

Improving The Bottom Line From the Bottom Up

HELP FOREMEN BECOME 'KNOWLEDGE WORKERS'

BY MIKE RYDIN

Construction companies seeking sources of growth and profits don't have far to look. Foremen and superintendents can become "knowledge workers" when the company gives them access to the technology and information they need to make business decisions that affect company profitability. A company that teaches its foremen to treat their responsibilities like they're running their own business can grow much faster than one that doesn't.

The "knowledge worker" concept may sound simple, but it has been difficult for many in the construction industry to grasp. Perhaps one reason is age difference: Top managers often are older than foremen and can be uncomfortable with comput-

ers—and sometimes believe, incorrectly, that foremen share those traits.

Instead of taking a top-down approach to management—with owners and executives controlling information and most decision-making—construction compa-

nies can improve the bottom line from the bottom up.

The first step is adopting a mindset that foremen and superintendents can make better, more profitable decisions if they can access critical job-related information.

Low-cost computers, hand-held devices, easy-to-use construction software, and a wireless connection to the Internet and the main office make that possible. Foremen can use technology in the field to record daily job information and check progress.

INEFFICIENT ROUTINE

For construction executives who haven't adopted the knowledge worker concept, the following situations might sound familiar:

The foreman has no feedback on his job performance. He doesn't know on any given day if he is meeting expected productivity because it can take a week or two for a job cost report to be generated from accounting. Often, the foreman is already finished with a cost-code item before receiving any feedback.

The foreman or superintendent has no company-wide database to record diary notes. It's difficult for the company



to capture exactly what is happening in the field on a daily basis or have those activities corroborated by others' notes, making it hard to verify information for a claim.

The company handles field time at least twice—perhaps even three or four times—before it gets into payroll. Handwritten timecards from the field are sent to the office to verify cost codes and manually enter hours into the accounting system. This takes time, and is costly and prone to human error.

The foreman spends too much time at the end of the day writing out timecards. Each day, for each employee, the foreman rewrites the employee's name, number and cost codes, and then adds the hours worked. He also may have to enter equipment, materials and trucking used that day.

The payroll clerk cannot decipher the superintendent's handwriting to assign cost codes to some of the items. He has to find and interrupt the superintendent for clarification. Or, the clerk may make errors entering the cost codes because there's no feedback mechanism to know if he keyed in the wrong code.

After more than a week, the general superintendent learns the foreman lost money on the job because it took that long for the company to run payroll and cost reports. The general superintendent questions the foreman, who has already moved on to a new task.

The foreman leaves the company, taking his diary with him. The company has no history of what happened on a job.

THE KNOWLEDGE WORKER, AT WORK

To create more efficiency, let the foreman use technology for his and the company's benefit. Start by purchasing an inexpensive (less than \$1,000) laptop computer and give the foreman access to the company's direct cost estimate data, including crews, productions and notes.

The foreman can enter timecard information daily into the company's field management software per cost code. He can copy the previous day's timecards and make the necessary adjustments before electronically submitting information to the main office. A construction software package that verifies timecards and trans-

mits them directly to accounting reduces multiple entries and frees up a payroll clerk's time for more productive projects.

Change company policy so the superintendent employs "non-use codes" (e.g., idle, down or under repair) on timecards to report equipment that may be physically on the job but is not being used and, thus, is not entered into accounting. Encourage the foreman to enter his own progress quantities into the system, even if those quantities need to be checked later by project engineers.

The foreman should be able to compare his progress against the estimate on a daily, weekly, monthly or to-date basis. If he's in the red, he can call someone to determine if the problem lies with the estimate or with his actions. Either way, the problem can be addressed quickly. The instant feedback also makes it apparent if an incorrect cost code is selected.

The foreman should electronically record detailed notes about the job, including safety issues, extra work and other variables so other employees with access to the software can learn about these job-related issues immediately.

Some software programs offer forecasting tools and allow the foreman to try "what-if" scenarios to identify how various changes in a work plan would affect the bottom line. The foreman can use the estimate as the baseline and then set his own goals to beat the estimate with a combination of scenarios for planning and immediate feedback on the actual work.

The first step in treating foremen as knowledge workers and empowering them with information is for owners and upper managers to acknowledge that they possess both the desire and ability to be treated as such. Viewing an employee as a knowledge worker requires buy-in from upper management more so than technology—technology just makes the process easier.

Allowing foremen to use technology on the job helps them feel like valued members of the team. Knowing how they can help the company make or lose money enhances loyalty and keeps them focused on the day-to-day activities that drive profitability. A knowledgeable, committed foreman can be among the company's most valuable assets.

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