enacted legislation to limit the use of E -Verify until the database accuracy is improved and also created privacy and antidiscrimination protections. At least one state, Tennessee, encourages its use by providing a safe harbor from state penalties for employers enrolled in E -Verify.

"ICE targets all criminal activity and employers who hire unauthorized workers," Rocha says. "No industry, regardless of size, location or type is immune from complying with the law."

Rocha says employment is a primary driving force behind illegal immigration. By working with employers to ensure a legal work force, ICE is able to stem the tide of those who cross America's borders illegally or unlawfully remain in the country to work.
"Responsible employers who seek to conduct their business lawfully are put at an unfair disadvantage as they try to compete with unscrupulous businesses," Rocha adds. "Such businesses gain a competitive edge by paying illegal alien workers low wages. ICE's goal is to help those companies that want to obey the law, and to use our investigative and regulatory authority to stop those companies that do not."

Dubbed "America's toughest sheriff," Arpaio has a bit of ICE running through his veins as well.
"Before I came here, I spent 12 years defending both sides of America's borders, working for the U.S. Drug Enforcement Agency in Phoenix, San Antonio and Mexico City," Arpaio says. "Do you think I'm gonna back down just because we have a new administration and the Maricopa County Board of Supervisors - which by the way is one of HMI's biggest clients - is having the U.S. Justice Department investigate our Office and now is threatening to withhold $\$ 1.4$ million in funding? No way."

MCSO has about 160 officers trained to enforce federal immigration laws and over the past two years has apprehended about 25,000 illegal immigrants, including hundreds from at least 16 worksite raids, Arpaio notes.
"I've been in law enforcement 48 years," Arpaio concludes. "Things have changed quite a bit, but right is still right, and wrong is still wrong."

But Pace says there are degrees of culpability.
"I would prefer that we focus these raids on the companies that aren't paying worker's compensation, that aren't paying unemployment, that are paying cash under the table, are not using E-Verify and are not completing I-9s (federal Employment Eligibility Verification forms)," Pace adds. "There are a lot of them still out there, and I think it's a better use of our resources." mm


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# Continually create new standards 

0ne foundational tool in the world of companies practicing Lean management is called a Standard Work. That is the name given to a written procedure illustrating the current steps to complete a task or operation.

Keep in mind that I used the words "current steps" in this explanation. You may be thinking you already have this issue under control because you have a procedures manual - a 2 -in.-thick, three-ring binder packed full of all of the procedures at your company. I would like

## MONTHLY CHALLENGE

Select a key process for which you may already have a procedure written. Give it to the crew with the instructions, "Try this process, and then come back with ideas on how you think you can improve upon it."
to illustrate the differences between your binder of procedures and a Standard Work.

## Standards change

Far too many times, I have watched franchise organizations treat their procedures manual as though the contents were carved into two stone tablets sent down from on high. By contrast, the best franchises use their procedures manuals as guides and foundation documents, allowing their franchisees to suggest changes that improve their contents.

Recently, I came across a company that locked some of their managers in a room off and on for a year and paid an expensive consultant to help them write out exactly how every process in the company was done. They then took their perceived masterpiece and put it on the company intranet for everyone to worship and follow - or else. The result? A frustrated management team, because the company's employees would not go to the intranet and use it.

## What's wrong

First off, procedures cannot be written in a room from memory, because memories are inaccurate.

Secondly, when we tell the team, "Here are the great procedures we wrote for you to follow," we're actually sending them a different message. It seems as though we're telling them: "We don't believe you're smart enough to think for yourselves, so the smart people in the company got together and wrote all of this up, just for you."

My favorite procedures manual story is one of a landscape contractor who hired a $\$ 50,000$ employee just to follow him around and capture in writing all of the company's procedures - from pushing papers in the office to setting the base timbers on a wall - and he was going to tell her what to write. It did not occur to me at the time, but think about the ego this person must have had. Did they get it done? Yes! Did anyone use it? No! Final result: a bruised ego.

## A better way

Now I know these examples are extreme, and chances are the binder you have is at least looked at in the spring when the new employees come around. I hope you will now connect with the essence of a Standard Work and why companies that work smarter value this tool.

Remember the words "current steps" used earlier? The main function of the Standard Work is to be a guide that allows employees to continually improve upon what they are doing, and then documenting it with the expectations that it will be improved yet again in the future. It is this expectation of continuous improvement that makes Lean so effective. When you begin to dust off the procedures manual and challenge your team with improving key processes, you are on your way to working smarter.

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The new Rider 175 and Rider 175 AWD include a rear-mounted $17.5-\mathrm{hp}$ Briggs Intek Single engine for less noise and emissions for the operator. They have a 41-in. stamped combi deck
 that provides mulching and cutting, along with a new control panel with $20 \%$ less deck lifting force. A new fuel tank design with $35 \%$ more capacity allows the mower to run longer between refills.
www.usa.husqvarna.com or 800/HUSKY-62


## Evatech $\uparrow$

The GOAT robot 22 T is specifically designed for slope and rough terrain mowing - up to a $70^{\circ}$ incline. It has a track system that allows it to go where no other mowers can and no operator will want to go, according to the manufacturer. Because the rugged unit is remote controlled, the operator can remain safely away and let it do the work. A patented hybrid system means the GOAT is both fuel-efficient and eco-friendly.
http://evatech.net/COMMERCIAL.php or 727/643-7242

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## Grasshopper $\rightarrow$

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New jack (Part No. 116-1351) and receiver (Part No. 116-1049) accessories for Exmark Next Lazer Z zero-turn riding mowers allow for quick, easy access to the underside of the cutting deck - thus reducing the time and effort required to perform minor maintenance. The receiver features an easy-to-install, two-bolt construction that mounts to the mower frame without interfering with other accessories. The jack has a hassle-free crank lift design. www.exmark.com or 402/223-6300


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The new GrandStand stand-on mower delivers productivity, performance and operator comfort in a compact machine. Its suspension system provides a smooth ride over the roughest terrains. A retractable platform allows for operation from both stand-on and walk-behind positions. The mower incorporates the Toro Turbo Force deck and twin-lever steering controls, making it easy to use while providing cut quality. The series includes 48 - or 52 -in. cutting decks, with a 19- or 23-hp Kawasaki engine. www.toro.com or 800/348-2424

## THEBENCHMARK

# Get high profits with design/build 

## Part two of a multi-part series.

Let's look at the design/build segment's results of the 2008 Benchmark Survey to identify the reasons for higher profits in design/build firms.

High-profit design/build firms use selling systems and lower labor rates to generate a better bottom line. They are more effective in their "front-end" systems (sales, estimating and design).

High-profit firms are also more consistent at selling a premium price while producing construction plans that reduce wasted labor and materials. Fewer labor hours translate into fewer equipment hours and expenses (see chart).

In a $\$ 2$-million firm, average-profit firms achieve about $5 \%$ net profit before taxes, while the high-profit firms net about $12 \%$. The high-profit firms achieve a gross margin $4 \%$ higher than the average firm in the survey. If we assume each firm installs the same job and has the same costs, the high-profit firms get a differential of $8 \%$. This doesn't necessarily mean they always sell the job at an $8 \%$ higher price, they might also design the job in a way that is more efficient to install. This accounts for the $\$ 80,000$ difference in gross profits.

## Less overhead

In addition, high-profit firms also have a $\$ 60,000$ cost advantage in their overhead expenses. Because they use less labor to install the same amount of revenue, they incur lower indirect labor expenses and lower equipment costs.

The bottom line is that high-profit companies turn the same revenue, with better selling and design processes. They have focused on lead generation, rapid design and estimating to reduce turnaround time to the customer. In addition, they produce phased material lists, production plans and labor budgets that assist project managers in bringing jobs in slightly under labor budgets.

## Recommendations

1. Streamline your sales and estimating processes.

Make them faster.
2. Make your production hand-off more robust.

Provide labor budgets and material lists by job phase. Provide material lists in a purchasing format. For example: Nobody buys 25 sq . yds. or 25 cu . ft. of anything; they buy rolls, bags or truckloads of material.
3. Implement an effective pre-construction process.

The goal here is to allow the sales rep to go back to selling, instead of managing every job.

|  | Average |  | High Profit |  |
| :---: | :---: | :---: | :---: | :---: |
| Revenues | \$2,000,000 |  | \$2,000,000 |  |
| Gross margin | \$920,000 | 46\% | \$1,000,000 | 50\% |
| Overhead | \$820,000 | $41 \%$ | \$760,000 | 38\% |
| Net profit | \$100,000 | 5\% | \$240,000 | 12\% |
| Assume |  |  |  |  |
| Average Hourly Wage | \$13 |  | \$13 |  |
| Materials Cost | 28\% |  | 26\% |  |
| Result |  |  |  |  |
| Materials | \$560,000 |  | \$520,000 |  |
| Labor | \$520,000 |  | \$480,000 |  |
| Equipment | 16.7\% |  | 14.5\% |  |
| Equipment expense | \$334,000 |  | \$290,000 |  |
| Insurance | 5\% |  | 4.2\% |  |
| Insurance expense | \$100,000 |  | \$84,000 |  |
| Labor hours | 40,000 |  | 36,923 |  |
| Price/cost return | \$1.85 |  | \$2.00 |  |
| Gross profit difference | \$80,000 |  |  |  |
| Overhead difference | \$60,000 |  |  |  |
| Total cost difference | \$140,000 |  |  |  |
| How it's done | Annual cost |  |  |  |
| Price/efficiency | \$80,000 |  |  |  |
| Equipment | \$44,000 |  |  |  |
| Indirects/insurances | \$16,000 |  |  |  |
|  | \$140,000 |  |  |  |

