

4 Profit Killers to Keep Away from Your Bottom Line

From unnecessary delays to insufficient communication, profit killers lurk throughout the construction business. They're usually not hard to spot once you start looking and in today's market, you really ought to be looking. Here are four profit killers to keep away from your bottom line:

1. Lack of coordination. You cushion your bids to allow for unforeseeable delays, but are your own field operations creating slowdowns? If your site supervisors aren't efficient at coordinating subcontractors, vendors and their own crews, they may be creating delays that are costing you money. Look at how your best supervisors run jobs to gain insights you can share across the company. If time allows, hold a meetings during which your brightest share their best practices.

2. Stay on top of your paperwork. In tight times, it's logical that change orders and specification changes may be harder to collect. When approached about additional work, check the contract specifications carefully to be sure that you're not being asked to do something out of scope. If the work requires a change order, be sure to revisit your record keeping practices to be sure that you have all the documentation you'll need to back it up. And, going forward, be sure your change orders are being followed up on and pushed to approval and completion as soon as possible. Doing so not only improves your chances for profitability, but also prevents costly conflicts later in (or after) the job.

3. Poor communication. You're clear on what every job entails and how it should proceed, but if you aren't sharing your insights you may be eroding your profits. When information doesn't get transmitted from the office to the job site promptly, your foremen and superintendents may do things their way and that could be dangerous. Similarly, if your job-site supervisors don't understand the scope of the work or the hours budgeted for it, they may not meet your expectations. To keep everyone on track to make your budgets, keep information flowing. If the money is there, upgrade your technology so you can send detailed reports to managers' mobile computing devices. Otherwise, revisit your job-costing procedures to provide more frequent updates.

4. Inefficient hiring. Avoid two basic personnel mistakes to help keep your profit margins high: don't hire too fast, and don't fire too slowly. If you take your time recruiting, training and hiring people, you'll have employees who fit in, know their jobs and perform well. Rush the process and you may find yourself with people who aren't working out and are probably slowing down your jobs. If that happens, don't delay letting them go. Accept that someone was a poor choice, learn from the mistake, cut the cord and look for someone else. Just be sure to stay within the law, consulting with an employment attorney if necessary.

Bids Pour In for State Construction Jobs

Construction firms are so eager for work in the sagging economy that project bids are coming in much lower than expected. Projects that used to attract only two to three bids just a couple of years ago, now is receiving 20 or 30 bids.

Many contractors are coming down on the minimum size of projects they will bid on, and ones who didn't do schools now are bidding on schools. Others are coming from out of state to a new region just to keep busy. And they are essentially giving away their services just to keep their key employees busy.

After years of rapidly escalating construction costs on highway and other projects due to skyrocketing prices for fuel, asphalt and steel, transportation departments are getting a break as the economy slows and construction firms that once built subdivisions and strip malls are bidding for government work.

Falling cost of petroleum, which not only fuels large construction vehicles but is also a key ingredient in asphalt, has helped lower prices. Less competition from China and India for concrete and other materials has helped, too.

Construction firms' hunger for work which means that the \$787 billion stimulus package passed by Congress could result in more paving for the buck. The stimulus is supposed to pay for "shovel-ready" projects to stimulate the economy, put people back to work and get needed projects done.

Tech Support Calls From Our Customers



We received a letter from the state of Michigan that the Solvency Tax added to the SUTA Tax Rate Determination that began in January has been rescinded. Now what do we do?

We have had several calls on this matter which led us to contact most of our Michigan customers by phone. The SUTA calc will need to be changed and you will need to enter adjusting payroll records for all employees with the Michigan SUTA calc to recapture SUTA taxes accrued. Call our office for assistance.

Why am I not getting the last page when I print preview in Sage Master Builder?

We have come across this a couple times. Problem is due to the display settings on the monitor. Change display by right clicking on your windows desktop, click on the settings tab, and change your screen resolution. You may have to try a couple different settings before you find one that works with your video card.