



BUSINESS
MANAGEMENT
SOFTWARE



MAXIMIZE PROFITS BY ELIMINATING WASTE

EPISODE 4

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Healthy profits & rewarding wages don't come from high prices or superhero staff...

THE SECRET IS IN ELIMINATING WASTE

(Time spent without generating revenue)



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TEACH THE REAL COST OF WASTE



SCENARIO

Your crew gets to site, and realize they need a tool or some materials. The foreman returns to the shop to get one.

QUESTION

What did the mistake cost?

REAL COST OF WASTE

Crew Lead Wages

Time lost returning to shop



2H

\$40.00

Crew Wages

Slowed productivity unsupervised



2H

\$34.00

Fuel

Fuel costs returning to shop



2H

\$10.00

Lost Opportunity!

Fuel costs returning to shop



4H

\$400.00

REAL COST OF WASTE

\$484.00

The real cost of the forgotten tool.
It would have been cheaper to have a covered trailer to carry what you forgot!

REAL COST OF WASTE

\$100/MAN HR

Avg Opportunity Cost/Hr
Construction/Install

\$58/MAN HR

Avg Opportunity Cost/Hr
Grounds Maintenance

BY THE MINUTE....

\$1.66/MINUTE

Avg Opportunity Cost/min
Construction/Install

\$1.00/MINUTE

Avg Opportunity Cost/min
Grounds Maintenance

COMPANY CAPACITY CALCULATOR

Labor

Billable Rate/hr X # of Field Hours/yr

Equipment

Equipment Costs + Overhead + Profit

Materials

Material Costs + Overhead + Profit

Subs & Rentals

Subs + Rentals + Overhead + Profit





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IDENTIFYING THE 9 WASTES



FORMS LIBRARY - LEAN PRODUCTION PROCEDURES



Waste Identification Procedures

Used to train staff and watch/monitor work processes and relate observed waste back to the 9 wastes.



5S System

Used to train staff to identify waste independently and creates a framework to systematically eliminate waste using an audit system to maintain order.

WASTE 1 – WAITING

Whenever progress is delayed because a job component wasn't ready.

EXAMPLES OF WAITING

- For instructions at start of day
- For trucks to be loaded
- For fueling
- For material deliveries
- For other workers to complete a task
- For information from the field or office
- For paperwork
- For late employees



WASTE 2 – MOVEMENT

The unnecessary or extra movement of people, equipment or materials.

EXAMPLES OF MOVEMENT

- Poor work area preparation
- Moving materials out of the way (poor staging/order of operations)
- Moving material by hand instead of equipment
- Poor/untrained work procedures
- Searching through disorganized trailers
- Searching through disorganized shop/yard
- Daily trailer load/unload (versus well-stocked, organized trailers)



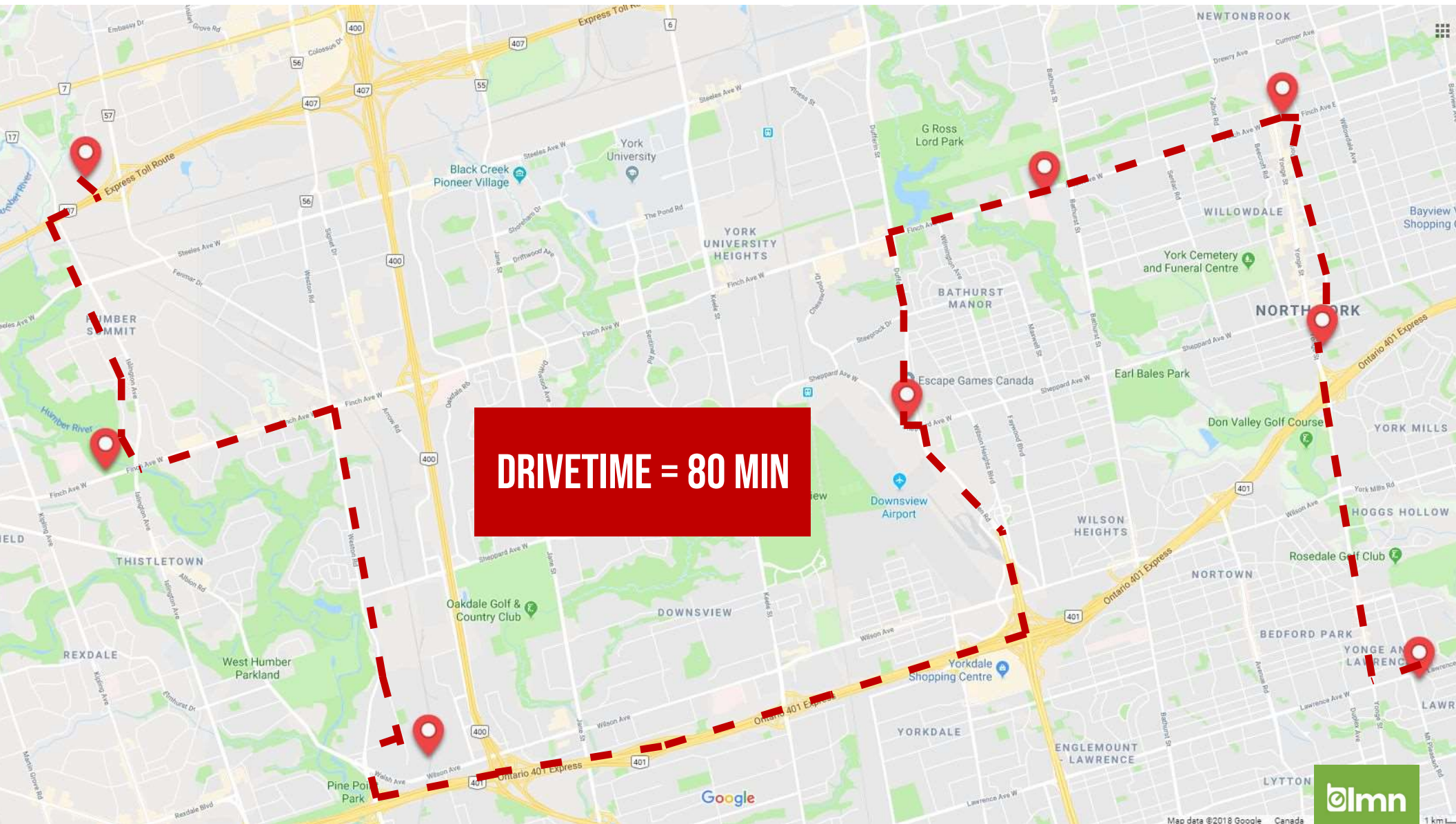
WASTE 3 – TRANSPORTATION

Unnecessary transporting of labor, materials or equipment that results in added time and cost.

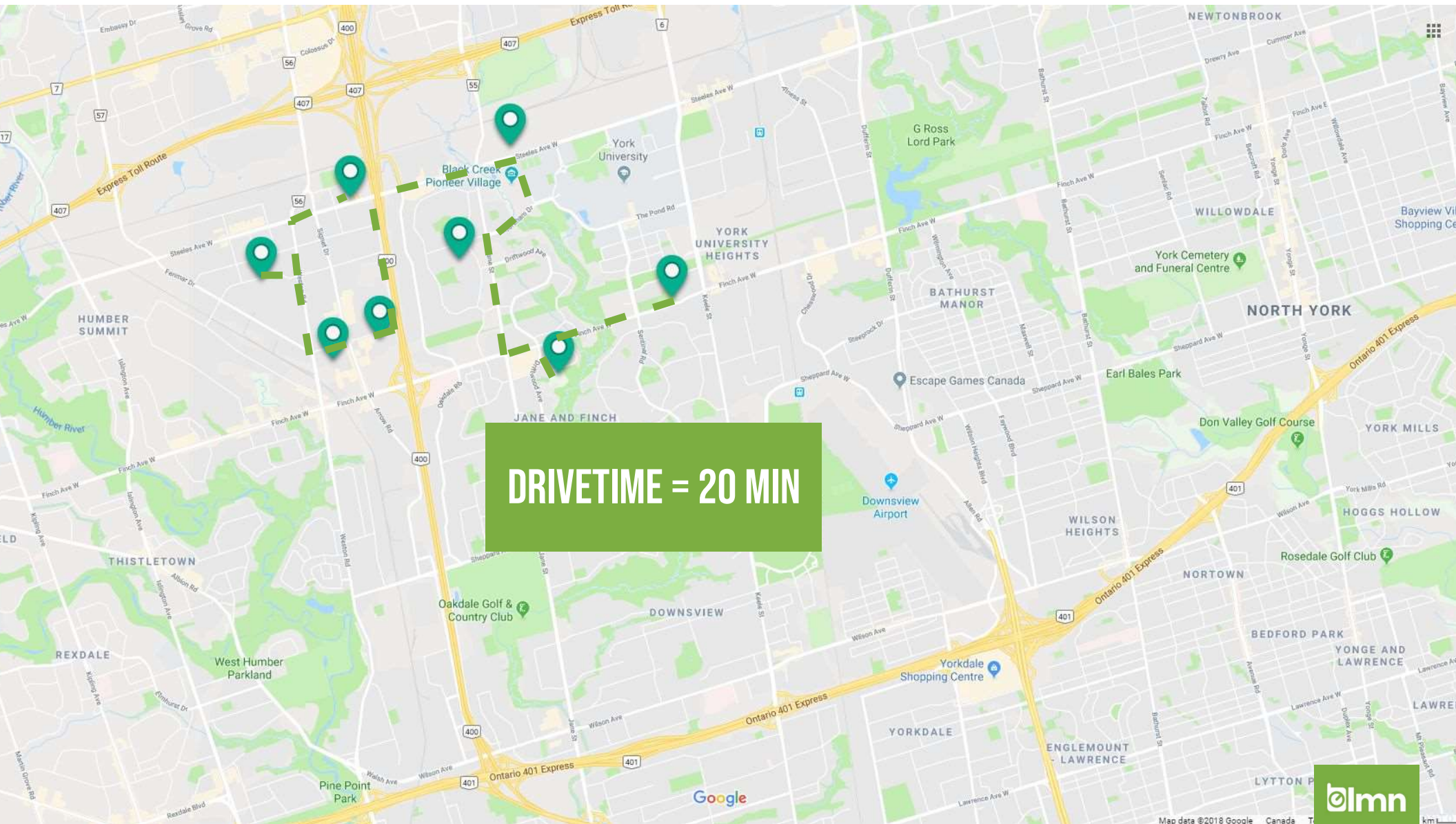
EXAMPLES OF TRANSPORTATION

- Big routes, sites far apart
- Drivers making up own routes
- Using employees, not vendors to deliver materials
- Small trucks doing lots of runs instead of big trucks doing few runs
- Sharing equipment – moving it from site to site
- Disposing of yard waste when it could be contracted
- No inventoried materials at shop
- Lack of versatile equipment





DRIVETIME = 80 MIN



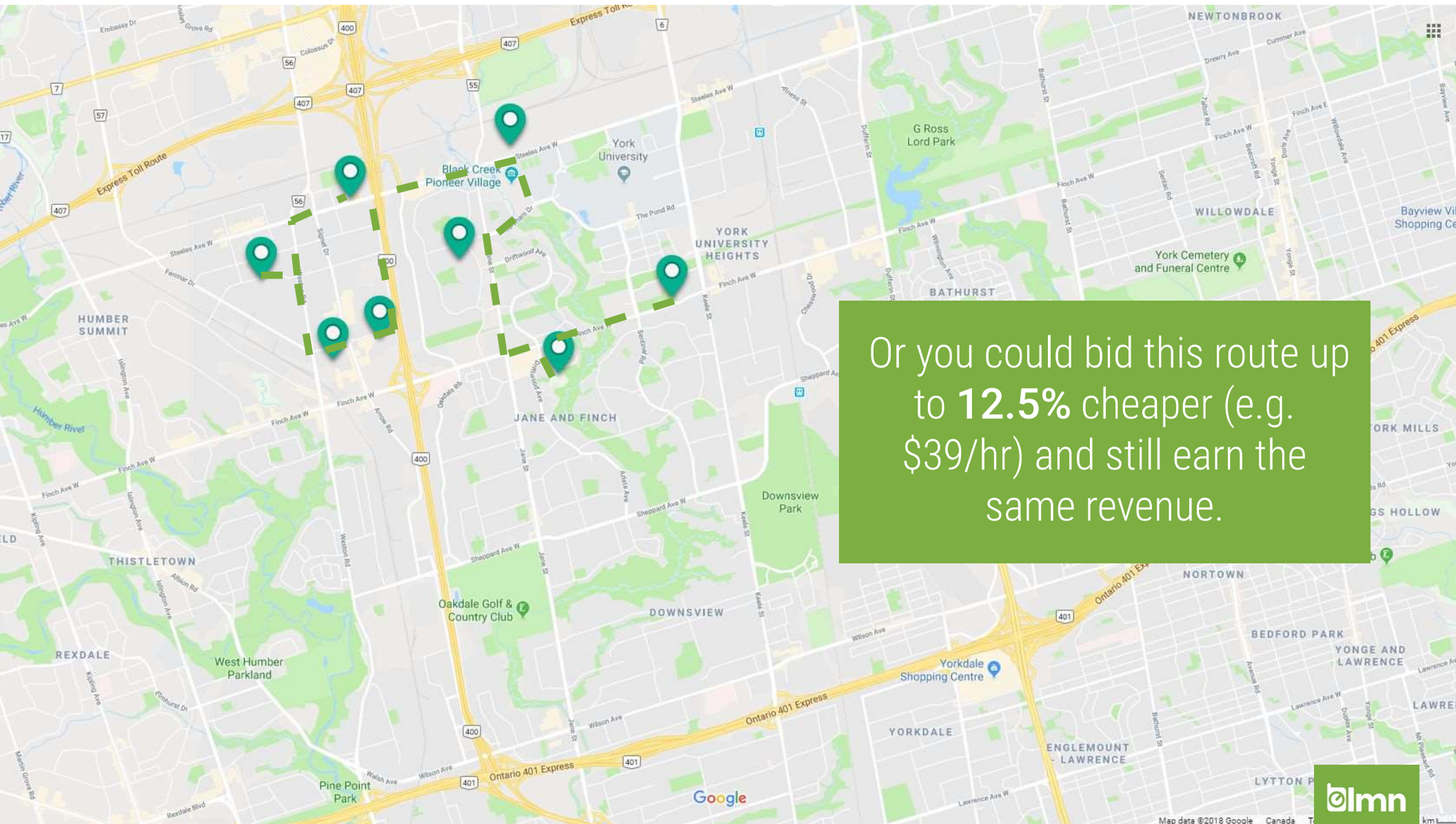
DRIVETIME = 20 MIN

IMPACT OF TIGHT ROUTES

3 person crew	Drive time	Man hrs lost/day	Revenue lost/day	Revenue lost/year
Distant Route	80 min	4hr	\$220	\$35,200
Average Route	45 min	2.25hr	\$125	\$20,000
Tight Route	20 min	1hr	\$55	\$8,800

A tight route can add \$26,400 in revenue!

With 5 crews, that's \$132,000/year!



Or you could bid this route up to **12.5%** cheaper (e.g. \$39/hr) and still earn the same revenue.

HOW DO WE INCREASE ROUTE DENSITY?

Look at current client map...

- Measure nearby targets online
- Use prod rates to estimate faster
- Review site to confirm
- Make contact & begin sales process
- Present to client



WASTE 4 – OVERPRODUCTION

Doing more work than is required to fulfill the scope of the job.

EXAMPLES OF OVERPRODUCTION

- Applying too much material (mulch, fertilizer, salt)
- Cutting/plowing areas outside scope
- Delivering too much material to site
- Digging too deep
- Working around/over work that's already finished
- Providing more service than the customer is willing to pay for (e.g. too high standard on maintenance, too much fine detail on stone/woodwork)



ELIMINATING OVERPRODUCTION

1

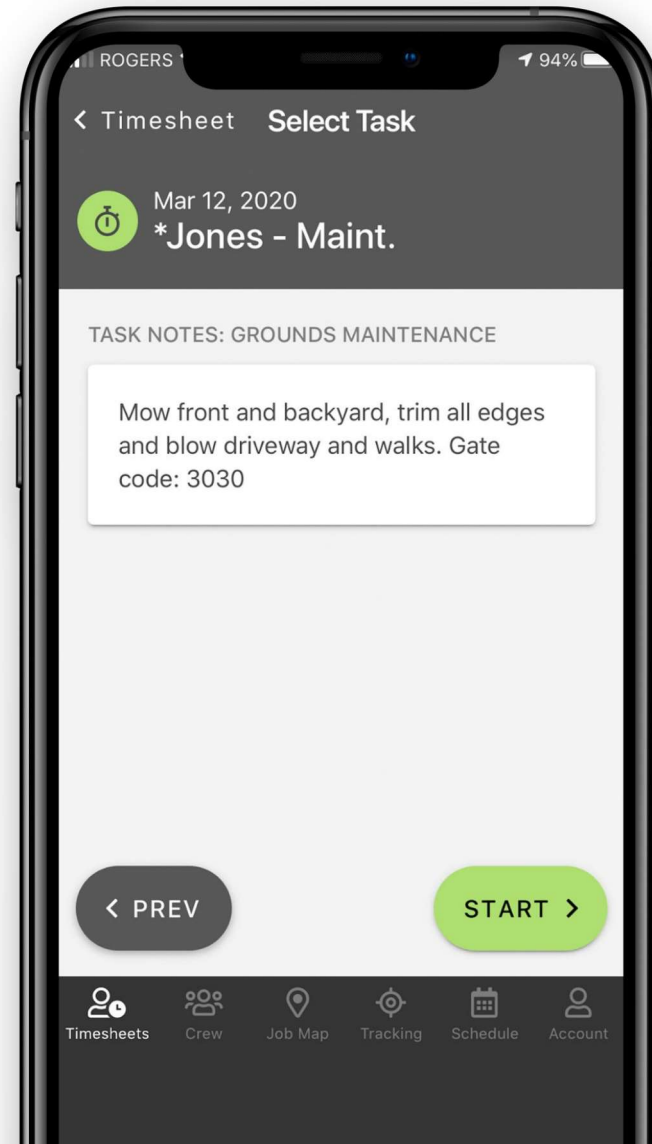
Awareness

- estimated vs. actual hours
- clarify scope of work with maps, drawings, written procedures

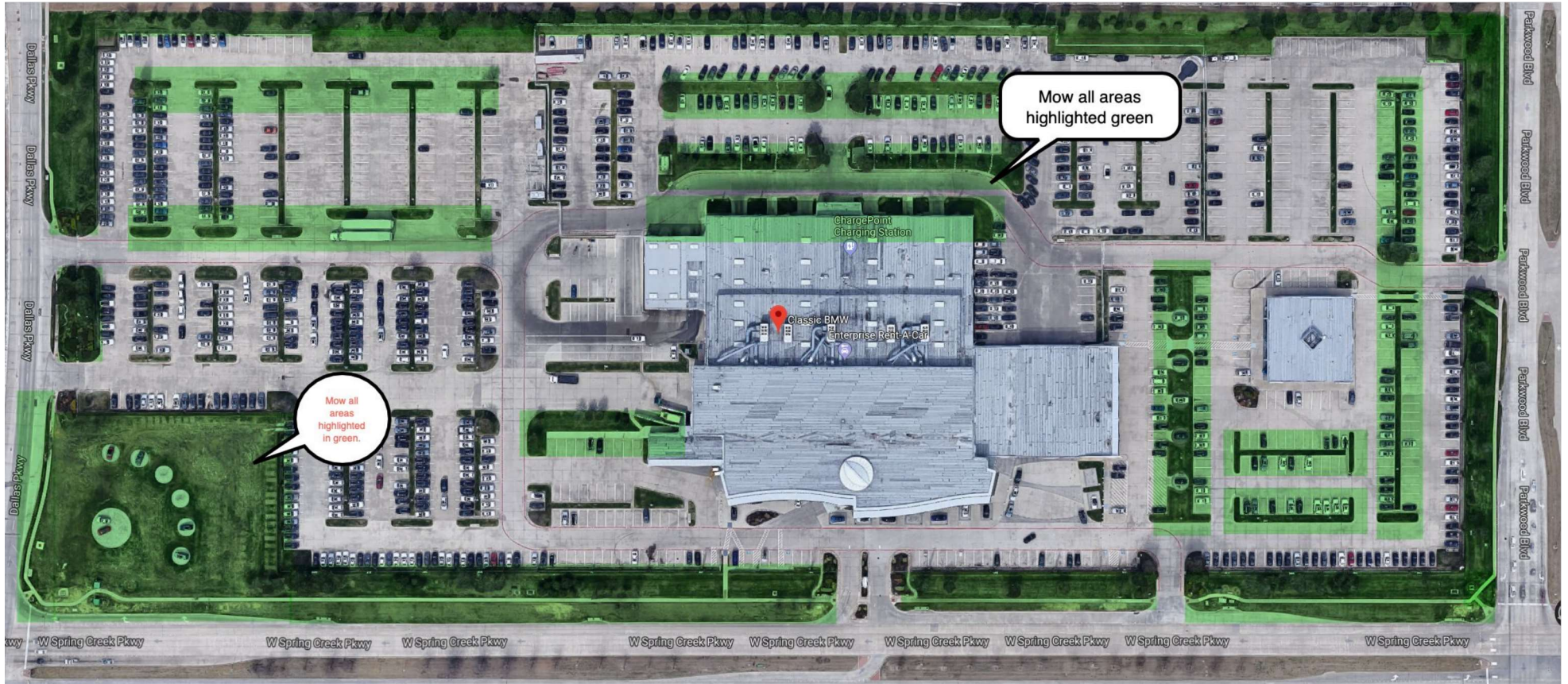
2

Bridge the Skills gap(s)

- Identify need for skills training
- Identify need for hiring or subcontractors



MOBILE SITE MAPS FOR MAINTENANCE & SNOW



WASTE 5 – OVER PROCESSING

Overly complicated, unnecessary or the duplication of systems and processes.

EXAMPLES OF PROCESSING

- Redundant or unused paperwork
- Double-entry of data
- Complicated tracking of information
- Estimates/job costing that track too much detail
- Inspection of work (done too late)
- Too many managers involved in project delivery



STREAMLINE PAPERWORK

1

Payroll & Daily Notes

Automate payroll, eliminate mistakes, eliminate data entry

2

GPS Tracking

Verify crew locations, improve service and confidence

3

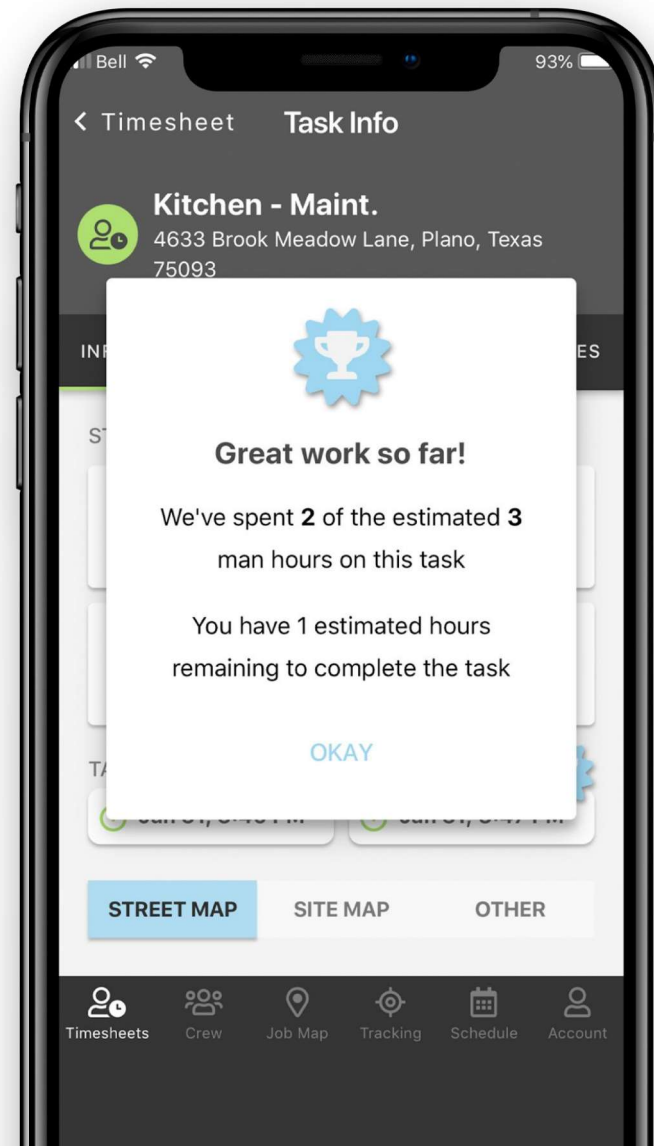
Customer Billing & Job Costing

Sync to QuickBooks for instant, accurate invoices & job costing

4

Live Estimated vs. Actual Hrs

Impossible to accomplish with paperwork



RETURN ON INVESTMENT (ROI)

IMPACT OF LMN FIELD APP - \$750K COMPANY

33H 40M

Office Hours Saved
Per Month

\$1830.00

Wages Saved 'Rounding'
Per Month

PRICELESS

Live Job Scoreboards
Better Communication
Better Accountability
Reduce Billing Errors
Faster Accounts Receivable

WASTE 6 – INVENTORY

Buying or producing too much material or mismanagement of stock materials.

EXAMPLES OF INVENTORY

- Inventory not organized or accessible
- Inventory that no one uses or knows exists
- Plants ordered to yard that die
- Plants ordered to yard that require constant care
- Mortar/concrete bags that get wet
- Too much salt left after winter
- Extra stone/pavers kept for years
- Broken tools not thrown out
- Spare parts for equipment no longer owned



WASTE 7 – DEFECTIVE WORK

Work ‘completed’ with defects or that requires re-work or warranty to correct.

EXAMPLES OF DEFECTIVE WORK

- Not installing to specifications
- Layout mistakes
- Grading mistakes
- Incorrect materials for job
- Incorrect types of materials (colors, styles)
- Ignoring potential problems
- Scalping grass/turf
- Missing areas (cutting & plowing)
- Over-fertilizing or Over-salting



WASTE 8 – UNUSED CREATIVITY

Ignoring suggestions/advice or ideas from the people who carry out the work.

EXAMPLES OF UNUSED CREATIVITY

- Not having crew meetings
- Not having company meetings
- Not networking with peers in the industry
- Failing to train staff
- Underestimating staff



WASTE 9 – RESISTING CHANGE

Not committing to take action to change what's familiar.

EXAMPLES OF UNUSED CREATIVITY

- Allowing staff to resist change; sabotaging the change for the company
- Resisting technology
- Not seeking out new equipment, tools, attachments
- Ignoring new products/materials
- Not enrolling in continuous education



HOW TO FIX RESISTING CHANGE

- Hold employees accountable for failing to follow new systems & procedures
- Have the strength to part ways with employees who are unwilling to change
- Document new systems and procedures so people can't claim ignorance
- Keep up on education – send staff for education.
- Embrace technology – it's like heavy equipment for the office
- Base decisions on facts and numbers instead of gut instincts



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THE 5S WORKPLACE ORGANIZATION PROCEDURE



WHAT IS 5S?

5S is a **system** for organizing your worksites – like a shop, a trailer, your office, or even a jobsite.

WHAT DOES 5S STAND FOR?

1. Sort
2. Set in Order
3. Shine
4. Standardize
5. Sustain



WHY IMPLEMENT 5S?

Implementing 5S across the organization will:

- Reduce wasted time
- Improve productivity
- Improve quality
- Enhance company image
- Increase profit

THE 5S SYSTEM

Step 1 – Sort

- Clearly distinguish **needed items** from **unneeded items** and eliminate the latter. Sort means that you remove or relocate anything that's not needed for current production.

THE 5S SYSTEM

Step 2 – Set in Order

- Set in order means that every item has a 'right' place so that **anyone** can easily find them.

THE 5S SYSTEM

Organize Trailers



COVERED TRAILERS

- Mobile shop
- Mobile billboard



STANDARDIZED

- Tool inventory
- Storage locations



LABELLED

- Reduces training to maintain order

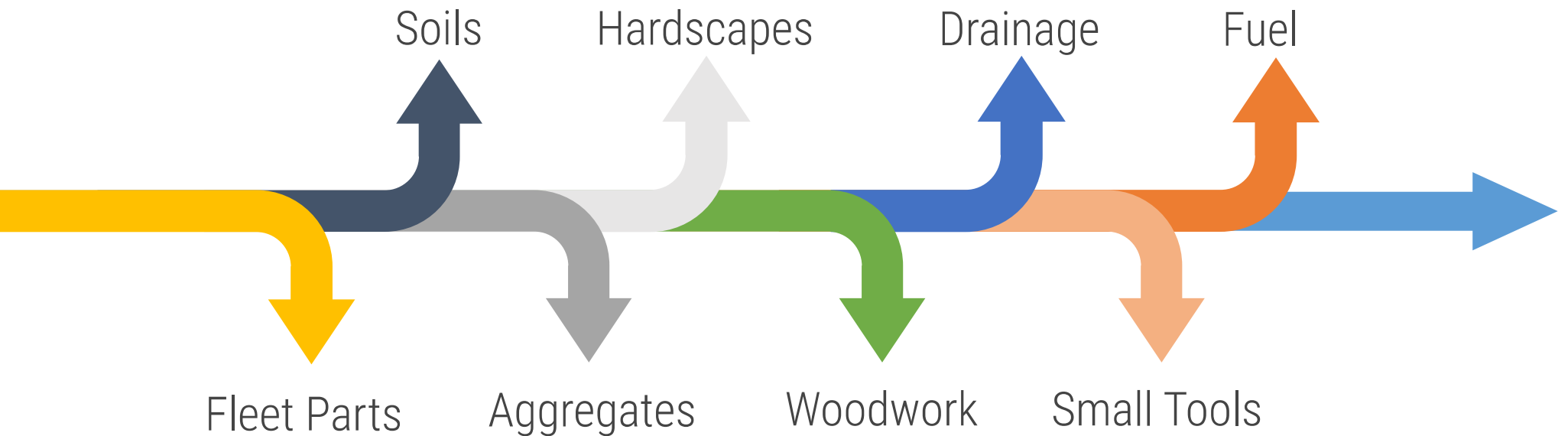
THE 5S SYSTEM

Everything has a place.



THE 5S SYSTEM

Organized Shop/Yard



THE 5S SYSTEM

Step 3 – Shine

- Shine emphasizes keeping the jobsite, trucks and shop **orderly** & **clean**.

THE 5S SYSTEM

Step 4 – Standardize

- Create a standardized way of implementing the tasks that performed on a daily basis including **Sort, Set in Order & Shine**.
- Do the right things the right way, every time.

THE 5S SYSTEM

Step 5 – Sustain

- Make a habit of **maintaining** established procedures.
- Sustain means that the **5S Program** is continuously applied and workers are self-disciplined enough to ensure its ongoing success.
- Use the LMN Systems Library to access forms for training, auditing, and tracking results
- Use the LMN YouTube Training Videos for staff training events

SAFETY. QUALITY. EFFICIENCY.

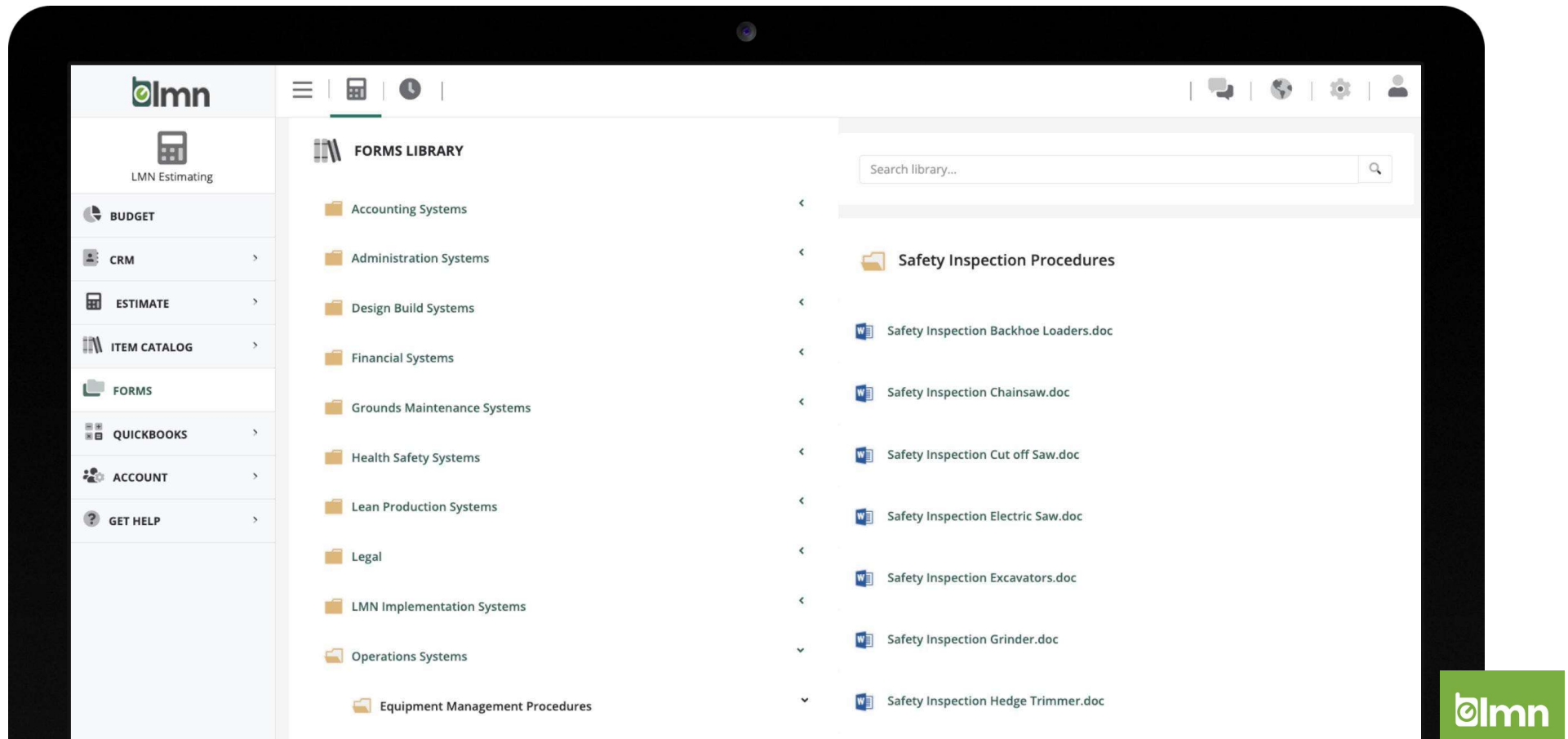
Build a high performing team while using measurable data to make real change within your organization.




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**Join us for the next Webinar: Lead a Highly Motivated Team on
March 16, 11:30 am – 1 pm EST**

LEARN ABOUT INCENTIVE PROGRAMS AND FIELD STAFF WAGES