

## J.R. Huston Enterprises, Inc.

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Here are some thoughts on the above topic.

1. Turning on the "score board": Imagine that the game clock malfunctioned on the final play of the Super Bowl and it gave the Tennessee Titans five extra seconds to play. Sure it's probably not enough time to get off another play and make a difference in the game but do you think that Dick Vermeil, head coach of the St. Louis Rams, would notice? He and his whole staff would go absolutely bonkers trying to get the scoreboard right. They'd be yelling, screaming and waving frantically to call attention to the foul. A coach's ability to manage his team is greatly dependent upon the information received from the scoreboard and all the other sources of information feedback during the game. Have you ever noticed how measured an event football (and most sports) is? Which down, how much time left in the game, yards to go for a first down, ad infinitum? All of this information helps a coach determine which play to call.

If the players were landscape contractors, they would be playing the game on a 50 acre sea of grass with no goal posts, sidelines, hash marks, or yard lines. There would be no clock, no referees and not the hint of a scoreboard. Just 22 contractors beating out one another's brains, going through a lot of pain without a clue as to what the score was. Most contractors do not find out the score until the game is over. Sound familiar?

2. Empowering people: I have seen not just a few landscape contractors go from mediocre net profit margins of less than 10% to consistent margins in the high teens and low 20% range. The secret is that everyone in the company, both office and field staff, knows the "score". They clearly know what is expected. Field crews know the hours allowed to complete a task. Estimators know their production rates, sales goals and expected margins. Bookkeepers have specific financial statement and job-cost formats to follow. In short, owners have ensured that everyone gets the information feedback that they need from their management systems to know how "actual" performance stacks up against "planned" or budgeted performance.

Call it open book management, the Great Game of Business, management by objective or total quality management, if you will. It all amounts to the same thing: forcing your systems to get the right information in front of the right people at the

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right time. This goal/feedback system empowers people and allows them to make production adjustments on the spot. Quarterly, monthly and weekly financial reports are virtually useless where it really counts--in the field.

Every management philosophy, methodology, system or technique that I teach my clients to use boils down to setting measurable incremental goals and then collecting the data to see how they are doing at reaching those goals. If your bureaucracy does not do this, rethink your bureaucracy.

3. GPS (global positioning system) tracking systems: The Persian Gulf War totally changed the way that we think about warfare. It was truly an information management war.

An irrigation client in the midwest put a GPS tracking system on his ten service vans. Sales remained constant the next year. However, hours per service technician decreased by over 150. Fuel cost decreased by \$2,000. Material costs decreased by over \$17,000. The gross profit margin on sales of close to the million dollar mark went from 54% to almost 60%.

The fuel and labor savings I understood but the material cost savings had me baffled. The service manager quit shortly after the GPS system was implemented. Then it hit me. He was doing side jobs. His gravy train was through.

This system tracks each vehicle and logs in on computer the location of the service van every 15 minutes. Each stop, top speed, direction of van are all logged in. Office staff can direct a lost technician on an emergency call to the correct address right on the computer in the office.

4. Smart equipment utilization: A landscape contractor in New England saw his average revenue per billable field-labor hour rise from \$57.47 to \$74.58. That's a 23% increase. His net profit margin doubled. In other words, with a typical work year of about 1,600 hours per person, instead of billing \$91,952 ( $\$57.47 \times 1,600$ ) per person per season, he billed \$119,328.

This contractor studied his equipment costs and its impact upon productivity. He then increased productivity and profits dramatically by putting a skid steer with each of his five crews. The average equipment cost per billable field-labor hour went up from \$3.86 to \$7.00. Average labor cost increased about \$1.00 per hour. However, the resulting increase in productivity went right to the bottom line while decreasing his dependence on a volatile labor market.

That's information management at its best.

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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 and his previous book, *Estimating for Landscape & Irrigation Contractors*. The author is president of J.R. Huston Enterprises, Inc., which specializes in construction and services management

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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](mailto:jrhei@jrhuston.biz) or visit the J.R. Huston Enterprise web site at <http://www.jrhuston.biz>.