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The challenge

Modern technology is fascinating. The improvements that we are seeing all around us are changing the way that we live our lives, do our work and fight our wars. The recent war in Iraq displayed dramatic improvements in technology these last ten years as it relates to war. In his book, *Supreme Command (Soldiers, Statesmen, and Leadership in Wartime)*, Eliot A. Cohen shared some valuable lessons about technology and its use that he gleaned from Abraham Lincoln, Winston Churchill, Georges Clemenceau and David Ben-Gurion. "Each exhibited a mastery of detail and fascination with technology. All four were great learners, who studied war (and its technology) as if it were their own profession, and in many ways mastered it as well as did their generals. All four found themselves locked in conflict with military men. All four triumphed." The generals were the technicians but the leaders were the true "leaders".

Just like war, contracting is a series of constant battles. If you do not believe this, you are probably not a contractor. You have to master technology to win these battles. You cannot afford to allow it to master you. I know of a large contractor on the east coast who recently invested \$50,000 in computer software to run his company. He invested almost as much in labor costs researching and trying to implement it. He thought that his staff had done their homework and that the new software would do all of the key functions required of it. Half way into the implementation, after hundreds of hours of work were put into it, he realized that the new software would not do what it was advertised to do. Now, this contractor has to wait until after this season to straighten out this mess as he does not have the time to do so now. He has lost a critical "window of opportunity". Worse yet, he still doesn't know if the software will fill his needs.

Field technology

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This morning I talked with Diane Metcalf, bookkeeper for Newberg Irrigation, Inc. in St. Petersburg, FL. About a year ago, at my recommendation, they implemented a global positioning system (GPS) software package in their crew trucks. She told me that the fuel savings alone more than paid for the system. Labor hours were also saved as crews would often “miraculously” get to job sites (on their time cards) before their trucks. Trucks would also often depart job sites before the crews. One vehicle was stolen. NI staff told police the exact route the truck took and where it was parked. It was recovered in short order. An additional savings in materials was also realized as side-jobs were eliminated. Another benefit was in customer relations. Customers would sometimes complain that service calls did not take as long as indicated on bills. Printouts from the GPS software settled such disputes to everyone’s satisfaction with objective data.

Ron Newberg, president of NI, is very excited with the GPS software as well. It will soon integrate via personal data assistants (PDAs) with his accounting software, Intuit Master Builder. This new technology will reduce office labor costs while improving data accuracy. This infrastructure will also allow Ron to grow the company much faster than without it.

Earlier this week I talked with John Sheldon, chief estimator at Salmon Falls Nursery, Inc. in Maine. I’ve been tracking SFN since 1988. John gave me the following information regarding technology implementation and productivity improvements in the commercial landscape division at SFN. Between 1990 and 1996, SFN added a skid steer to each commercial crew. The average revenue generated per crewmember per year increased from roughly \$89,000 to \$118,000. This is a 32% increase in productivity. During the period 1997 to 2003, mini-excavators and a tracked skid steer were introduced to the crews. The average revenue generated per crewmember per year increased to its current level of \$150,000. This is an additional 27% increase in crew productivity.

These increases in productivity were due to a couple of factors. The first factor, of course, was the introduction of new equipment / technology to the field. However, the second factor was equally, if not more important. Mark Pendergast, president of SFN, ensured that crew leaders were trained how to use equipment correctly and how to do their jobs properly. It was the implementation of new technology and training that improved productivity.

There are also side-benefits to this training and technology. Many of my clients tell me that the mini-excavators and tracked skid steers allow crews to get on jobs two weeks earlier in the spring and stay on them one to two weeks longer in late fall. The psychological impact on crews is also significant. Instead of pushing a shovel around all day and doing hand labor, most crew members are on a piece of equipment. Now they’re “operators”, not just laborers. Once crew members are proficient on equipment, they are also more valuable to the company. Their pay rate, in turn, increases. Another benefit to crew members who run equipment is that their productive years in the field increase. I’ve seen men running equipment who are in their late sixties and even early seventies. Add to all of this the fact that most crew members are guys and most guys love equipment (technology), you begin to see the positive chemistry that new equipment and technology creates in a company besides improved productivity. While these

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benefits may seem somewhat subjective, they all help create a clear and visible “career path” perspective for field crew members. This career path perspective can add significant stability within the ranks of employees.

There are many more technological improvements in field equipment that we could discuss; mini-skid steers, truck engines and options, specialty mowers, bark blowers, soil renovators, etc. but space will not allow us to get into them. I could share dozens of stories where a particular piece of equipment won a contractor a bid or made them lots of money. Perhaps later.

Leadership, management and office (LMO) technology

As exciting as the developments in field technology are, it is the recent advancements in leadership, management and office (LMO) technology where the real action is. However, we face a challenge in this area too. It is not uncommon for a contractor to go out and spend \$30,000 to 40,000 for a new tractor or truck. Spending \$8,000 to 12,000 for a new mower is no problem. But try to get them to spend \$10,000 to 15,000 on LMO technology. You’d have more luck trying to get water to run uphill.

Most contractors are technicians and they, therefore, love technical stuff. New technical stuff blows them away. Contractors doing less than \$500,000 in annual sales, can pretty much afford to focus on just field technology, if they do not intend to grow. But if you want to grow, you have to think in terms of LMO technology and company “infrastructure”. You have to have the management systems and trained staff if you are going run a \$1 million plus size business. Here are some new developments in LMO technology.

We discussed GPS tracking devices earlier. These systems are allowing many of my irrigation and service clients to grow their businesses in leaps and bounds. Profitability has increased along with improvements in scheduling and control in the office. These office functions actually take less time using new GPS technology.

We also previously touched on personal data assistants (PDAs). Ron Newberg, the Florida irrigation contractor mentioned earlier, is extremely excited about linking his irrigation service technicians directly into his accounting software for billing and payroll purposes by means of PDAs. Intuit, makers of QuickBooks Pro and Master Builder software, is in the process of creating such a link. It will probably be 18 to 24 months before it is fully available, but it is in the works.

The digital revolution is totally changing our economy and the way we process business. Bill Gates, in his book, *Business at the Speed of Thought*, touches on many of these coming innovations. Think where we were ten years ago in 1993 and the personal computers (PCs) and software that we were using then. Microsoft Windows 95 (Macintosh 88 for Apple Computer lovers) hadn’t even been released then. Intuit was just releasing QuickBooks accounting software. Today, ten years later, 80% to 90% of all PCs use Microsoft Windows. The majority of small businesses under \$1,000,000 in annual sales use QuickBooks Pro for their accounting and

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MS Windows on their PCs. Seventy percent of my clients use QuickBooks Pro. These products did not even exist ten years ago. Now, project ahead to 2023. Can you begin to imagine the improvements in technology that are going to happen in the next decade? We ain't seen nothing yet!

In order for contractors to transition from being technicians to being leaders, they have to get educated. To get educated you have to learn new ideas, system concepts and market processes. To do this, you have to read. Rick Randall, founder of the RBI companies, shared a great line with me years ago. He said simply, "Leaders are readers". Rick is an incessant reader. You could say it like this, "Leaders are sponges for new ideas." But who has time to read and absorb all of the stuff that is out there? Well, new technology is helping in this area.

I encourage all of my clients to listen to audio books as they drive from job to job. Many of them subscribe to book summary services. If you are going to grow externally (in sales), you have to grow internally (the ideas and concepts that you think about).

The last LOM item that I want to discuss is the most important. I once asked Ron Kujawa, past president of the Associated Landscape Contractors of America (ALCA) and one of ALCA's man of the year award recipients, what percent of Green Industry companies are operating at peak performance. He hesitated and then said 2-3%. I would agree but he may be a little high in his estimate. Let's say the number is 2%. What are the top two percent doing that the others are not? And how do you increase the percentage?

Business is a controlled science. At least it should be. You have to measure and monitor things in order to control and direct it properly. Contractors simply do not have the technology to measure and monitor their businesses effectively nor do they have the staff trained to do so. Basically, the issue boils down to company infrastructure (processes and people) and computer software.

Contractors have to address two questions on a daily (if not a minute-by-minute) basis. They are, "How are my jobs doing compared to my bids?" and "How is my company doing compared to my annual budget?" Ninety-eight percent of Green Industry contractors cannot answer these questions on a weekly, monthly or quarterly basis; let alone on an hourly basis. But they are the two most critical questions constantly facing a contractor.

You have to be able to measure and make budget-to-actual comparisons for your jobs and your company on a daily basis. The challenge is to be able to create budgets (bids) for your jobs and your company correctly and then to collect data in order to validate your budgets. It really boils down to information management. This is why the digital revolution is so important to contractors. It is allowing them to manage information more effectively than ever before. It is also why contractors are so unprepared to take advantage of the digital revolution. They are still thinking like technicians in the field not like managers and leaders of businesses. In order to truly take advantage of the digital revolution in the areas of LOM technology, a contractor has to create infrastructure (processes and people) in his or her company.

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Within the last eighteen months, major strategic and technological developments have occurred within the software industry. A number of companies are producing totally integrated software solutions that include estimating, job costing, payroll, accounts payable, accounts receivable, work orders, purchase orders, etc. Green Industry contractors now have the tools to measure critical budget-to-actual performance in the areas of individual jobs and their company on a week-to-week, if not day-to-day basis. I am helping a number of my clients implement this type of software. I told the owner of one of my high-end residential installation and maintenance clients, who sales are about \$10 million per year and who is in the process of implementing this software, that once implemented, he should experience an additional 1 to 2% new profit on his bottom line. That's \$100,000 to 200,000 per year. The cost to his company will total about the same as a new skid steer or one-ton truck. Not a bad investment for such a return.

These new totally integrated software packages also allow a company to grow. They provide 70 to 80% of the infrastructure needed to run a company doing over \$1 million in annual sales. This allows owners and managers to focus on strategic issues and growing the company instead of being engulfed in the minutia of daily operations. Once this infrastructure is in place, it makes running and growing the company much easier. I have seen companies grow from \$1 to \$5 million in annual sales in a just few short years. Owners remark that it is easier doing \$5 million in sales than it was doing \$1 million.

Dan Fix, president of Dan Fix Landscape Construction Co., Inc. in California, recently implemented one of these wholly integrated software solutions. He's loving it! He can't believe how much easier it is for him to address and answer strategic questions. He now has the infrastructure that will allow him to grow from \$2 million to any size that he desires.

Conclusion

The technology battle is raging all around us. We've only scratched the surface. There are many other new developments in software and equipment technology that will have to wait. Just like great wartime leaders, you, the contractor, need to study, master and deploy this technology in your company, if you are going to win the contracting battle. But don't get lost in it.

And remember, there are two aspects to technology. I refer to them as field technology and leadership, management and office (LMO) technology. Both are vital to growing your people and your company. The larger you grow in sales, the more critical LMO technology becomes. You also need to think in terms of infrastructure--the people and processes that run your business-- and how technology can improve it.

Smart generals may win the battles but it's the wise leader who wins the war. As a contractor, you cannot afford to focus on just being a field general, you also have to be a business leader. Technology plays a huge part in both. But beware, don't let technology overwhelm and master you. Otherwise, you may be looking at technology from the wrong end of the sword.

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This article was adapted from James Huston's new book and audio book, *How to Price Landscape & Irrigation Projects*, released in July 2003. The author is president of J.R. Huston Enterprises, Inc., which specializes in construction and services management consulting to the Green Industry. Mr. Huston is a member of the American Society of Professional Estimators and he is one of only two Certified Professional Landscape Estimators in the world. For further information on the products and services offered by J.R. Huston Enterprises, call 1-800-451-5588, e-mail JRHEI at jrhei@jrhuston.biz or visit the J.R. Huston Enterprises web site at <http://www.jrhuston.biz>. Vince Weis, of Mountain States Solutions, LLC contributed to this article. He can be reached at 303-905-5695. Messrs. Huston and Weis reside in the Denver area.