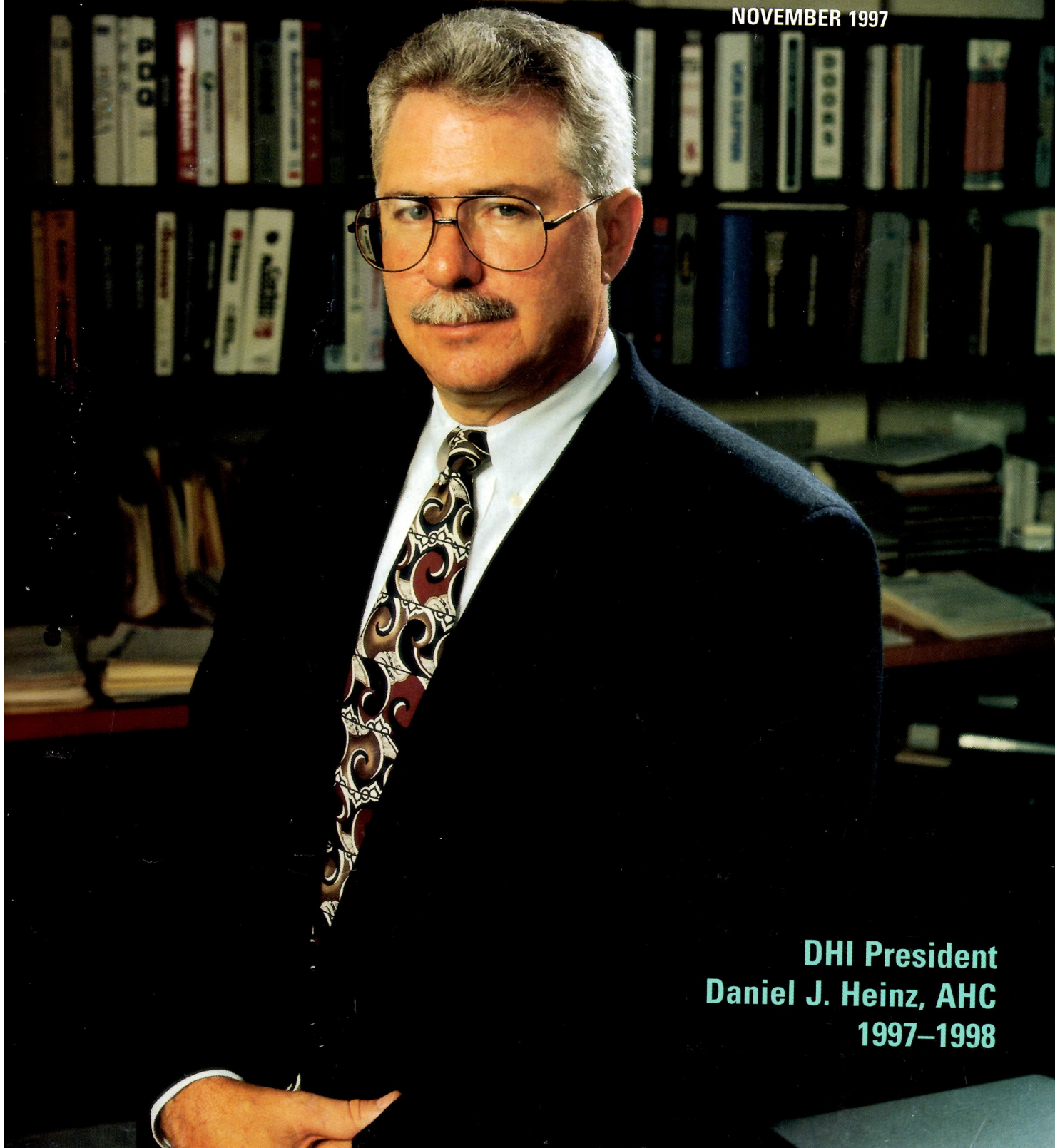


DOORS AND HARDWARE

NOVEMBER 1997



**DHI President
Daniel J. Heinz, AHC
1997-1998**



Case study

OFFERING THE TOTAL PACKAGE IS THE ANSWER

WHY DO WE WANT TO OFFER INSTALLATION of the products we sell? Because that's what the market needs as evidenced through the following examples.

Installation is nothing new to the door, frame and hardware distributors of Northern California. Phil Potter with California Builders Hardware (CBH) in San Francisco recalls a couple of large projects that CBH installed in the early '70s and '80s. One of their first large installation projects was the Moscone Center in San Francisco. CBH had four carpenters on this project for about 10,000 combined hours. Another one of CBH's largest projects to date is the IBM Research Building in Almaden Valley, San Jose, CA. The total combined subcontract for this project was in excess of \$5.5 million; it consisted of doors, frames, hardware, millwork and installation. Installation alone was valued at more than \$1.2 million.

Trim Tech Industries, another of Northern California's installing distributors, was founded from the installation side of the industry. Andy Medeiros with Trim Tech told me that when they started their company in the mid-'80s their focus was on the total opening installation. At that time in the industry, general contractors were acting more like project managers. This was being done to cut down on the liabilities of the general contractors within any given project. As it related to doors, frames and hardware, one of the biggest benefits Trim Tech had to offer was project coordination along with a highly trained installation crew. By offering the complete package, the general contractors didn't have to coordinate all four suppliers: one for doors, one for frames, one for hardware, and one for

installation. This was also the driving force in the company's establishment of a loyal customer base.

Medeiros recalled a couple of projects where offering the "Total Package" was the key to getting the job. College 10 at University of California, Santa Cruz, was a four-story administration building — a ground-up project. Trim Tech was the only distributor to submit an entire doors, frames, hardware and installation bid. With very little convincing needed, the general opted for their package. This general had so much to deal with, from shoring to environmental impacts and job scheduling, the "Total Package" was a very easy sell.

Another area where the "Total Package" has been ideal is campus-type facilities in the Silicon Valley. One in particular was a campus for Sun Micro Systems in Palo Alto involving two buildings, two stories, some 400+ openings, and a 16-week construction schedule. That meant from submittals to punch list completion, everyone had 16 weeks.

The plumbing, sheetrock, millwork, painting and, yes, doors, frames and hardware had to be submitted, manufactured and installed in 16 weeks. The general contractor was one they do a lot of work with and he called in Trim Tech at the very beginning of this project. The general knew that to meet the construction schedule, they would need a company to take care of the Total Package: one set of submittals for the general to worry about; and one subcontractor to take care of all the coordination of all the components in the openings. Trim Tech's ability to relieve the general contractor of these responsibilities was key in their getting this project.

Hal Kelton, AHC/CDC, ESSEX Industries/ASSA ABLOY

PROS

If you are thinking of offering a Total Package, it's wise to consider all the pros and cons. Here's a list I compiled, with help from Potter and Medeiros. The Pros:

1 Additional revenues: Depending on the complexity of the door, frame and hardware package, your gross bid will typically increase 30%-40% when you add installation.

2 Control of project schedule: Because you are now installing the project, you have a more clearly defined construction schedule. You are no longer given an arbitrary "six weeks and get it here." You will know exactly when material is needed and how urgent its installation is for the project. This is very helpful on the purchasing side as well, because it gives purchasing a more realistic deadline and enables them the opportunity to negotiate better prices with manufacturers.

3 Project coordination: By offering the total opening package coordinated and submitted by one company, the general contractor is relieved of the responsibility of dealing with up to four different companies to accomplish the same thing. This is also important when change orders start clogging the project schedule. A general will be much happier dealing with one person to make all the changes in the total opening

4 Material shortages: How many projects have you had where it gets down to the last day before backcharges start to be issued, and you get the call? "We're missing this lock, or we're missing this door." You can't totally eliminate this problem but it

can be severely reduced. By having your own crew on the job installing the project, you know what shortages you have before they become a deadline issue.

5 Added respect: A general contractor who knows you, or has used you in the past to install the package will feel more confident in your expertise. Your inside sales staff will be trained to know the installation procedures for the products you sell. This knowledge will be very helpful when they assist other contractors with installation questions.

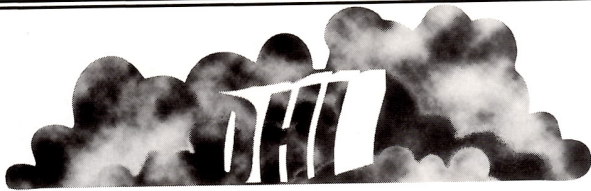
6 Control over the entire opening: By supplying and installing the entire opening, conflicts can be spotted easier and faster. You will be able to consult with the architect/owner and general contractor to resolve opening problems immediately, and no one else will need to be contacted.

7 Take up the slack: As the general contractor becomes more of a project manager and doesn't maintain a carpenter crew of its own, you will be able to meet their needs by installing the package. You will also find that as the general contractor gets busier, they're more eager to find companies that will combine trades so that they'll have fewer subcontractors to worry about.

BUT CONSIDER

These are all great reasons for getting into the installation business; however, there are a few more things to consider before jumping in:

1 Additional revenues: More revenue means more liability as well as more retention being held back. On a material-only project, you can get away from having



A MATCH MADE IN HEAVEN

The DHI Referral service is the exclusive clearinghouse for the total openings industry. It benefits employers and employees of distributor, manufacturing and sales agents firms by listing positions available and referring the resumes of well-qualified individuals to those positions.

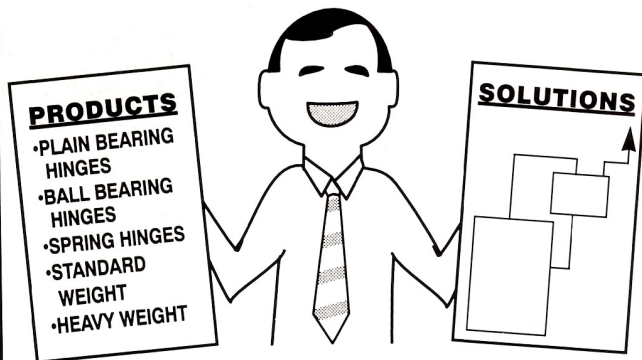
Job openings may range from entry level to chief executive officer and cover the full spectrum of management and technical functional areas.

For more information and an application to list openings or seek positions, contact Diane Glettenberg at

703/222-2010 Fax: 703/222-2410

CIRCLE 244 FOR FREE INFORMATION

WE SELL MORE THAN JUST PRODUCT!



***We Stock the Products
And Create the Solutions.***



**WORLD CLASS
HINGES**

1 (800) 717-8184



WADSWORTH-WHITE, INC.
4220 STEVE REYNOLDS BLVD. • SUITE 10
NORCROSS, GA 30093-3322 • FAX (800) 717-8227

CIRCLE 143 FOR FREE INFORMATION

retentions by using a purchase order contract. However, when labor is involved, retention must be held back. This retention is based on the total contract, not just the labor. Your liability insurance and workers compensation requirements will increase with an installation crew. You may also be required to provide a bid and performance bond on bid day. Ultimately, this results in more of a financial risk on each project.

2 Project management: You will need a highly-skilled project management and detailing crew that can focus on the "Total Package." They will need to make sure that all openings will function as the architect has intended. It is also critical that they are current on all codes to ensure that the total opening is in compliance with the local building, fire or ADA requirements. This crew will need to know more about change orders and project schedules than ever before and they will need to coordinate more with other trades. For example, a drywall frame can't be installed until the drywall is up. You should also install that frame before the painters make their rounds. The painter must paint the doors before the hardware is put on. You must let the carpet people in before you install the dome stops. It's details like these that are much less critical when you're a material-only supplier.

3 Installation superintendent: It is critical to have a great leader. The superintendent will be your hero more times than you can imagine. The responsibilities of this one individual are crucial to making the installation crew a success or failure. The superintendent will be vital at bid time to make sure that all installation time is accounted for. He or she is the one person on the job who can make sure that the crew meets the schedule. This person has ultimate control over every project you have going. It is not uncommon to have crews in excess of 30 carpenters on multiple projects. Unfortunately, great superintendents are very hard to find.

4 Maintaining a good main crew: This is the second most important part of the installation after the superintendent. Always keep on staff a main crew that, at any time, can be divided into foremen on different projects. A foreman position is necessary when new carpenters come to work for you. The foreman will set the standard that the new carpenters will have to follow. This main crew for a large size company will be about 8 to 10 carpenters who will need to work every

day. This can become a big liability during a slowdown, so it is imperative that proper planning is done to keep your staple crew working.

5 You must perform: Again, I am referring to your installation crew. They must be highly skilled in the installation of doors, frames and hardware. If you have a poor crew or superintendent, you will be kicked around on projects. If you are not on top of things and staying on schedule, other subcontractors or the general contractor will take advantage of you.

6 Overhead fluctuates: Because on any given day in the week you may have a crew of 8 carpenters or maybe 30+, your overhead will fluctuate accordingly. When your crews grow to 30+, their performance may decline because some may be temporary carpenters you hired. Sometimes it takes a few days to weed out the bad ones — meanwhile, your project schedule hasn't changed. The only way to compensate for slower installers is to hire more of them, which increases overhead. You can only count on your staple crew to perform on schedule.

7 Mistakes are multiplied: If you are supplying doors, frames, hardware and installation, any bidding errors made up front are multiplied throughout the scope of work. For example, if you forgot a second panic device on a pair of doors, you're out the money for the panics plus the installation time for those panic devices. If you miss an entire opening as an individual supplier, the situation is not as bad. However, if you're supplying the entire opening with installation, those "little" mistakes can quickly become big and costly.

It takes a highly-skilled staff to bid, run and install these Total Package projects. Successful door, frame and hardware companies have been installing the Total Package for 25 years. By moving in this direction, CBH in San Francisco has maintained a strong market share for four decades. The Total Package approach has enabled a company like Trim Tech to quickly establish a quality customer base and its own strong market share in the Bay Area during the last 10 years. In today's marketplace, it makes sense for everyone to follow suit. High service standards in the industry ultimately will weed out fly-by-night operations, because of the larger start-up investment required. And companies that want to be big players will be forced to maintain the high standards already established by veterans in the business. **D**

1957 1997



When Neil Armstrong first walked on the moon in 1969 Frank J. Martin had been providing the highest level of customer techsupport and product knowledge for 12 years.

Featuring



CC

Corbin
Russwin

EZSET

Olympus
Padlocks

To succeed in business for forty years you have to please a lot of people along the way. Frank J. Martin Company invites you to take advantage of our forty years of experience by providing you with your wholesale hardware needs.

FRANK J
MARTIN
COMPANY
Wholesale Hardware

The Distributors Solution Since 1957

(206) 523-7665 Fax (206) 523-9876
www.fjmartin.com/hardware.html

CIRCLE 172 FOR FREE INFORMATION