

SolomonCoyle

Dealer Project Management

Team-Talk Nashville 2008
Thursday, March 27, 2008 | 9:00 AM

Presenter:
David Solomon
Solomon Coyle LLC

Furniture
Dealership
Development

SolomonCoyle

History

- 1958 PERT (program evaluation and review technique) used for Polaris missile submarine program
- Critical path method (CPM) invented by DuPont about the same time

Furniture Dealership Development 4
3/27/2008

SolomonCoyle

Road Map

The Project Management Process

Principles of project management Managing the project Managing the contract

Role at the dealership Managing the client

Furniture Dealership Development 2
3/27/2008

SolomonCoyle

Definition

- Distinguished from general management by:
 - Variation on normal organizational structure (horizontal responsibility within a vertically organized firm)
 - Short term goals i.e., a project with a beginning and end
 - Systematic approach (plan-organize-control, etc.)
 - Single person integrated responsibility
- Core Issues That Define the Job:
 - Singular, integrative holistic responsibility for the implementation of a specific project/sale
 - Responsibility for complete customer satisfaction as well as internal project profitability
 - Results through structured management, i.e., analysis, planning, monitoring, etc.)
 - Application of sophisticated technical expertise (product, process, industry, etc.) to ensure results

Furniture Dealership Development 5
3/27/2008

SolomonCoyle

Principles of Project Management

Furniture
Dealership
Development

SolomonCoyle

PM Techniques

- Squeezing - The Process of Controlling Information:
 - Finalizing project parameters (vague to precise)
 - Collecting information (incomplete to complete, late to early)
 - Establishing project control (loose to tight)
- Room to Maneuver - Allowing "Room" to Make Adjustments
 - Extra time in the schedule
 - Man power loading more heavily in the beginning of a project
 - Having some weekends/nights planning for work in case the project gets behind
- Prototype Comparison
 - Contract furniture projects have lots of similarities
 - Most analysis/planning is comparing a project against the prototype, not making new plans for each project

Furniture Dealership Development 6
3/27/2008

PM Techniques SolomonCoyle

- **Containment**
 - A Plan is Just a Road Map, Not an Ideal to be Executed Perfectly
 - A Key to Good Project Management is to Contain the Potential Variables/High Risks Within a Reasonable Range
- **Anticipation**
 - The Ability to Visualize What May Happen
 - Integrated Visualization: The Ability to See the Entire Scope of Work of a Project From Any Point Within the Project
- **Management by Influence**
 - Most of the third parties that can determine the outcome of an installation are not under the control of the dealer project manager
 - Control comes from influencing those parties, not managing them
- **Never Assume!**

Imagine Dealer Development 7 3/27/2008

Types of Project Mgmt SolomonCoyle

- Three types of project management
 - Transaction
 - Installation coordination
 - Project management
- Don't use the PM to do things others should be doing
- Get the PM in early (during sale) on major jobs
- PM should know software and order implementation process

Imagine Dealer Development 10 3/27/2008

Project Management
Role at the Dealership

SolomonCoyle

Furniture Dealership Development

Jobs Variations SolomonCoyle

- **Account Manager**
 - In charge of entire account; manages projects and all orders
- **Project Manager**
 - Involved from before quote through job close-out
 - Some are more involved with specifications and order management than others
- **Installation Coordinator**
 - Oversees installation, but starts after order is entered
- **Project Coordinator**
 - High level customer service representative/sales assistant who also manages jobs through installation and close-out

Imagine Dealer Development 11 3/27/2008

Value to the Dealer SolomonCoyle

- All Jobs Managed by Someone
- Why a Specialist?
- **Cost Savings/Minimizing Margin Erosion**
 - Fewer wasted internal resources
 - Better control over scope of work
 - More efficient installation
 - Fewer product errors
 - Change orders paid for

Imagine Dealer Development 9 3/27/2008

Job Description SolomonCoyle

Single point of contact, and integrative responsibility, for all aspects of assigned contract furniture projects, from inception of project to final close-out and invoicing. Responsible for entire business transaction for each project.

- Customer/Account Servicing
- Project Planning, Coordination & Management
- Project Administration
- Project Implementation
 - Planning & Order Implementation
 - Order Management
 - Installation
 - Punch, Invoicing & Project Close-out
- Contract Furniture/Technical Skills

Imagine Dealer Development 12 3/27/2008

Organizational Structure

- Who do They Report to And Which is Best
 - Mandated or voluntary for sales
 - WD&I
 - Management
 - Sales

13
3/27/2008

Selling PM Services

- Different Ways to Sell Project Mgmt
 - Bundled in overall sale
 - Unbundled as professional service
 - Should always be sold on reconfigurations
 - Often hidden in WD&I cost/sell
- Pricing PM Services
 - Similar to design with \$35-\$45 per hour cost (salary ranges from \$36k to \$75k, depending on market)
 - Sell for \$55-\$75 per hour (1/4 to 1 1/2 hrs per station)

16
3/27/2008

Organizational Structure

- How Many Project Managers do You Need?
 - Average staffing ratio for PM's
 - OFDA = one PM for every \$6 million in sales volume
 - Contract = one PM for every \$7-\$8 million in sales volume
 - Contract = ranges from one for every \$4 million in sales to one for every \$12-\$15 million in sales
 - Number varies with role
 - Some combine PM and AM role
 - Some combine PM and CSR role
 - Some only use PM on major projects

14
3/27/2008

The Project Management Process
Managing the Project

Furniture Dealership Development

Selling PM Services

- Project Management is a Professional Service
- Client Value
 - Less effort and less coordination by customer
 - One point of contact - easier communication with dealer
 - More efficiency for associated trades (cabling, electrical, etc.)

15
3/27/2008

Analysis & Planning

- Understanding the Full Scope of Work
 - Design solution, order management, installation
 - Site and project conditions
- Analysis & Planning
 - Without analysis & planning, project management is really crisis management!
- Installation is the end result
 - Installation Analysis
 - A determination of the workload, in man hours, required to install all the product, based on its physical attributes
 - A determination of the installer's ability to install as efficiently as possible given non-product related constraints and issues

18
3/27/2008

Quote-to-Invoice Process

What is it?
Quote Development + Order Management + Invoicing/Payables + Corrective Actions

Why is it important?
40% (or more) of dealer core expense
Dealer works twice as hard today for same sales dollars

What are the key processes?
Pre-Order
Order Management
Order Close-Out

Imagine Dealer Development 19 3/27/2008

Logistics

- One half to two thirds of installation is material handling!
- Sequencing product is critical to an efficient installation
- Managing trailer deliveries
 - By product type, arriving just as product is needed (no congestion)
 - Working with installer and manufacturer to develop sequence
- What to watch out for

Imagine Dealer Development 22 3/27/2008

A Complicated Process

- Complex product lines
- Myriad details
- Many departments involved
- No central oversight

Imagine Dealer Development 20 3/27/2008

Working with Other Parties

Contractor	Trucking Company	Building Manager
Electrician	Cabling Firm	Manufacturer
A&D Firm	Elevator Operator	Building Department
Client Group's	Parking Depart	Project Mgmt Group
Sub-trades	Installer	Real Estate Mgmt Group

Imagine Dealer Development 23 3/27/2008

Pre-Order Process

SALES	DESIGN	Project Mgmt
<ul style="list-style-type: none"> Client needs Field measurements Specifications Sales Order info Design/Service info Pricing 	<ul style="list-style-type: none"> Programming Field measurements Develop solution Layout and specs Pricing Install drawings 	<ul style="list-style-type: none"> Reviewing Scope of Work Pricing or Reviewing WD&I Services Reviewing Plans for Project Scope and Product Application

Imagine Dealer Development 21 3/27/2008

Managing Change

Poor Execution

Managing Change

- Evaluate impact on project
- Estimate resources and materials
- Document cost of change for the customer
- Require customer approval
- Communicate changes to project team

change // change to scope of work that is made after the order is booked

Imagine Dealer Development 24 3/27/2008

Field Execution

Poor Execution

Field Execution

- Buy "smart"
- Manage labor
- Document field changes
- Solve discrepancies proactively
- Take corrective action proactively
- Communicate!

Imaging: D-111 Development 25 3/27/2008

Work Order Process Issues

- Scope of work understated and/or not enough detail
- Inaccurate site conditions
- Poor field measurements
- Last minute scheduling
- Incomplete work order packet
- Ineffective product delivery sequence

Imaging: D-111 Development 28 3/27/2008

Order Management

Transactional and linear

SALES ORDER

ORDER MANAGEMENT

WORK ORDER

Informative and iterative

Imaging: D-111 Development 26 3/27/2008

Error Management

Pre-Order	Order Management	Order Close-Out
<ul style="list-style-type: none"> Quality of sales order worksheet Specification double-check Field measurements Site conditions Close analysis of customer needs 	<ul style="list-style-type: none"> Review before order Acknowledgment check Backlog review Matching payables 	<ul style="list-style-type: none"> Corrective actions Clear field paperwork Documented change orders Follow-up with customer after the installation

Imaging: D-111 Development 29 3/27/2008

The Work Order Process

THE WORK ORDER PROCESS

RFQ

QUOTE

WORK ORDER PACKET

SOFT SCHEDULING

FIELD PACKET

FIELD PAPERWORK/COMMUNICATION

Imaging: D-111 Development 27 3/27/2008

Installation

- The End Result of a Typical Contract Furniture Sale
- Today is 10%-12% of Cost to Client (Double from 10 Years Ago)
- Half to Two-Thirds of Installation Time/Cost is Material Handling
- Installations are Custom Priced Locally, unlike Furniture that is Priced by the Manufacturer (list pricing)

Imaging: D-111 Development 30 3/27/2008

SolomonCoyle

The Project Management Process

Managing the Client

Furniture Dealership Development

SolomonCoyle

Managing the Client

Managing the Customer

Initial Project Meeting

- Introduction/project overview
- Identify and prioritize objectives
- Identify roles and responsibilities
- Review project approach
- Review assumptions and constraints
- Identify risks and agree upon resolution
- Agree upon change process
- Identify customer success factors
- Document in writing

Furniture Dealership Development 34 3/27/2008

SolomonCoyle

Managing the Client

- Getting Decisions Made
 - Client decisions impact the scope of work
 - Clients don't always make the right decisions or make decisions in a timely manner
 - Client expectations color their view of the scope of work - establishing clear expectations is essential
 - Always define why a decision is needed and what the consequences will be if not done timely (i.e., delay of order, increased installation cost, etc.)

Furniture Dealership Development 32 3/27/2008

SolomonCoyle

The Project Management Process

Managing the Contract

Furniture Dealership Development

SolomonCoyle

Managing the Client

Poor Contract Mgmt

Managing the Customer

- Set customer expectations
- Establish roles and responsibilities
- Communicate! – project team meetings, care in doing hand-offs between depts
- Document! – e-mail, business system, meeting notes
- Help the customer make decisions

Furniture Dealership Development 31 3/27/2008

SolomonCoyle

Managing the Contract

Poor Contract Management

- Managing Scope of Work
- Managing T&C
- Managing the Project
- Managing Risk

Furniture Dealership Development 36 3/27/2008

Managing the Contract

Poor Contract Mgmt

Managing Scope of Work

- ▶ A furniture quote is not a blank check
- ▶ Set customer expectations
- ▶ Visit the site
- ▶ Determine exactly what needs to be done
 - New/reconfigured products?
 - According to what plan?
- ▶ Determine the performance conditions—project conditions, site conditions, construction

37
3/27/2008

Managing the Contract

Poor Contract Mgmt

Managing Risk

- ▶ Identify potential risk
- ▶ Determine mutually acceptable solutions
- ▶ Document!
- ▶ Potential for cost growth due to:
 - Scope of work changes
 - Construction not complete
 - Access to building
 - Obstructed access to elevators
 - Staging area
 - Access to power
 - Coordination with power/voice/data

40
3/27/2008

Managing the Contract

Poor Contract Mgmt

Managing T&C

- ▶ Every contract has T&Cs
- ▶ Protects both dealer and customer
- ▶ Can always be negotiated
- ▶ Require a signed document on any significant sale
- ▶ Areas covered by a good set of T&Cs
 - General conditions
 - Pricing/payment
 - Delivery/installation
 - Terms and conditions (legal)

38
3/27/2008

End of the Road

- Principles of project management
- Role at the dealership
- The Project Management Process:
 - Managing the project
 - Managing the client
 - Managing the contract

41
3/27/2008

Managing the Contract

Poor Contract Mgmt

Managing the Contract

- ▶ Describe consequences before trigger issues arise
- ▶ Pre-notify, re-notify, and then do change order

39
3/27/2008

Questions?

- Contact us with questions
 - David Solomon, dsolomon@solomoncoyle.com

42
3/27/2008

