

# PIPELINE

pipng systems inc.

COMMERCIAL/INDUSTRIAL/INSTITUTIONAL MECHANICAL CONTRACTORS

SUMMER 2010

## Why The Lowest Price Is Not Always The Best Price!

**Y**ou'll find that there are two kinds of construction companies—the Low Bidders and the Value Adders—and that there are no real “bargains.” The Low Bidders do anything they can to get the job, without regard to the necessity of providing quality workmanship or meeting schedules. The Value Adders, however, focus on understanding and meeting all of the customer's needs, with enough money budgeted to fulfill their expectations.

Doing everything they can to just get the job, without regard to the finished product, schedule or the customer's needs, characterizes the Low Bidder. Their jobs typically go like this:

- 1) They find cheap technicians (sometimes even paying them “under the table”);
- 2) They can't afford supervision of the work or continuity of the crews on the job;
- 3) They have no margin in the job to be able to take care of the real needs of the customer, leading to...
- 4) Change orders at unreasonable prices (they have to get enough money from somewhere!); and
- 5) The worst thing—Excuses!

Value Added contractors, on the other hand, are characterized by trying to determine the customer's real needs and devising a plan to solve their problems.

- 1) They are typically not the cheapest;
- 2) They use qualified technicians;
- 3) They give the project lots of attention and supervision to ensure the final product meets the owner's expectations;
- 4) They are reasonable and fair in their change order costs; and most important...
- 5) They are dependable and take responsibility for what

they do. They know that cheap prices have to come from somewhere and that somewhere is at the expense of service.

While competitive in price, the Value Adders are typically not the cheapest in town (as is neither your doctor nor your attorney). They do, however, differentiate themselves by taking full responsibility for what they sign up to do.

Recently, I attended an informational seminar for contractors on the state of the economy here in Massachusetts, and although there were some bright spots in certain industries, we all agreed that we have a long way to go. There is severe price pressure that will eventually weed out some companies that are

depending on cash flow from Job A to fund Job B. Its amazing how many contractors really do not know what their true costs are and bid for work that's below their costs without even knowing it. It eventually catches up to them and they become a casualty of the rotten economy.

Not long ago, we were asked to prepare a proposal for a project that involved installing a fire protection system for an addition to an existing building. The prices that the prospect received were substantially less than our bid. The prospect,

*continued on page 4*



*A welding retrofit completed for a manufacturing facility in Andover, Mass.*



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# The Importance Of Training

Training is important to the development of your staff and your organization's continued success. But training sessions are frequently met with boredom or skepticism by employees who see them as a waste of time. The trick to changing their minds—and getting more from training—lies in these suggestions:



- **Get input from the trainees.** Before you plan a training session, find out what employees think of the proposed training. What do they think they can get out of it? What would they like to accomplish?
- **Explain how the training will help them do their job better.** Make sure they see how the training will let them become more effective, and how it will benefit them personally and professionally.
- **Emphasize that training is meant to improve skills.** Sometimes employees interpret training as a message that

they're not good at something. Acknowledge what people already do well, and shift the focus to what they can do even better.

- **Be an active participant.** Don't just observe. Take part in training. This way, you reaffirm the message that everyone can benefit from the training.

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# Women Are Outpacing Men In The Workplace

Women are close to outnumbering men in the workplace these days. In June 2009, women held 49.83% of the country's 132 million jobs, according to the Bureau of Labor Statistics, and their numbers are growing in the few sectors of the economy that are expanding.

In health care, for example, women have accounted for 79% of jobs gained (4.52 million), whereas men represent just 1.18 million new jobs; in government, women hold 94% of jobs created (1.76 million), and men account for 12,000 new jobs.

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# Winning People Over To Welcome Change

You've got a great proposal to make your workplace more efficient and effective. But getting your co-workers' support is going to be tough. Here are a few rules that'll smooth the way:

- **Know the sticking points.** Never walk into a presentation without considering which issues will come up. Try to anticipate others' concerns and reactions, and draw up a game plan to handle them.
- **Focus on the issues.** Don't take objections personally. Stick to the issues and your goals.
- **Gain understanding.** Listen carefully to get to the bottom of objections and differences of opinion so you can move toward resolving the issues.
- **Ask for help.** Seek the advice of mentors and people you respect. You'll need the backup when you face resistance from colleagues.
- **Choose your battles.** Remember that not all issues carry the same weight or importance. Select your battles, so you put your energies into the ones that count.

# Make A Strong Impression At Work

People develop their opinion of you within a few minutes of your first meeting, and much of that impression is based on your body language. If you want to be seen as a leader right away, show that you mean business in a firm and friendly way:

- **Flash a brow.** Raise your eyebrows briefly upon meeting someone. It's a subtle, powerful signal that conveys a positive impression, and it takes just one-fifth of a second.
- **Make eye contact.** Eye contact sends the signal that you're interested in what other people are saying. Just be careful not to cross the line and stare, as that would make you seem confrontational.
- **Return handshakes appropriately.** Apply the same pressure offered by the other person. Keep in mind that a limp handshake signals a wimpy image, and a crushing grip seems overly aggressive.
- **Stand tall.** Good posture says you're self-assured and trustworthy.

*Keep in mind that a limp handshake signals a wimpy image, and a crushing grip seems overly aggressive.*



SPEED BUMP

Dave Coverly





Who was the first American to travel to space twice?

## What Do You Know?

- 1) A *farrier* specializes in which aspect of horse care?
  - a) teeth/mouth
  - b) hair/hide
  - c) hooves/shoes
  - d) knees/legs
- 2) Who was the first American to travel to space *twice*?
  - a) Virgil "Gus" Grissom
  - b) John Glenn
  - c) Charles Conrad
  - d) Alan Shepard, Jr.
- 3) According to several sources, which of these pizza toppings is by far America's most popular?
  - a) pepperoni
  - b) mushrooms
  - c) sausage
  - d) hamburger
- 4) In the U.K. and Australia, *biro* is a brand-name-turned-generic-name for which of the following devices?
  - a) photocopier
  - b) ballpoint pen
  - c) disposable razor
  - d) space heater
- 5) Which of these computer-related corporations is *not* part of the Dow Jones Industrial Average?
  - a) Hewlett-Packard
  - b) Microsoft
  - c) IBM
  - d) Apple

**Answers:** 1) c 2) a (Tragically, he died during a 1967 test of the Apollo craft prior to a third journey.) 3) a 4) b (Named after inventor Laszlo Biro.) 5) d

## Shoot For Stardom At Work

Being part of a team at the workplace doesn't mean you can't stand out from your peers. To become a star, focus on the process, not the results. Here are some suggestions:

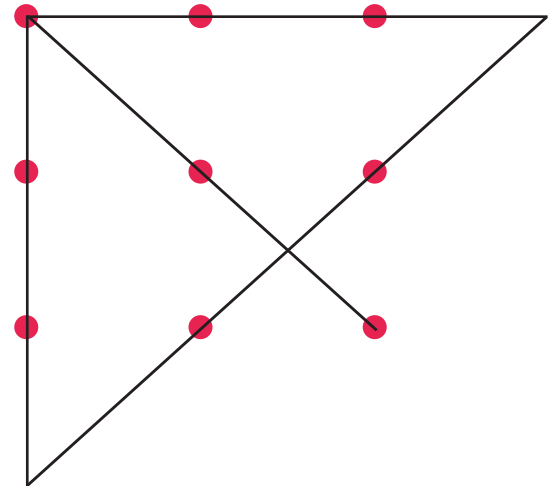
- **Stay on top of your industry.** Spending just 15 to 20 minutes per day doing some research on your business and industry will keep you more up to date than most of your peers.
- **Find out how you can be more valuable.** Ask managers how you can contribute more. You may get a chance to work on innovative projects that help the company achieve its goals.
- **Take up the tough assignments.** Volunteer for jobs others don't want to tackle. Your team peers will appreciate it—and the boss will notice, too.
- **Lend your colleagues a hand.** When others are struggling to get their work done, offer to help them. But don't take on too much; you don't want to get distracted from your own work.
- **Give others credit.** Don't hog the glory. Acknowledge the help you receive from your co-workers, and they'll be more willing to support you in the future.
- **Be patient.** Becoming a star won't happen overnight. If you expect too much too soon, you'll just set yourself up for disappointment. Keep a sense of perspective about getting ahead.

## Thinking Outside Of The Box

"Think outside the box" has become a cliché. People have used the term to describe creative, innovative thinking, and its value is clear: Sometimes we have to throw away all our preconceptions and look for new approaches instead of repeating the same old strategies.

But where did the phrase come from? Although its origin is uncertain, it seems to spring from a simple puzzle popularized by management consultants in the late 1960s. In the puzzle, nine dots are arranged in three rows of three. The challenge is to connect all the dots with four lines while not lifting one's pen or pencil off the paper.

The problem seems insoluble at first glance, because most people instinctively stay within the confines of the "box"—the square created by the nine dots. Only by drawing a line beyond the area of the square can one solve the puzzle. You have to go outside the box.



## Useful Sites

- **Free Wi-Fi:** Thousands of public places in the U.S. that provide free wireless Internet access - [www.wififreespot.com](http://www.wififreespot.com)
- **Free how-to videos:** Links to more than 1,700 online videos on everything from toning your abs to propagating irises to mixing drinks - [www.wonderhowto.com](http://www.wonderhowto.com)
- **How many of there are you?** Find out the number of people in the U.S. that have the same first and last names - [www.census-online.us](http://www.census-online.us)

—from *BottomLine/Personal*

## Fact:

The Great Barrier Reef is not a single living organism, but rather a system of about 900 islands and more than 3,000 coral reefs. According to *Barron's*, in 2004 the Great Barrier Reef Marine Park became the largest protected sea area in the world.

# The Best Price... *continued from page 1*

who happened to be a customer, was nice enough to call us and let us know about the large spread between prices. We double-checked our bid and did find a mathematical error; however, it still wasn't enough to be close to the other bid.

In these economic times, it is tough to let a job go, especially one involving a customer. In the short run, the customer is getting a cheap job, but in the long run, I've let my down my team members—the vendors and all our other associates—if we start playing the pricing game. We told the customer to be aware of certain things we take for granted: licensing of personnel doing the project, adequate insurance, safety programs and a complete understanding of the scope of the project.

Now, I'm not pretending that we are the cheapest around. We usually end up in the middle—not too high, not too low—when we're talking simply price. We usually end up on the high end, though, with our responsiveness to customer needs and quality of the installation. Because our business is people-driven, sometimes we make mistakes; individuals are not perfect. However, although we don't get it right 100% of the time, we always try to be the best.

We invest heavily in our safety program and our safety record reflects that. Our workers' comp Experience Modification Rate (EMR) is down to .93 and has steadily been going down over the last five years. (The average industry EMR is 1.0.) This is a result of our safety record and low incident rate. We also invest in training for all of our team members. We maintain an apprenticeship program in both Pipefitting and Fire Protection. All our lead technicians hold at least a journeyman's license in their respective trades. Many hold trade licenses in multiple disciplines.

Our firm was founded in 1971, almost 40 years ago. I would venture to say that we must be doing something right. Call us today at 508-644-2221 to let us help you with your piping needs. Visit our website at [www.PipingSystemsInc.com](http://www.PipingSystemsInc.com). We look forward to hearing from you.



## Rules to Remember When Buying Construction Services

- Be prepared to accept **minimum quality** when you deal with the lowest bidder.
- You will usually get a **higher quality** job if you choose your contractor based on confidence, trust and relationship...not just low price.
- The lowest price doesn't necessarily translate to the **best price**.
- **All contractors are not equal.** Some are much better than others. The best ones usually make a higher profit margin and they should—they deliver a better completed project!



**We're doing our part.** This newsletter is printed on environmentally-friendly paper—50% recycled, using 25% post-consumer waste, and is composed of a mixture of fibers from certified forests, post-consumer recycling processes and fibers from other controlled sources.

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