

Owner brings accounting background to cabinet shop

Effective use of software and a positive bottom-line outlook are a few of the things that contribute to success at Classic Millwork in El Paso, Texas

by William Sampson

Most owners of small shops have come up from the ranks of craftsmen. They tend to be woodworkers first and businessmen second. But what happens when someone with formal business training takes over the operation of a cabinet shop? In the case of Classic Millwork in El Paso, Texas, the answer is more attention

to tracking business information to increase profitability.

Classic Millwork's owner, Bruce Spitz, was a certified public accountant trained in retail accounting and manufacturing when some consulting work for a general contractor introduced him to the cabinet business. At first Spitz partnered with the contractor and eventually bought his millwork and cabinet business. But taking over the business wasn't like the "lived happily ever after" end of the story.

"I thought I knew a lot about business until I got into my own," says Spitz.

The more Spitz became involved

in the business, the more he became interested in tracking costs and making sure that the job estimates based on linear foot measurements were accurate. There had always been a computer and bookkeeper involved with the business, but Spitz was looking for more than the basic business software he was using could provide.

Choosing software

Spitz actually started trying to build a system on his own using a Lotus-type spreadsheet. But he got to the point where he knew he needed more specialized software. Still, he faced the question of whether to go with software based on produc-

Shop Snapshot

Company: Classic Millwork Inc.

Location: El Paso, Texas

Founded: 1982

Proprietor: Bruce Spitz (owner since 1992)

Primary products: Custom commercial cabinetry

Annual sales: \$1.3 million

Employees: 15 in the shop, 7 in the office

Shop size: 4,800 square feet plus 1,200 square feet in off-site warehouse

Key equipment: SCM sliding-table saw, two Delta Unisaws, Vitap construction borer, Ritter line borer, CTD toekick cutting machine, Her-Saf panel router, Holz-Her edgebander, Rockwell 15-inch planer, Fay & Egan jointer, Delta 14-inch band-saw, Uhling case clamp, United widebelt sander, DeWalt radial-arm saw, TradeSoft ProjectPAK software, Pattern Systems software.



Classic Millwork uses three table saws in its operation, including this Delta Unisaw, which is in the separate solid surface and laminate shop.



Using Project PAK from TradeSoft and Pattern Systems products, Classic Millwork's management team applies computers to the tracking and setting up of projects, but computerized equipment has yet to make inroads on the shop floor.

tion or something geared more specifically to estimating. Then he discovered TradeSoft's ProjectPAK.

"It was exactly what I would have developed," he says.

He says the software enabled him to have more confidence in his bidding process. Because the company works on a just-in-time system and does not stock materials, preferring to buy by the job, it was easy to track costs and profit for jobs after the fact. But at the front end, in the bidding process, Spitz didn't have confidence that his bids were competitive.

"I heard once from a general contractor that you make your money in estimating," says Spitz. "You can save money by being more efficient, but you really make or break yourself in estimating."

He says going to the ProjectPAK software allowed him to have enough confidence in the company's bidding process to delegate estimating to other people in his office. He says, "there weren't enough hours in the day" for him to both manage the shop and do estimating.

Using ProjectPAK, the company

could give consistent bids, and the software provided detailed line-item analysis to track costs and further help refine pricing.

Adding production software

The experience with the estimating and costing software was so successful that Spitz started looking to bring computers to his production operations. He wasn't ready to go to CNC machines, but he did want something that could

give him good shop drawings and features like optimization for panel cutting.

Spitz saw the choices as either CAD-based or library-based. Since his business was all commercial cabinetry and millwork, he wasn't interested in the library-based systems

that seemed to devote more power to creating sales presentations.

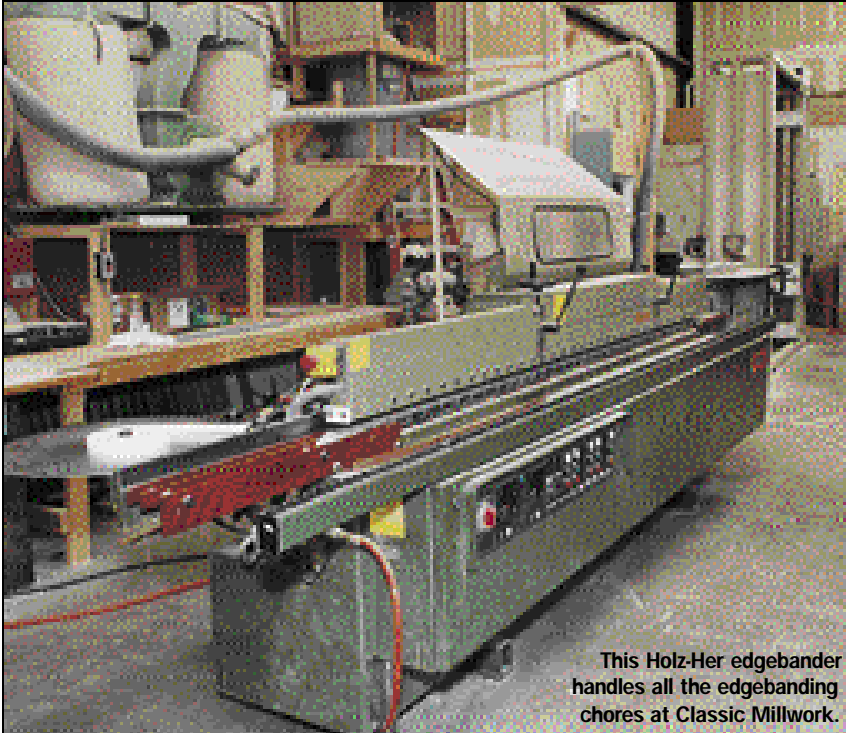
He opted for Pattern Systems because it was CAD-based and modular so that it could grow with the business. He started with GrowPower, then added ProductPlanner and Optimizer.

Spitz says the fact that he has sep-

"When you have less work, you need to raise your prices. When you have more work, you can lower prices."

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Accounting background



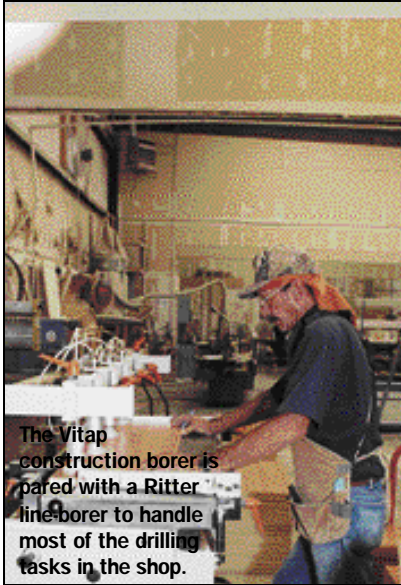
This Holz-Her edgebander handles all the edgebanding chores at Classic Millwork.

arate software systems for production and estimating is an advantage rather than a handicap. "I see the two packages supporting each other," he says. Furthermore, he characterizes the overlap between the two software systems as "two sets of eyes looking at the plans." He says it provides a layer of checks and balances to ensure accurate and efficient work. For that reason he says he's leery of software that tries to do everything.

Changing production

Production styles and systems are continually evolving at Classic Millwork. Perhaps hastened by Spitz's lack of a background in the production side of the business, he does not hesitate to change the way the shop does something if he thinks there's a better way.

At one time the shop built all



The Vitap construction borer is paired with a Ritter line borer to handle most of the drilling tasks in the shop.

Ritter line borer. The shop still has two Delta Unisaws, but there is also a SCM sliding-table saw and a Her-Saf panel router. A CTD toekick cutting machine makes quick work of that task. An old Rockwell planer and vintage Fay & Egan jointer began to get less use, and laminates and solid surface materials took on a bigger role in the operation.

For the future, Spitz is considering adding a CNC panel saw and later a CNC point-to-point machine. Like most of his equipment decisions, they will be based on a goal of adding capacity to the business. He says efficiency goes hand in hand with that.

face-frame cabinets and had some 27 employees working in the same space that now has 15. "It was like ants on an ant hill," says Spitz, adding, "More people doesn't necessarily equate to increased production."

Looking for ways to get more output from the same space, the company shifted to European-style frameless cabinetry. There was less woodworking equipment and more cabinet fabricating equipment, such as the Uhling case clamp, the Vitap construction borer and the

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Picking a market

But at the same time that Spitz was gearing his shop for more efficient panel processing and cabinet construction, he was also carefully positioning the business for a particular market. He specifically does not want Classic Millwork to be the low-cost choice in his market. Building a reputation for quality work and materials, Spitz is working hard to forge long-term relationships with contractors, ven-

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Pricing to be paid profitably

Bruce Spitz has some strong feelings about how cabinet shops should price their work to be successful.

For example, contrary to what a lot of shops do, he says, "When you have less work, you need to raise your prices. When you have more work, you can lower prices."

He says he prices all work "to be paid for every job." Sometimes that requires a lot of work up front before getting a job. But he says it's worth it because too often when he has too easily gotten a job, it's cost him on the back end. "If you pay the price up front, the job goes more smoothly," he says.

Of all the jobs the company bids, Classic Millwork wins between 15 and 20 percent, says Spitz. That reflects efforts to do only profitable jobs. In addition, many of the company's contracts come not from competitive bidding but from negotiating with customers and contractors with whom Spitz has developed long-term relationships. That's another cornerstone of his business that allows him to price profitably.

Accounting background



Bruce Spitz has applied his accounting and business background to make Classic Millwork in El Paso, Texas, a success.

dors, customers and installers.

He says he's trying to position the company as an "upper end" cabinet shop. "Taking low-end jobs is a downward spiral, and I won't go into that," he says.

Accountant for boss

Being the owner of a cabinet shop and an accountant gives Spitz a different perspective. He says every decision he makes is based on what's right for the business as a whole. He relates a story of how he was beaten on a job, but he knew his bid was right for his shop. "We have to bid it our way," he says. "We can't react to how other guys bid. If we react by dropping our numbers or competing, it only hurts ourselves."

Spitz also thinks his more thorough knowledge of tax laws and government regulations has helped keep the business out of trouble.

His daughter, Michelle, has followed her father into finances and the business. While working for her MBA she's putting in time as the

company's materials manager. "Materials are our biggest cost area, and no one is really controlling it," explains Spitz. He thinks having one person in charge of that area could make for more efficient purchasing and use of materials, including using excess materials on other jobs. In fact, he's banking that there will be enough savings to more than pay for the materials manager's salary.

As for other employees, don't get the idea that Spitz is just a cold numbers kind of guy. He says he tries to provide a work atmosphere where employees enjoy coming to work. He says his workers may not be the highest paid, but they feel a sense of accomplishment in what they do, and several of them have been with him since the beginning of the business. To address the need

for more qualified skilled workers, he's supporting a move that would develop an apprenticeship program in the area and push government to require apprenticeship training.

"Rather than fight wage pressures," he says, "we want to develop an apprenticeship program that makes

workers more valuable."

It's the same quality over quantity approach that Spitz has brought to his entire business. □

"More people doesn't necessarily equate to increased production."

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