

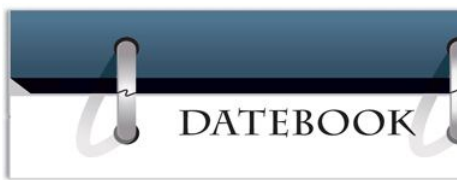
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# BUILDING INDUSTRY

April 2011

## DEPARTMENTS

- Datebook
- Contracts Awarded
- Spotlight on Success: Keaukaha Military Reservation
- Low Bids
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- Best Practices :Keep What You Earn



### Associated Builders & Contractors, Hawaii ch

- ABC/CEF board meeting. April 14.
- 2011 EdCon & Expo. April 12-15. Grand Hyatt San Antonio & Henry B. Convention Center. Register online.
- Contact Jonathan Young at 845-4887, e-mail jonathan@abchawaii.org or [www.abchawaii.org](http://www.abchawaii.org).

### American Institute of Architects, Honolulu cha

- AIA/GCA committee meeting. April 6; 11:15 a.m. to 1:15 p.m. AIA Hon - Red Room.
- AIA Celebrates New Architects. April 6; 6 p.m. to 8 p.m. Pearl Ultralour online. Three payment levels: firm/company support is \$225 (includes four individual member ticket is \$50 per person (AIA, associate, allied); and in nonmember ticket is \$60 per person.
- Annual Walking Tour: Greater Chinatown. April 9; 9 a.m. to noon. AIA Register online. Free to public.
- Downtown Firm Crawl. April 15; 4 p.m. to 8 p.m. various firms in down Honolulu. Check AIA web site for PDF map of the firm locations and add
- 2011 AIA Honolulu board of directors meeting. April 26; 4:30 p.m. to 6: Honolulu Office.
- Public Film Night. April 20; 6:30 p.m. to 9 p.m. Marks Garage. Event is Honolulu's celebration of Architecture Month. Free to public.
- Contact Bonnie McIntyre at 545-4242 or visit [www.aiahonolulu.org](http://www.aiahonolulu.org).

### Building Industry Association of Hawaii

- NACE International - Coating Inspector Program. April 3-8 and April 10 register for courses, visit [www.nace.org/education](http://www.nace.org/education)
- Rebuild Hawaii Consortium Quarterly Meeting. April 5; 7:30 a.m. to noc Room 320 Hawaii Convention Center. No registration fee.
- CTC - EPA Lead Renovator Certification Training. April 18; 8 a.m. to 5 Pacific. Cost: \$300 for BIA-Hawaii members, \$350 for nonmembers (incl materials). For more information, contact Lea Kanaya Wong, training coord 629-7506 or e-mail [L.KK@biahawaii.org](mailto:L.KK@biahawaii.org)
- General membership luncheon meeting. April 20; 11:30 a.m. to 1 p.m. C Register online.
- Contact Clarice Watanabe at 847-4666 ext. 200, e-mail [events@biahawaii.org](mailto:events@biahawaii.org) [www.biahawaii.org](http://www.biahawaii.org).

### General Contractors Association of Hawaii

- Construction Quality Management. GCA conference room (first floor). A and 21; noon to 4 p.m.
- NAVFAC Mandated Training Certification. April 30, May 7, 14, 21 and a.m. to 3:30 p.m. GCA conference room. Cost: \$300 per GCA member; \$4 nonmember.
- Contact Gladys Hagemann at 833-1681, or visit [www.gcahawaii.org](http://www.gcahawaii.org).

### National Association of Industrial and Office Properties Hawaii

- Kukulua Hale Awards. May 6, 5:30. The Royal Hawaiian Monarch Room April 29.
- Call Barbie Rosario at 845-4994, ext. 3, or e-mail: [barbie@naiohawaii.org](mailto:barbie@naiohawaii.org)

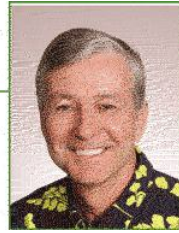
### University of Hawaii College of Engineering

- 2011 Engineering Banquet. April 14; 5 p.m. to 9 p.m. Hilton Hawaiian V Ballroom. For more information visit web site or call Jean Imada at 956-5 [jimada@hawaii.edu](mailto:jimada@hawaii.edu).
- Visit [www.eng.hawaii.edu](http://www.eng.hawaii.edu).

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## BestPractices



### Keep What You Earn: How "Cost Triggers" Protect Profit

By Garrett Sullivan

It feels like a dirty trick — you increased your company's sales volume for the year, but made less profit. Your crews worked harder than ever, but your bottom line actually shrunk. Sound familiar? If so, you're not alone. If you'd like to keep more of what you earn, consider using the following simple yet profound precepts:

I. •Plan Your Profit: It sounds basic, but it's not. Many of us fixate on gross income to the exclusion of the bottom line. It is only at year end that we "discover" what our profits were. Try turning this model upside down. Shift your focus to the net income by establishing a specific dollar amount as your annual planned profit. By clearly defining this to your management, you can collectively track your progress toward the final goal.

II. •Use Adaptive Budgeting: In times past, a single budget was sufficient. In today's tough economy, with contractors moving in and out of geographical areas, the more savvy contractors are preparing numerous budgets. Why? So your budget can accommodate sudden, real-life situations such as a bad or cancelled job, a labor strike, material shortages or unanticipated material cost escalations. When you face something like this — and we all have — you'll be too busy dealing with the situation to take notice of your budget. That's where the bleeding usually begins. In contrast, if you pre-determine appropriate cost-cutting measures, or cost triggers to implement during these situations, your likelihood of achieving your annual planned profit goes up exponentially.

III. •Establish Cost Triggers: This is the crux of adaptive budgeting. A cost trigger is a preset cost reduction from your annual budget that is implemented when the actual profit to date is not on target. There are two types: senior management cost triggers, which may or may not have employee buy-in; and employee cost triggers, which are democratic and have employee buy-in. Senior management cost triggers can be immediately deployed without approval. They can include wage or hiring freezes, reduced vacation, or reductions to expenses such as advertising, company vehicles, charitable donations, office supplies, etc.

- Employee-agreed triggers are established through a series of meetings between senior management and staff. Employees brainstorm a list of cost-saving measures and vote upon the order in which they will be implemented. Some options can include temporary reductions to the 401K match, decreasing employee training and tuition reimbursements or cutting bottled water delivery.
- When the staff agrees on the triggers beforehand, it lets them make their personal plans in a more orderly and less stressful environment. Additionally, it creates a sense of ownership thinking because they are actually participating in the tough decisions — and are personally vested in the company's outcome.

(Is it time for you to use adaptive budgeting? To read the full article on this topic and request a free sample of cost triggers, contact Garrett Sullivan at [GSullivan@SullivanHI.com](mailto:GSullivan@SullivanHI.com) or 478-2564. He is president of Sullivan & Associates, Inc., a past president of the General Contractors Association of Hawaii and the 2010 SBA Small Business Person of the Year for Oahu. Visit [www.SullivanHI.com](http://www.SullivanHI.com).)

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