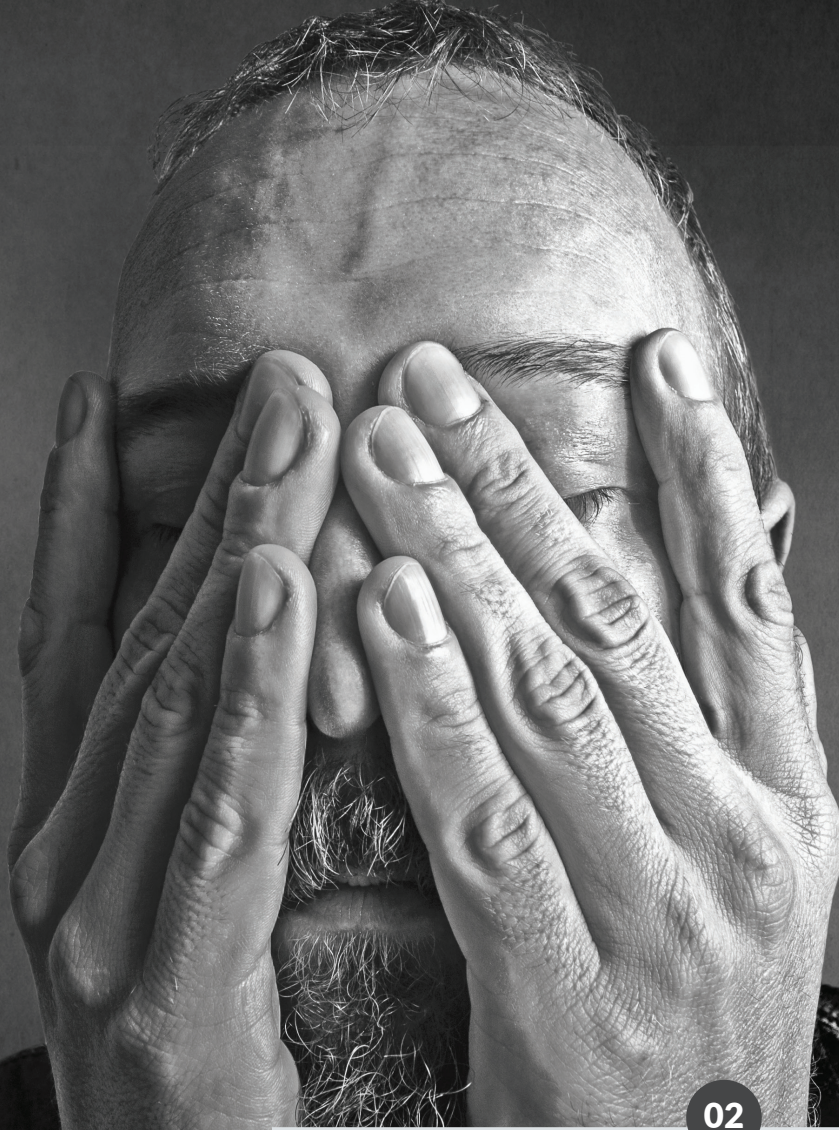


PowerTips

The Remodeler's Guide to Business

NEWSLETTER | JUNE 2019



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Reducing Slippage; Sometimes it's the Little Things

By Tim Faller, *Senior Consultant, Remodelers Advantage*

Slippage occurs when the actual cost of construction exceeds the estimated cost. In many cases, what causes slippage is determined solely by who you talk to.

Ask the owner of a company, and it almost always occurs in production or in some nebulous undefined aspect of the sales process characterized by "I'm sure sales contributes," but there's no real quantitative measure.

Ask anyone in the field — as I often do — and it's always some problem in the selections or the binder. Rational thinkers know there are probably problems in several places — but we're often so busy pointing out others' mistakes that we don't correct our own.

An article that circulated within the R/A office a year or so ago discussed a cycling team that just couldn't win. They started looking at everything they did to identify what caused them to lose a few seconds here or there. I don't remember the whole process, but the article pointed out that over some time they began to win. It was the little things! We all know this, but we seldom practice it.

It's about the whole team. This must be embraced whole-heartedly. The company owner needs to listen and learn about how he or she can change to become more productive. No more "we have doing this way for 20 years." Sales and design can't continue to say things like, "we just can't control the clients." And the field crew can't only look backwards and say, "If we only had good information." Everyone must shoulder their part of the problem.

Experiment on the causes. I use the term experiment because the cause and solution aren't always the first thing that comes to mind. In many cases, we stop at that first thought and work hard on something that's not the real problem. Like a scientific experiment, we have to have a hypothesis, test, retest, and then we may find the real problem.

This can also take the form of the "5 Whys" dealt with in LEAN methods. If you ask "why" enough times, you'll finally get to the bottom of the problem. For example, take slippage caused by clients not getting their selections completed before the job starts or before deadlines within the schedule.

Create a hypothesis based on a just-finished job. Sit with production and sales and put some numbers to not having selections done on time. Then work at getting them all done properly for the next job and see what happens. Did we save a corresponding amount of money? You probably saved some, but what I believe you'll find is that there's still slippage — and it's probably in production.

It's the little things. Everyone knows this. So the goal is to isolate the little things in each process. In the field it may be break times running a little longer than they should. It could be the infamous lumberyard run! It may be in better planning.

But it may also be how materials are stored. It may be how items are stocked on site. It may be the way a job "super" hands out assignments. It could be 50 things — but someone has to be there to spot them and then help the team work it out. We don't change, and certainly don't change habits, without direct intervention. And most of us are not self-controlled enough to do so on our own.

In sales, it may be something like a client telling us they can't make that decision right now, and it's just accepted without discussion or documentation about how that will impact the start date or the cost. It could be that in estimating, the office-based team doesn't understand all the little things a carpenter has to do to install a closet rod. So those aren't taken into account in the estimate, and the closet-rod dollars always slip.

The more we can identify the little things and find solutions without fixating on the problem, the more likely we'll get to that miraculous place where we win. Or better defined, we're within 1% plus or minus of our estimated costs!



A Message From Victoria -



Well, we're half way through the year and I couldn't be more excited about where we are all headed this year and beyond!

Your reports for results through June have been very good. The far majority of you are seeing increased revenues and are maintaining control of this growth to see continued strong net profits! Great job!

Keep your eye on the basics and remember that your processes are there for a reason so don't be tempted to skip steps. We all know what happens if you skip steps!

Here at R/A, we are hard at work developing programs, content, and deliverables to help you realize even greater success. Here are some highlights!

The Fall Roundtables Meetings for all of our Owner members are set and we have expanded to include members of our seven Production Managers Roundtables Groups as well.

The 2019 Remodelers Summit is going to be awesome this year and I think you will love the location and venue. We kick things off with the Awards Reception & Gala on Tuesday, followed by a full day of presentations by nearly 30 top industry pros on Wednesday. The line-up of speakers and topics is amazing so make sure you check out the agenda!

We have expanded our **2019 Production Conference**, immediately following the Summit on Thursday. We are co-locating the event in the same hotel as Summit, making this event a perfect way to get your production team involved in improving your company's overall performance... so bring them to Orlando!

Remodelers University will be getting a facelift and tons of new content now that the University's Managing Director, Micah Kleid, is in place. Remember, eight of your employees can have their own access. Not sure how to set this up? Give us a call.

We're launching a new book by Tim Faller this Fall. *Dear Remodeler, Lessons on Life, Leadership, and Production* promises to be an industry best seller! Watch for details coming soon.

New Member Portal. The www.weareroundtables.com member portal is also getting a facelift and many new features. As always, we listened to your input so I'm sure you'll be pleased with this new and improved version of your website.

This is just a sample of the work we're doing. As always, our goal is to continually bring value to you, our most important clients. Thank you for being a part of our world. We appreciate your confidence in us.

See you in Orlando!

The full articles and podcast episode descriptions featured in this newsletter are available online and we've provided a link to each one with our handy link icon that you will see throughout this newsletter.





Michael Sauri
President & Co-Owner
TriVistaUSA

Episode 52: Growing Through Team Engagement

We've talked about getting your Production team engaged in refining your systems and processes by encouraging them to make decisions and look for problems. But have you considered involving Production in the Design process?

In episode 52, Michael Sauri talks about how and why he did just that. Through this change, Michael sped the growth of his company.

Michael and his wife Deborah started TriVistaUSA in 2005 and the company's grown to four times the size in as many years — with decreased overhead and increased take-home for their family and employees.

Michael received the 2018 Fred Case Remodeling Entrepreneur of the Year at the Annual Remodelers Summit in New Orleans.



<http://tiny.cc/TFS-ep52>

Use Your Workplace Layout to Attack Slippage

By Doug Howard, *Director of Consulting*, Remodelers Advantage

Slippage, on each and every job, is the difference between the profit margin expected at the outset of the project and the actual profit margin achieved.

The difference can be found in the wastes inherent in almost any process, and they can be easy to find in the course of any remodeling project. LEAN is an excellent tool for combating slippage by finding those wastes and developing strategies for getting rid of them.

There are really three components to successfully implementing LEAN. They are: workflow, workplace, and culture. To be successful, you need to work on all three — and they need to reinforce each other.

Workflow

To optimize your workflow, you have to look at a process from end to end, mapping it out, finding the waste, and eliminating the waste — creating a better way to get through the process.

Culture

Culture is about fostering open communication, creative thinking, and having a willingness to allow ideas to come from your team — the people who actually do the work.

Workplace

You can tackle slippage by looking at your workplace. Analyze the physical layout of your office, your vehicles, the job site, and even your network drive. Minimize wasted steps, group people who need to communicate together, and create a more harmonious flow. There are areas which can either make it easier for work to flow or more difficult.



<http://tiny.cc/PT-June>



A Podcast To Help You Improve The Bottom Line Through Production Training

The Tim Faller Show is a podcast dedicated entirely to the production side of the remodeling industry. Tim, along with his co-host Steve Wheeler, bring you weekly interviews with elite production managers, lead carpenters and industry experts.

Check out new episodes every Monday.

<https://thetimfallershow.com>



Episode 49: The Numbers that Matter Most with Judith Miller

Judith is the resident financial expert at Remodelers Advantage, and is a fan favorite in the R/A world. Judith has been a facilitator for Roundtables for more than 15 years, is a featured speaker at industry events, and is frequently published in Remodeling Magazine.



<http://tiny.cc/TFS-ep49>



Episode 55: How Your Team Responds in a Crisis

It can take one stroke of bad luck to take a remodeling business's leader suddenly out of the picture — either temporarily or permanently. The repercussions can be wide and economically traumatic if the remaining team can't pull together and keep the business running.

When Rosie Romero, the owner (and primary salesperson) of Rosie On The House in Scottsdale, AZ, had an off-road UTV accident that left him severely injured, his team had to regroup quickly in an emotional time to keep the business running.

In this episode, Don Brees and Alex Pajic talk to Tim and Steve about how they — and the whole company — handled the unexpected absence of their leader and friend. For six months, the team relied on each other to continue selling, building, and performing at their peak while Rosie was recovering.

Don started working for Rosie On The House Remodeling in 2016 as the Remodeling Project Manager, and is now a Production Manager. An Arizona native, Don worked for Rosie the first time back in 1993 before venturing out to start his own remodeling, paint and drywall company. He has 37 years of construction and remodeling experience under his belt.

Alex began working with Rosie On The House Remodeling in 2017, and is a Remodeling Project Manager and Sales/Design Consultant. He has 18 years of planning, real estate development, and construction experience. Originally from Croatia, he grew up in Vienna, Austria, and worked on residential developments and projects throughout Europe. He has a passion for sustainable building, architecture, and new technologies in building design and project management.



<http://tiny.cc/TFS-ep55>



A podcast to help remodelers build a strong, profitable remodeling company

PowerTips
unscripted



Whether you are listening in the truck on your way to your next client or at your desk during a lunch break, **PowerTips Unscripted** brings you your next big idea, success tip or even just a chance to hear from those that have achieved great success in the remodeling industry.

A new episode of PowerTips Unscripted is available every Wednesday on Apple iTunes, Google Play, Stitcher, Spotify and on <https://powertipspodcast.com>

Episode 68: Managing Your Sales while Wearing Many Hats with Chip Doyle

Most remodelers wear many hats, and sales management is only one of them. So you have to handle sales functions on a part-time basis. As you grow and add salespeople, overseeing that department becomes yet another job duty.

In this episode of PowerTips Unscripted, Chip Doyle discusses how to successfully manage the sales department on a part-time basis.

Chip wrote the book ***Selling to Homeowners — The Sandler Way***. He trains many R/A members, including owners, salespeople, designers and project managers how to sell — without sounding like salespeople.

Being a good sales manager takes a different skill set than being a salesperson does. You need to be patient, predictable in your coaching, and temper your expectations for their own lead generation. Chip says he's seeing a higher success rate with developing salespeople from within remodeling companies, rather than hiring from outside — people who are good at selling are already busy and making great money.

But wherever you find your new sales staff, Chip talks about ways to set them — and your company — up for success, including:

- When to Hire a New Salesperson
- Performing a Sales Assessment
- What They Should Sell First
- Why Prospecting is Crucial
- And More...



<http://tiny.cc/PTU-ep68>

Episode 48: How to Hit Healthy Net Profits in any Economic Climate with Mike Medford, Sr.

One of our core principles is that remodeling companies should make a good net profit, after paying the owners an above-average salary. When the economy's booming, you can get away with a lot and still hit those goals, sometimes by accident. But the goal is to get those healthy net profits consistently, year after year, even in a downturn.

In this episode, Mike Medford Sr. talks to Victoria and Mark about how to do just that. Before seeing the metrics of the Top Ten Roundtables members a few years ago,

Mike says his financials were always in flux. But then he took those figures and made them hard targets.

Mike Medford Sr. has been a home remodeling contractor for over 40 years.



<http://tiny.cc/PTU-ep48>

In 2007, he partnered with his son, Mike Jr. to form what is now Medford Design Build, with offices in Colleyville and Arlington, TX. Mike Sr. is the president of Medford Design Build.

Mike challenged himself and his team to hit the new fixed targets. He refined their processes, and challenged his team to hit those targets.

By the next quarterly meeting, the company's profits were rising.

Mike talks about how he and his team made it happen, including:

- Creating a profit-centric culture
- How Net Profits Will Help You Beat the Labor Shortage
- Focusing Your Staff on Gross Profit
- The Importance of Open Books to the Process
- And More...



Episode 27: How I Quadrupled My Revenue with Todd Jackson

Growing your company requires thinking big, developing innovative strategies, and taking risks.

If you do it right, the results can be huge. Todd Jackson did it right, and quadrupled his revenue.

In this episode of Powerips Unscripted, Todd talks about how he achieved that success, and the details and work behind the big numbers.

Todd is the CEO and president of Jackson Design & Remodeling in San Diego, CA, and a long-time Roundtables member.



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**September 24-25, 2019
HYATT REGENCY ORLANDO**



Production Conference 2019; *Bigger & Better*

After two outstanding years, we are excited to host the 3rd Annual Production Conference, held alongside the 2019 Remodelers Summit at the Hyatt Regency in Orlando, Florida. In addition to hosting the event in the same hotel as the Summit, we've made even easier to register for BOTH events at the same time

The 2019 Production Conference continues to be the only industry event delivered by fellow production superstars: People facing the same challenges and experiences that you face every day. Led by the "Master of Production," Tim Faller, this year's event features panelists and presenters .with long-term experience with production management

Production Conference '19 will bring more than two hundred Production Managers, Project Managers, and Lead Carpenters together for a one-day journey through the inner workings of some of the industry's most .successful and efficient Production Departments

As with previous years, this year's event will feature a healthy mixture of large group presentations, small breakout sessions, and networking opportunities to speak with the presenters and your fellow peers. So come prepared with your burning questions



**TO REGISTER &
FOR MORE INFORMATION**
www.ProductionCon.com

SEPTEMBER 26, 2019
HYATT REGENCY ORLANDO

THE #1 PRODUCTION EVENT FOR IMPROVING THE BOTTOM LINE



BRUCE CASE
Case Design/Remodeling
KEYNOTE SPEAKER



BRAD YETMAN
Anthony Wilder Design/Build



TIM FALLER
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MICHAEL BARKHOUSE
Amsted Design Build



BROCK GARBER
BH Design + Build

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