

# BEST PRACTICES TO BOOST PROFITS

Five simple low, to no cost, changes you can make to immediately boost your bottom line.

## Best Practice 1

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### Focus on the Bottleneck

In most shops, the perception is you are making money if the bridge saw, panel saw, or CNC are cutting up a new project. Consequently, we like to see as many jobs being cut as possible. However, the real place money is made or lost is at your shop bottleneck. The bottleneck is the point at which production is slowed.

**Bot-tle-neck** [bot-l-neck] noun – A place or stage in a process at which progress is impeded

For instance, look at this model for either a stone or solid surface shop:

- Saw guy can cut out 600 sq. ft. per day
- Edge lamination guy can glue up 400 sq. ft. per day
- Sander or polisher can only polish 200 sq. ft. per day

Q. Where would the bottleneck be?

A. In the sanding or polishing stage.

Your total output for the day is limited to the constraint. The goal is to level the output across all stages.

Your new target would be:

- Saw guy can cut out 600 sq. ft. per day
- Edge lamination guy can glue up 600 sq. ft. per day
- Sander or polisher can only polish 600 sq. ft. per day

This is a pretty realistic problem you will see in most countertop shops. In solid surface shops, the bottleneck often is in sanding stage and in most stone shops, the bottleneck is at polishing (3cm) or edge

lamination (2cm) stage.

There are a couple of solutions available:

- 1. Hire another polisher to bring up production in the sanding/polishing stage to 600 sq. ft. (this would move the new bottleneck to the edge lamination stage)
- 2. Granted, it could take awhile to find a new hire. In the meantime, have your saw guy cut out 400 sq. ft. instead of 600. Then have him stop and work in the bottleneck to increase your overall capacity. This simple change will boost your output and minimize downtime.

The bottleneck will continue to move around. If you were to boost your sanding/polishing up to 600 sq. ft., but your edge lamination stayed at 400 sq. ft., you will want to immediately focus on this new bottleneck or you will have sanders/polishers standing around doing nothing.

REMEMBER: The goal is to allocate all your resources effectively to smooth out production across all stages by always focusing on the bottleneck. *Before you rush to hire more people, see what changes can be made to more effectively utilize the labor force you currently have.* You may just surprise yourself on what can be achieved with a few small tweaks.

The first thing we often think is we need to hire more labor, but this is not always necessary if we are allocating our resources wisely.

With the current crunch in the labor market it is critical that we work smarter not harder as labor is going to be difficult to find over the next few years.

OTHER BOTTLENECKS

As countertop companies a lot of us just focus on the shop, but the business side of your company can have bottlenecks too. You will have bottlenecks in every aspect of your business. Some of these are really costing you money.

Questions to Ask:

Our team needs to answer these questions to effectively identify our bottlenecks.

Question 1	What is my bottleneck in: Template? Layout? Edge? Polish? Sanding? Install? Office?
Question 2	Who can I delegate the task of tracking a time study to identify specific bottlenecks?
Question 3	What solutions or systems can I put in place to increase productivity?

# Best Practice 2

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## Load Trucks the Night Before

This is a strategy based around human nature. In the morning, when you first show up to work, most of us take a while to get into the groove. If you don't believe this, watch the guys in your shop one morning. Watch the clock and you might be surprised at just how much time is wasted.

Now contrast this to the end of the day when quitting time is on the horizon. It is amazing just what can be pushed out of the shop when the guys know something must be done before they can go home.

Due to this, we always loaded our install trucks the night before. This had a profound impact on productivity. Prior to, loading the trucks could take up to an hour while guys adjusted to waking up. In the afternoon, the trucks got loaded in half to a quarter of the time.

The guys then came straight in and got in the groove driving to the first install. This practice alone almost guaranteed each install team would have time to get two installs done each day rather than just one. **NOTE: Our installers worked 4 – 10 hour days to allow time for 2 installs each day on average.**

If you use subs, I recommend in purchasing steel a-frames you can load the night before and set into their trucks immediately in the morning. I have been amazed at how much time subs steal from shop fabrication teams through chit chat in the morning.

Where can you save 5 to 15 minutes every day by putting systems in place to streamlined operations? The details and the small stuff matter.

## Questions to Ask:

Our team needs to answer these questions to increase our install productivity.

Question 1	How many installs is each crew getting done in a day?
Question 2	Do I have a checklist of every tool and supply that needs to be loaded in each truck?
Question 3	If I saved just 15 minutes per crew each day, how much extra profit could I make in week? Month? Year?

# Best Practice 3

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## Implement IT to Streamline Operations

In the Countertop industry, I highly recommend you implement a software, like Moraware, into your business. Moreaware can automate every aspect of your business from quoting and scheduling to templating and installation.

Good software will get everyone in the business on the same page. This will streamline your operations and allow you to scale effectively.

Not only this, but you will be able to pull detailed reports that will truly allow you to monitor capacity and profitability and attack bottlenecks so you can ensure you are continuously improving..... not just feel like it.

With a program like Moraware you can schedule your work flow based on your bottlenecks. Most companies are just using a "first in first out" approach, but it is more profitable to release work based on your bottleneck.

Once you can track what you are doing and know your stats you can begin to grow efficiently by releasing jobs into your shop based on your bottleneck. You can learn more about this at [Countertops101.com](http://Countertops101.com).

There are several great solutions available that you can use at no cost including programs like Teamwork, Slack, Excel and more. The important thing is you find a way to keep everyone in the know and you find a program that is scalable. While it may seem expensive in the short run, choosing the wrong system can lead to huge headaches down the road once your company has grown.

The only thing worse than no IT is having bad IT. Make sure you assess your needs and select a software that will scale with your company.

### Questions to Ask:

Our team needs to answer these questions to determine if we need better IT..

Question 1	Does my entire team bid quotes the same way? Are they consistent and fast?
Question 2	Am I having difficulty scheduling and keeping the team on the same page?
Question 3	How much overtime am I accruing due to wasted or duplicated efforts?

# Best Practice 4

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## Redefine Marketing

Most of us were taught the 4 P's in school price, product, promotion and place. This is the model in which nearly 90 percent of all businesses still operate on today.

The problem is that this approach is product focused not customer focused. Today's consumers expect products that are individualized for them, delivered by companies that care about their success and well-being.

Customers characterize your brand based primarily on their experiences with one's product and company – not their advertising. Studies show that more Americans (71 percent) list “past experience with a brand” as the primary factor in their decision to purchase.

This means every aspect of your company becomes part of your marketing strategy, not just your ad in the magazine or website.

The way you answer the phone, the cleanliness of your showroom and shop, the hygiene of your installers, the professionalism of your salespeople, the quality and cleanliness of your install, the way you handle warranty and service calls - *It all matters to the customer.*

We need to look at our companies from top to bottom and see ourselves from the customers' perspectives. If there is any aspect that could turn off a customer, we need to make a change.

Our goal is to create raving fans that become an extension of our sales team telling others just how great we are! Today, the only way to achieve this is to eat, breathe and sleep the customer focused mindset.

### Questions to Ask:

Our team needs to answer these questions to determine if we need better IT..

Question 1	Does our office, showroom and team members make a great first impression? Professionalism? Dress? Cleanliness?
Question 2	Do we leave the customer's home cleaner than we found it? What is the customer's perception of our install teams?
Question 3	How quickly are we turning quotes? Scheduling templates? Installs?

# Best Practice 5

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## Everyone is Replaceable - Even the Owner

Now, more than ever in America, with the lack of loyalty between employees and employers and layoffs occurring everyday; everyone is trying to make themselves "indispensable" to the company.

If you have an employee, business partner or owner that is "indispensible" this must be changed immediately!! When any part of a business depends on any one person you are just steps away from failure. What if that person gets sick, injured or God forbid, even dies?

I had a business partner once that (while not intentional) made himself indispensable. He was horrible at communicating and every time he went out of town the company went into melt down mode. Nobody knew what he had scheduled or what had been communicated to the customers. Productivity would go to zero and consequently profits suffered during those periods.

I cannot emphasize how devastating this can be to a company. You must encourage your employees to freely share information and teach each other to get better. Adapt and make the belief known daily that nobody in this company can be indispensable - not even the owner!

This means if you only have one guy that can do templates, change it! If only one guy can layout the countertops, change it!

Think about it this way. When you go to sell your company, the new owner is going to want to buy a business that can stand on its own two feet. They are going to want to buy a process, not an individual.

If your business cannot run without the owner being present, it has no value. For instance, most photography shops can never be sold for any significant value. The only value is the photographer. When he leaves, there is no business.

### Questions to Ask:

Our team needs to answer these questions to determine where our weaknesses are.

Question 1	Who in my organization is not replaceable currently?
Question 2	If I went on vacation for a week or a month, could the business run without me? If not what would fail?
Question 3	Do I have clearly written SOP's and systems in place for common tasks?

## Reminders:

- ☐ *Big profit boosts come from making small tweaks that stack up over time*
- ☐ This is not a once and done evaluation. You should constantly be refining the points on here.