

How to get Rich being a Detailer

BY HUGH DOBBIE SR.

There's no magic formula but there are several considerations that can put you on the path to detailing success.

WHEN I WAS ASKED TO DO THIS PRESENTATION, my first reaction was that surely they must have abbreviated the title. I thought it must be: "How to get Rich being a Detailer and Other Oxymorons." But when I called the office to make sure, I found to my surprise they were quite serious. They wanted to know how a detailer could make a million dollars. My instinct was to tell them, "Start with ten million, and give it time."

In looking back, it's a fact that some detailing companies *have* done well in the detailing business. I have and so have some of my contemporaries. As such, a few questions have been raised: How did we do it? Is there a magic formula? Of the hundreds of detailing companies out there, why do a few rise to the top? I have spoken recently with some of these successful detailers about their operations and attempted to nail down what makes successful companies different. Here are a few areas of consideration and pieces of advice:

Goals

After running a couple of small detailing companies, I started Dowco Consultants in 1970. From day one, the company had a goal and a mission statement. Our goal was to treat our staff well and give them the respect we felt was due. Our first mission statement was "To provide the best possible shop detail drawings to fabricators." Most successful companies have formulated a goal and a mission statement. It's a good way to stay focused and target success.

Staff, Your Greatest Asset

From the outset we recognized that our most important asset was our staff and we tried to treat them well. We still do. We continually upgrade our computers and equipment to make sure they have the best tools possible to do their work. We have good insurance options and other benefits. These are all things that a company can do to help keep staff happy.

Pareto 80/20 Rule

In 1906, Italian economist and sociologist Vilfredo Pareto created a mathematical formula that came to be known as the Pareto Principle or the 80/20 rule. I like this because it applies just as equally to detailing as it does to anything else. It states that 80% of your customers take up 20% of your time, and 20% of your customers take up 80% of your time. When this is the case, obviously you want to minimize the 20% of clients who are eating up too much of your time and concentrate on your more cooperative clients who work well with you to get the job done. Or in other words, don't be afraid to get rid of bad customers. In the long run, you will save yourself not only time and money but also sanity.

Integrity

It's important to keep your integrity intact. I was speaking with a new staff member and told him that integrity and wisdom are essential

to success in this business. Integrity means that when you promise a customer something, you should keep that promise, even if it means losing money. He then asked me, "And what is wisdom?" I told him that wisdom is: "Don't make those kinds of promises." So, deal fairly and hold onto your integrity, even when times are tough—especially when times are tough. You can't put a price on trust. It builds your strongest business relationships.

Pricing

You will at times hear from clients who complain that your prices are too high and that they have received a lower price than yours. When you're new in the business, or desperate for work to keep your staff going, this can lead to you sharpening your bid pencil too much. You can't go buying jobs. It's never good business policy. So tell them to go ahead and give the job to the low bidder. I've had fabricators come back and say they'd prefer to give it to us because we do a better job. But guess what? That's why our price is higher. So, give a fair and honest price at the outset, and stick with it. Your business won't survive if you drop prices and start to buy jobs.

Motivating Staff

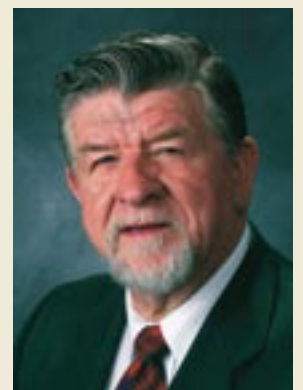
Every detailer out there knows they must produce accurate work at competitive prices, so what is it that makes the distinction between the "superior" detailer and the "average" detailer? A great staff. As I have already said, staff is your best asset and you must look after them, and they truly will go the extra mile for you when asked. There are various ways of keeping your staff happy and motivated. For instance, we hold weekly training sessions that are available on our office intranet. Every second Tuesday we have a live video conference with our various offices. We pay our staff competitive wages and pay annual bonuses when the company is doing well. When a staff member has been with the company for 20 years, we send them to Hawaii with their spouse. We have other benefits for each five-year anniversary after that.

Communication

In every successful company, good communication is vital. Staff has to work as a team both for the company and as part of the client's team.

I'd like to inject a personal opinion here: E-mails are great for recording facts. I couldn't live without mine. I'm all for it. And we've all been raised with the admonition "Get it in writing."

But here's the thing: Writing a letter is different from e-mail, which is instant and fast. Too fast at times. I have found that excessive use of



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e-mail leads to a good deal of miscommunication and misinterpretation. Words are one thing, tone is another. If an e-mail has been churned out quickly with little time to think, the recipient hears an edge that isn't there and just as quickly responds, and before you know it, smoke's rising and somebody's peeved with somebody. So encourage your staff to pick up the phone and call the client. Contents of the call can always be confirmed by e-mail later, but personal contact works best, saves time, and avoids potential misunderstandings.

Customers and Cash Flow

If you provide accurate work and delivery on time, your detailing company will make you money from repeat and satisfied customers. Collecting your money will prove to be one of your biggest challenges. Then it becomes really important to keep on top of your receivables. Phone regularly and chase your outstanding accounts. Don't let them sit. Don't let them drag out for weeks or months. Without adequate cash flow, the company can quickly fall into difficulties meeting payroll and paying bills. Because of the cyclical nature of our business, you should use prudence and put money aside in good times to carry you through the bad—for as we've seen, bad times will come.

Real Estate

Most of us here probably own our own home because we have learned that if you need a place to stay, you might as well own it. Use the same philosophy with your offices. I own four of the five offices I occupy in Canada. The buildings are generally larger than I need, and the additional tenants help pay the mortgage. This is also a good hedge for you in slow times. Other successful detailers that I know have also invested in real estate and have been well rewarded. (In fact, this may be the answer to the original question of how to get rich being a detailer: Invest in real estate!) But it would be wise to keep your real estate companies separate from the operating companies so that if you want to divest yourself of your real estate, it doesn't affect the operating company and vice versa.

Continuing Education

In 1983, I took some time out from my business to obtain an MBA. Some of the courses, of course, were great theoretically but if applied, truthfully, wouldn't have helped me much. But I did find courses on economics, accounting, strategic planning, and interpersonal behavior that were all really useful in running a business. They gave me a new

perspective on how I could improve my bottom line. So another key to success is to keep on learning.

Diversification

It's a good idea not to put all your eggs in one basket. Good detailing companies have gone out of business because they concentrated on one major client and when that client fell into difficulties, the detailer fell with him. You should be prepared to detail any kind of project. During the bad recession in the early 1980s, though not steel, one of the best jobs we had was detailing the concrete guide-way beams for Vancouver's Advanced Light Transit System (ALRT). It kept us alive through a very difficult time. We have also detailed laminated timber beams for houses in Japan and for a university in British Columbia. So be prepared for everything, and diversify.

Add Value

To keep ahead, a detailing company should also try to offer added value to their projects. As well as providing accurate drawings on time, we provide clients with CNC files, FabTrol files, and numerous other files that we can extract from our 3D model. We do connection design and also use net meeting and WebEx for direct communication and where possible, video conferencing. We have been using 3D software since the early 1980s. We have become experts in building information modeling (BIM) and regularly assist in preconstruction events. This enables us to work closely with the engineer of record and the contractor to solve the problems at the design stage. Sometimes, in addition to completing the BIM model, we are called on to detail the project before it goes to tender. By pre-detailing a job, much of the risk of incomplete drawings and lack of information is removed, and this enables the owner to get a better price for his project. And this allows you to work on all types of projects anywhere in the world.

Growth

The size of a company also has a bearing on its success. My company, Dowco, currently employs 260. A larger staff allows for flexibility and lets you work on several large projects at the same time, so aim for steady growth. Too fast could make you stumble though, so make sure your finances are in place to handle any expansion. Slow and steady is good. **MSC**