

WORKBOOK



A Message from the Author

My journey in the fence industry began when I was a teenager. Looking back, I don't have far to go to reach my 50th year in this business. One learns a few things in that time span, and there are a few things I can share about our trade that I know to be true. Here are just three examples of what I've learned:

Fencing can be a great career. As trades have grown in importance and we have come to understand that for many young people, learning a trade is the better choice compared with college. Fence installation is an outstanding skill that can lead motivated individuals to a high quality of life. The key for these hard-working people is to be a part of a winning team that appreciates and rewards their dedication to the business.

There is no limit to where fencing can take you. I am just a friendly working man who grew up in Pearl, Mississippi. I was running crews before I graduated from high school, and later ventured out on my own and started a fence and gate automation businesses. I've been at all ends of the industry...an installer, a contractor, distributor and also worked in manufacturing. I was eventually named Executive Director of the American Fence Association, the voice of our industry. I have been able to support my wonderful family, enjoyed my hobbies, and lived well, all because of what the fence industry enabled me to do.

The work we do is important! The fence industry is a gratifying profession. We provide security and containment for homeowners and businesses. We are present in every community – on every street – in America. Our products and skilled workers contain everything from household pets to violent criminals. We provide security for our neighbors, local businesses and every type of industry necessary to keep our country's economy going.

I've also learned a lot about running a fence business, and that's an education you can't get at a college or university. I never learned theories. There were no textbooks available at my local bookstore that I could buy to learn the hard lessons I'd come to learn on my own. I was mentored by a legendary fence man, Jerry Jefcoat and my father, Reuben Thornton, who was a very successful businessman. But much of my career education was learned day by day, year after year. I made mistakes that cost me dearly at the time, but I learned from them. I came to realize that mistakes are great learning opportunities, but they don't have to be your own mistakes.

I also sought answers to obstacles that improved productivity. Over the years, I learned that there's a better way to build a fence, a faster way to build gates, effective ways to incentivize and reward my employees, and many other innovations that any fence contractor can implement to increase productivity and maximize profits.

When I launched Thornton Fence Consulting Group it was to fulfill a passion I have to serve and give back some share of the blessings I've enjoyed from this way of life. I couldn't and wouldn't have taken this step if I weren't absolutely certain that this lifetime of lessons will benefit any other fence business owner. This book, and my consulting programs, are intended to help any type of fence contractor, whether a new start-up or a longstanding market leader, I have confidence there are winning formulas available to you that will increase the reward of your hard work.

As you strive for success, you also provide opportunities for others, as Mr. Jefcoat did for me. Never forget that you are a leader, a teacher and role model for the people who come to you for work. By taking a long view on the fence industry as a great vehicle for a high quality of life, you can provide careers where others can offer only a job.

Love what you do! This is a noble trade, and we are important to our customers and communities. You are a member of the next generation of fence professional, and together, we are building a Fenceline to Success!



Tony Thornton



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WHAT

- *Customer needs you are attempting to (not what products services are offered)*

HOW

- *Tasks*
- *Technologies*
- *Methods*

WHO

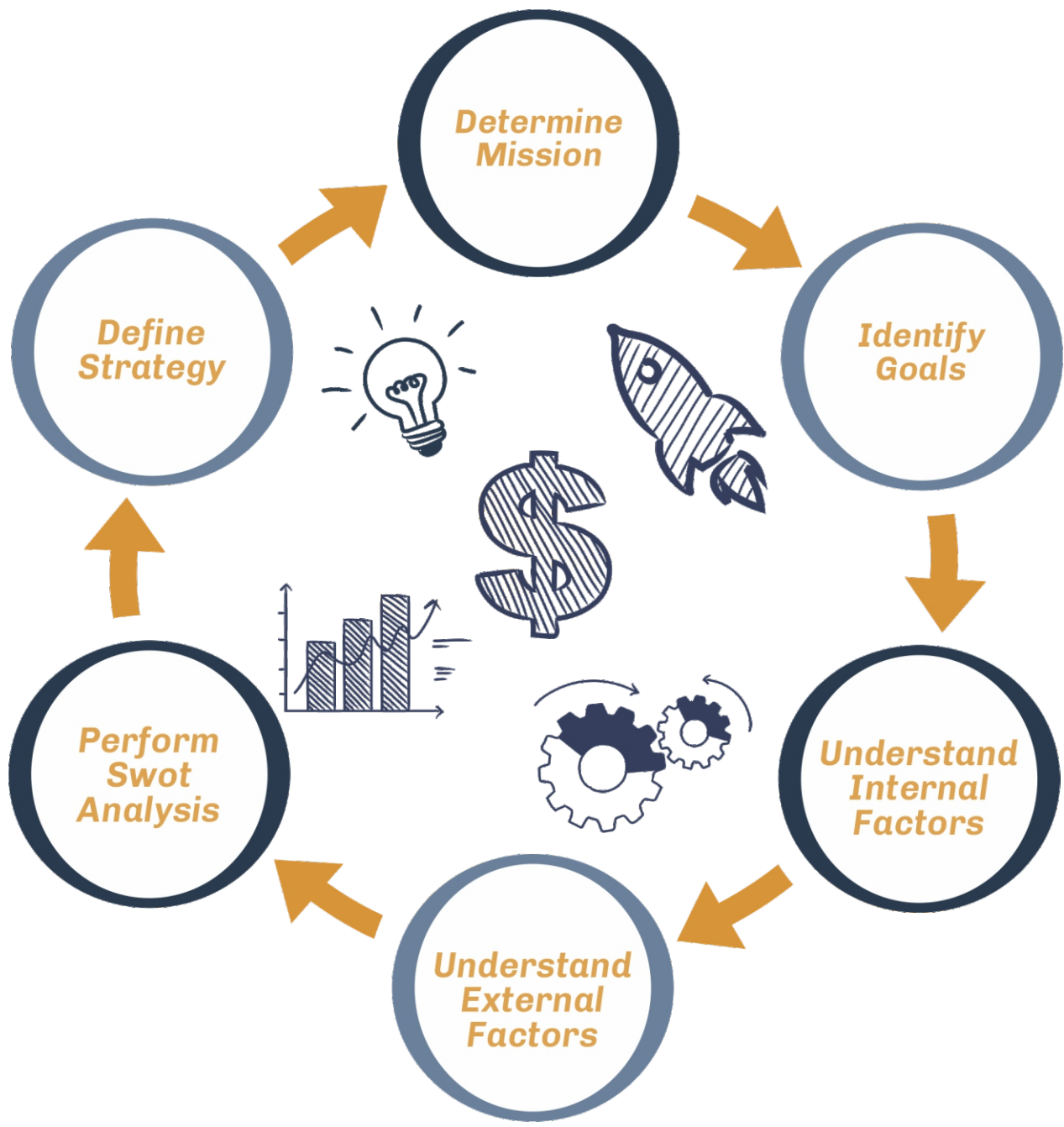
- *The primary customers are*

WHY

- *Reasons or motivations for the work you do*

Distinctive Competence

- *What you want emphasized*
- *What makes you different*
- *What you want customers to think of you*



Strengths



Characteristics of a business which give it advantages over its competitors.

Weaknesses



Characteristics of a business which make it disadvantageous relative to competitors

Opportunities



Elements in a company's external environment that allow it to formulate and implement strategies to increase profitability

Threats



Elements in the external environment that could endanger the integrity and profitability of the business



EMPLOYEES STAY WHEN THEY ARE...



1. PAID WELL



2. MENTORED



3. CHALLENGED



4. PROMOTED



5. INVOLVED



6. APPRECIATED



7. TRUSTED



8. EMPOWERED



9. VALUED



EFFECTIVE ORGANIZATIONAL CONSIDERATIONS FOR COMPANY CULTURE



- ➔ - Motivated Leadership
 - Clear Vision and Priorities
- ➔ - Clear Roles and Accountability
 - Organizational Structure that Supports Mission Statement
- ➔ - Establish an Exceptional Team
 - Performance Measures and Incentives Aligned to Strategic Plan
- ➔ - Superior Execution of Procedures
 - Effective and Efficient Execution of Processes and Systems
- ➔ - "High Performance" Values and Behaviors
 - Expectations = Accountability

PERFORMANCE EVALUATION FORM

Employee _____ ID # _____
 Department _____ Job Title _____
 Evaluation Period From _____ To _____
 Evaluation Date _____ Last Evaluation Date _____
 Primary Job Responsibilities: _____

Performance Ratings:

- 90-100% Excellent- performance is outstanding and exceeds requirements
- 80-89% Satisfactory- performance is within normal expectations, meets requirements
- 70-79% Improvement Required- performance is less than expected, additional training and improvement required
- >70% Unacceptable- performance indicates inadequate capabilities and potential termination

EVALUATIONS	DESCRIPTION	PERCENTAGE
Dedication	Reports to work on time	
	Uses time constructively	
Performance	Good knowledge of job task	
	Organizes workflow well	
	Performs work in timely manner	
Cooperation	Performs work in a professional manner	
	Willingly accepts work assignment	
Initiative	Willingly accepts changes in assignment	
	Performs work duties with little or no supervision	
Communication	Performs under pressure well	
	Strives to meet or exceed timelines/deadlines	
	Communicates professionally and well in person	
Teamwork	Communicates professionally and well on phone	
	Communicates well through writings/drawings	
Character	Works well with other team members, without conflict	
	Always willing to support a team member	
Responsiveness	Accepts constructive criticism in a professional manner	
	Offers support to others without requested to do so	
Personality	Handles stressful situations well	
	Responds to supervision effectively	
Appearance	Demonstrates a pleasant, calm personality dealing with customers and other employees	
	Well groomed, clean and neat	
Work Quality	Dresses appropriately for work task	
	Maintains quality control standards set by company	
Safety	Attention to detail and end results	
	Commitment to safe working conditions and work area	
	Looks out for team members safety	
	Overall Performance Percentage	

List Key Improvement Objectives Required by _____ (date)

Comments From Supervisor/Evaluator

Comments From Employee

 Employee Signature

 Date

 Supervisor/Evaluator Signature

 Date

	Sole Proprietorship	General Partnership	S Corporation	C Corporation	LLC
Liability	Unlimited personal liability for the owner	Unlimited personal liability for the owners	Typically limited to investment	Typically limited to investment	Typically limited to investment
Taxation of Income	Directly to Owner	Directly to Partners	Taxed once at corporate level and again as dividends	Business profits taxed as personal income of shareholders.	Generally taxed as a partnership
Self-Employment Taxes	Yes	Yes if general partnership No if limited partner.	No, since payment for employment is in the form of wages	No, since payment for employment is in the form of wages	Depends on tax status of LLC
Complexity of Formation	Easiest to Start	- Relatively easy to start. - Partnership agreement is recommended but not required	Most complex. File with Secretary of State. Form bylaws and have board & Shareholders meetings	Most complex. File with Secretary of State. Form bylaws and have board & Shareholders meetings	File with Secretary of State and in many cases adapt an operating agreement
Entity Pros	-Easiest and least expensive to form -No separate tax return	Chance of business success enhanced if right combination of partners	Limited personal liability for shareholders.	Limited liability without double taxation like S Corporation	-Limited liability with partnership tax treatment - Fewer administrative requirements than corporation
Entity Cons	Unlimited Liability	- Unlimited liability - Each partner legally responsible for the business acts of other partners	- Cost of formation - Administrative requirements and record keeping - Double taxation of profits	- Cost of formation - Administrative requirements and record keeping	- Cost of formation - Tax and liability treatment of LLCs is not consistent across state lines
Typically Best For	Owner of a small business with no employees and little risk of being sued	Owner of a small business with no employees and little risk of being sued	Company seeking significant outside investment	Company seeking some investment or wanting to shield personal assets	Company wanting to shield personal assets

No matter which type of business organization you choose to form make sure you consider all of your options and consult with a legal professional to fully understand the benefits and drawbacks to each type of entity





Sample Single-Step Income Statement

ABC Company
Income Statement
For the Year Ended December 31, 2009

Revenue:	
Sales	\$ 1,480,000
Interest revenue	35,000
Dividend revenue	15,000
Infrequent or unusual gains	9,000
Total revenue	<u>1,539,000</u>
Expenses:	
Cost of goods sold	600,000
Selling	100,000
Administrative	220,000
Interest expense	15,000
Infrequent or unusual losses	4,000
Total expenses	<u>939,000</u>
Income before income taxes	600,000
Income taxes	208,000
Income from continuing operations	<u>392,000</u>
Discontinue operations:	
Income from operations, less income tax of \$24,800	54,000
Loss on disposal, less income tax of \$41,000	(90,000)
Total discontinued operations	<u>(36,000)</u>
Income before extraordinary item	356,000
Extraordinary item, less income tax of \$23,000	(45,000)
Net income	<u><u>\$ 311,000</u></u>

BALANCE SHEET

As of December 31, 2021

WHAT THE COMPANY OWNS	ASSETS		LIABILITIES		WHAT THE COMPANY OWES
	Cash	481	Accounts Payable	625	
	Marketable Securities	1,346	Current Portion L-T Debt	1,021	
	Accounts Receivable	1,677	Taxes Payable	36	
	Inventory	2,936	Accrued Expenses	<u>157</u>	
	Prepaid Expenses	172	Total Current Liabilities	1,839	
	Other Current Assets	58	Long-Term Debt	2,332	
	Total Current Assets	6,670	Total Liabilities	4,171	
	Gross Value of Property, Plant & Equipment	2,019			
	Accumulated Depreciation	<u>(664)</u>			
Net Property, Plant, Equipment	1,355	OWNERS EQUITY		SHAREHOLDERS EQUITY	
Note Receivable	<u>349</u>	Common Stock and Paid-in Cup	194		
Total Assets	8,374	Retained Earnings	4,009		
		Total Shareholders' Equity	4,203		
		Total Liabilities and Equity	8,374		



Sales

$$\begin{aligned} & - \text{Material (including freight)} && (\text{Cost of} \\ & - \text{Labor (including benefits)} && \text{Goods Sold}) \\ \hline & = \text{Margin} \end{aligned}$$

Mark-up vs Gross Margins

Markup is the difference between the selling price of a good or service and cost. It is often expressed as a percentage over the cost. A markup is added into the total cost incurred by the producer of a good or service to cover the costs of doing business and create a profit.

Margin, or net profit margin or net profit ratio is a measure of profitability. It is calculated by finding the net profit as a percentage of the revenue.

Mark Up %	Gross Margin
15%	13.00%
20%	16.70%
25%	20.00%
30%	23.00%
33.3%	25.00%
40%	28.60%
43%	30.00%
50%	33.00%
75%	42.90%
100%	50.00%
150%	60.00%
200%	66.60%



DIRECT COSTS

(Traceable to Specific Projects or Services)



Project Materials



Direct Labor



Subcontracted Services



Shipping Expenses

INDIRECT COSTS

(Not Specifically Traceable to Specific Projects or Services)



Shop Rent



Machinery Repairs



Equipment Depreciation



Purchasing Manager Salary



Utilities



Packaging Materials

TFCGroup Fence				2022 Budget		
INCOME						
	Actual	% of TS	Budget	% of TS	Difference	
Sales						
Chain Link		-	100,000	38.5%	(100,000)	
Wood		-	50,000	19.2%	(50,000)	
Ornamental		-	50,000	19.2%	(50,000)	
Vinyl/PVC		-	25,000	9.6%	(25,000)	
Agricultural		-	10,000	3.8%	(10,000)	
Gate Automation		-	25,000	9.6%	(25,000)	
Other		-		-	-	
Total Sales (TS)	-	-	260,000	100.0%	(260,000)	
Cost of Goods Sold (from details section)						
COGS - Chain Link	-	-	25,000	9.6%	(25,000)	
COGS - Wood	-	-	23,000	8.8%	(23,000)	
COGS - Ornamental	-	-	34,000	13.1%	(34,000)	
COGS - Vinyl/PVC	-	-	12,000	4.6%	(12,000)	
COGS - Agricultural	-	-	5,000	1.9%	(5,000)	
COGS - Gate Automation	-	-	14,000	5.4%	(14,000)	
Total Cost of Goods Sold	-	-	113,000	43.5%	(113,000)	
Gross Profit	-	-	147,000	56.5%	(147,000)	

Objectives for Company Budgeting

- To establish standards against which performance can be measured.
- To create a measurement tool so that unsatisfactory performance can be corrected monthly.
- To formalize and “force” the process of thinking through the business and the choice of a pre-planned Net Profit.
- To interrelate activities in a manner such that Management can anticipate and measure the impact of any business changes.
- To provide a standard against which to measure a key employee’s performance.
- To provide a process by which to focus Management and Staff in a collective commitment to improvement of the operation.
- To provide a method by which to match resources to activities.

**Day 1-3
Past Due**

- Confirm Invoice Sent
- Confirm No Disputes
- Send Automated Email

**Day 4-7
Past Due**

- Contact Consumer by Phone
- Ensure Disputes / Discrepancies Resolved

**Day 8-14
Past Due**

- 2nd Automated Email
- Follow up with professional phone call
- Notify Sales Rep that payment is past due

**Day 15-30
Past Due**

- 3rd Automated Email
- Follow up with professional phone call and explain late fees

**Day 31-45
Past Due**

- Mail Certified Letter on company letterhead stating 30 days late
- Notify Sales Rep to help with collections
- Apply late fees at 31 days

**Day 46-60
Past Due**

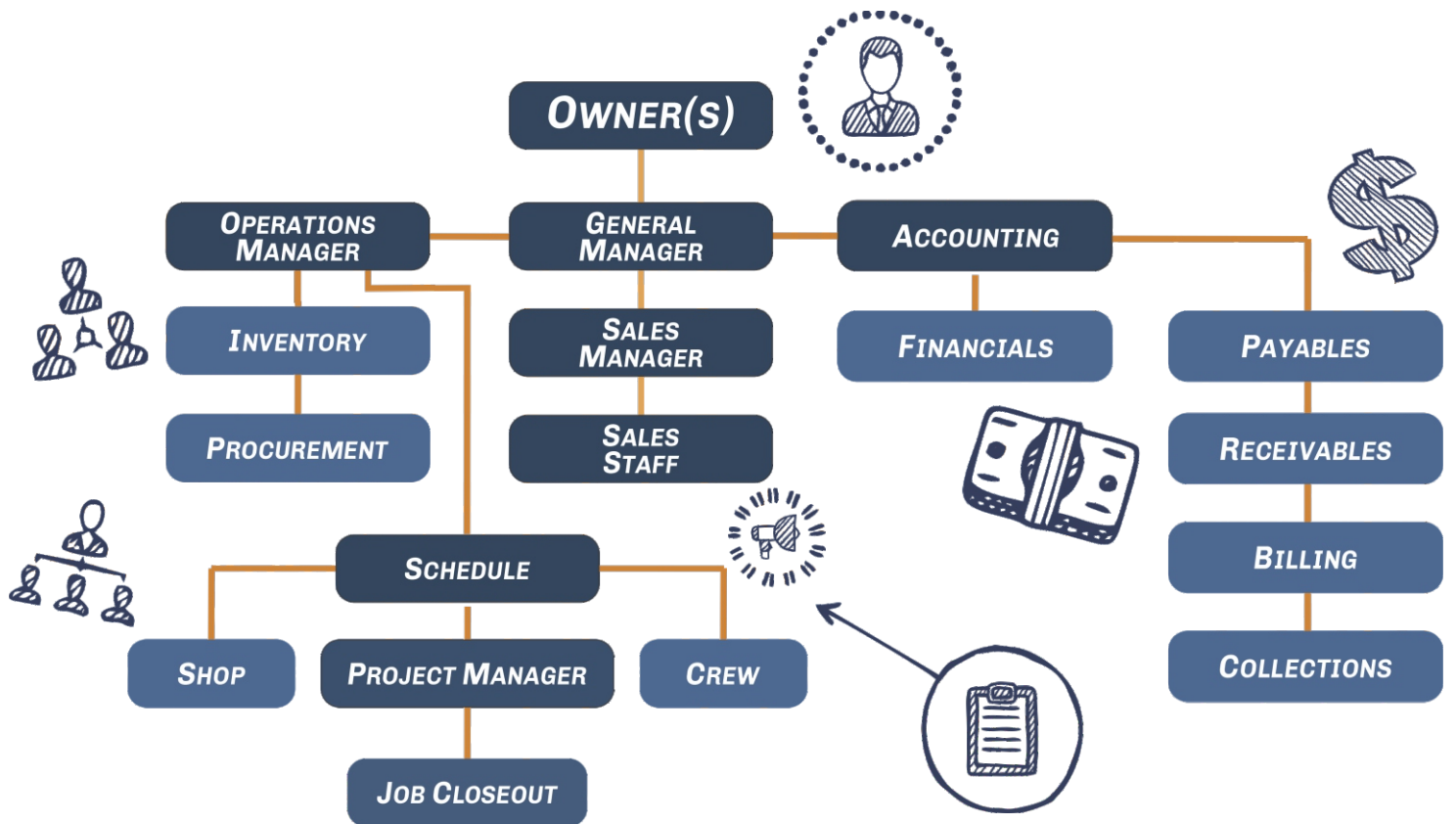
- Call and Email Customer every 3-5 days
- Notify Customer of possible liens and collection agency

**Day 61-90
Past Due**

- Notify Senior Management to prepare account for collection agency
- Place Lien on property if applicable
- Send letter for company legal counsel



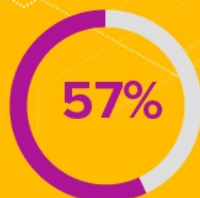




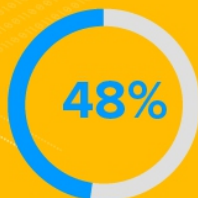


WORKERS VALUE LEARNING OPPORTUNITIES

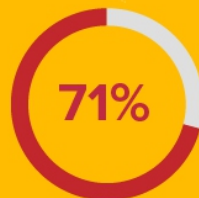
Training ranks high among 15,066 U.S. workers surveyed.



of U.S. workers want to update their skills.



would consider switching jobs to do it.

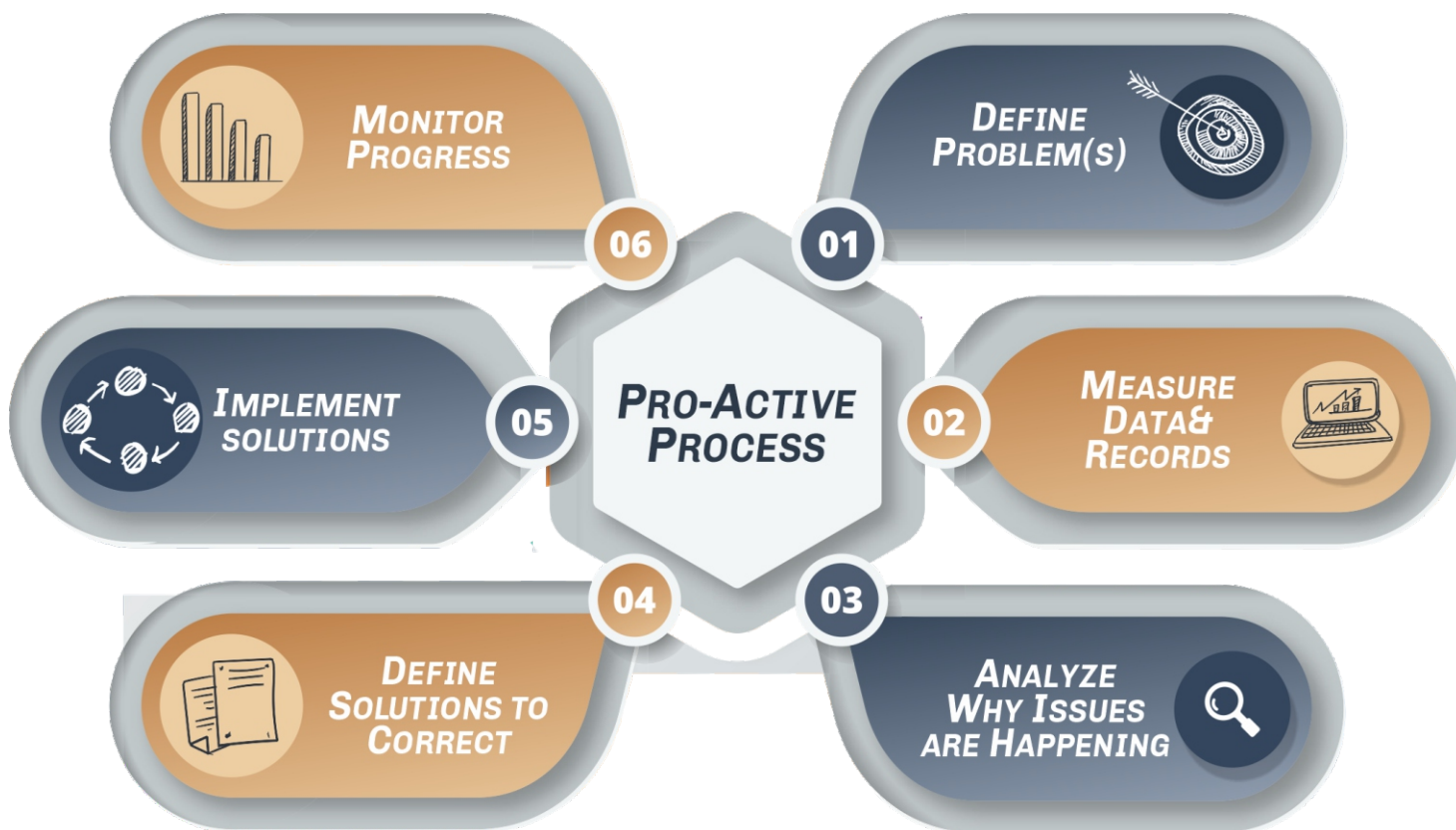


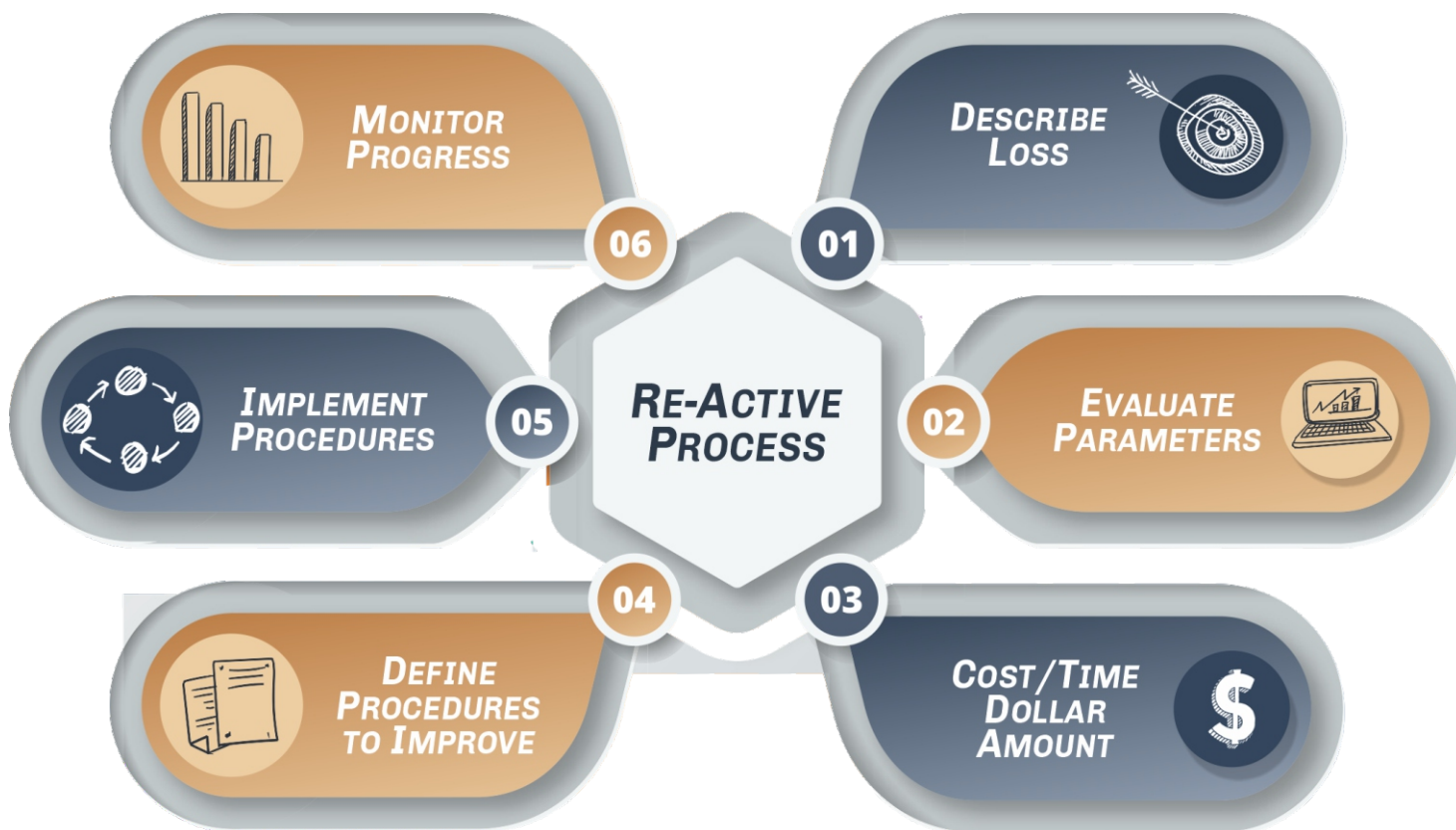
say job training and development increased their job satisfaction.



say upskilling opportunities are an important reason to stay at their job.

Source: The American Upskilling Study: Empowering Workers for the Jobs of Tomorrow, Gallup, 2021.







Strengths



Characteristics of a business which give it advantages over its competitors.

Weaknesses



Characteristics of a business which make it disadvantageous relative to competitors

Opportunities



Elements in a company's external environment that allow it to formulate and implement strategies to increase profitability

Threats



Elements in the external environment that could endanger the integrity and profitability of the business



DISCOUNTING

	20% Gross Margin %	25%	30%	35%	40%	45%	50%	55%	60%
2% Discount	11% Increase Revenue	9%	7%	6%	5%	5%	4%	4%	4%
4%	25%	19%	15%	13%	11%	10%	9%	8%	7%
6%	43%	43%	25%	21%	18%	15%	14%	12%	11%
8%	67%	47%	36%	30%	25%	22%	19%	17%	15%
10%	100%	67%	50%	40%	33%	29%	25%	22%	20%
12%	150%	92%	67%	52%	43%	36%	32%	28%	25%
14%	233%	172%	88%	67%	54%	45%	39%	34%	30%
16%	400%	178%	114%	84%	67%	55%	47%	41%	36%
18%	900%	257%	150%	106%	82%	67%	56%	49%	43%
20%	*	400%	200%	133%	100%	80%	67%	57%	50%
25%	*	*	500%	250%	167%	125%	100%	83%	71%
30%	*	*	*	600%	300%	200%	150%	120%	100%

INCREASE IN PRICE

	20% Gross Margin %	25%	30%	35%	40%	45%	50%	55%	60%
2% Increase Price	9% Decrease Revenue	7%	6%	5%	5%	4%	4%	4%	3%
4%	17%	14%	12%	10%	9%	8%	7%	7%	7%
6%	23%	19%	17%	15%	13%	12%	11%	10%	9%
8%	29%	24%	21%	19%	17%	15%	14%	13%	12%
10%	33%	29%	25%	22%	20%	18%	17%	15%	14%
12%	38%	32%	29%	26%	23%	21%	19%	18%	17%
14%	41%	36%	32%	29%	26%	24%	22%	20%	19%
16%	44%	39%	35%	31%	29%	26%	24%	23%	21%
18%	47%	42%	38%	34%	31%	29%	26%	25%	23%
20%	50%	44%	40%	36%	33%	31%	29%	27%	25%
25%	56%	50%	45%	42%	38%	36%	33%	31%	29%
30%	60%	55%	50%	46%	43%	40%	38%	35%	33%

When a work order is received in the operations manager office, he/she will read and check every area of the details that we have discussed, using a check list.

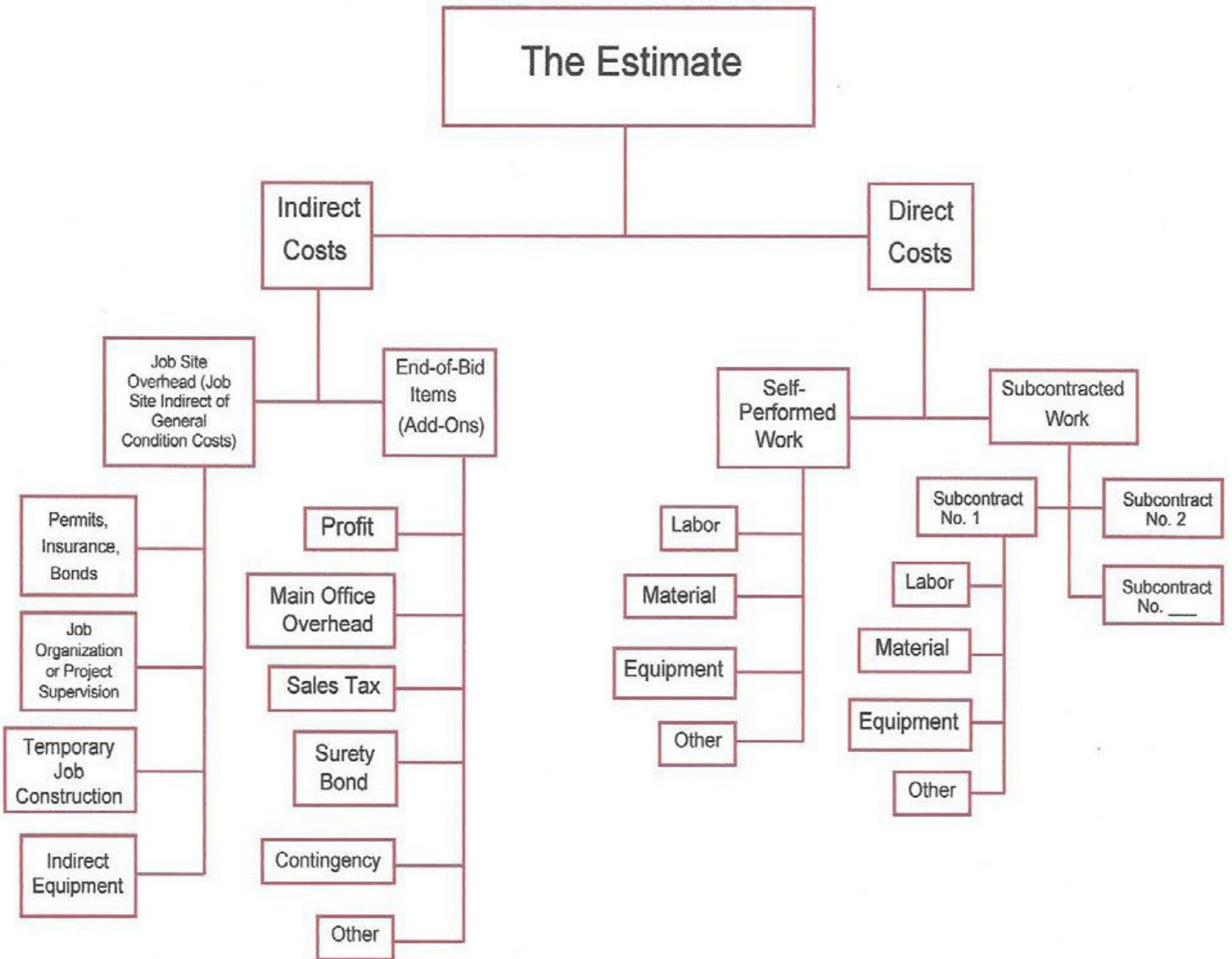
OPERATIONS CHECKLIST

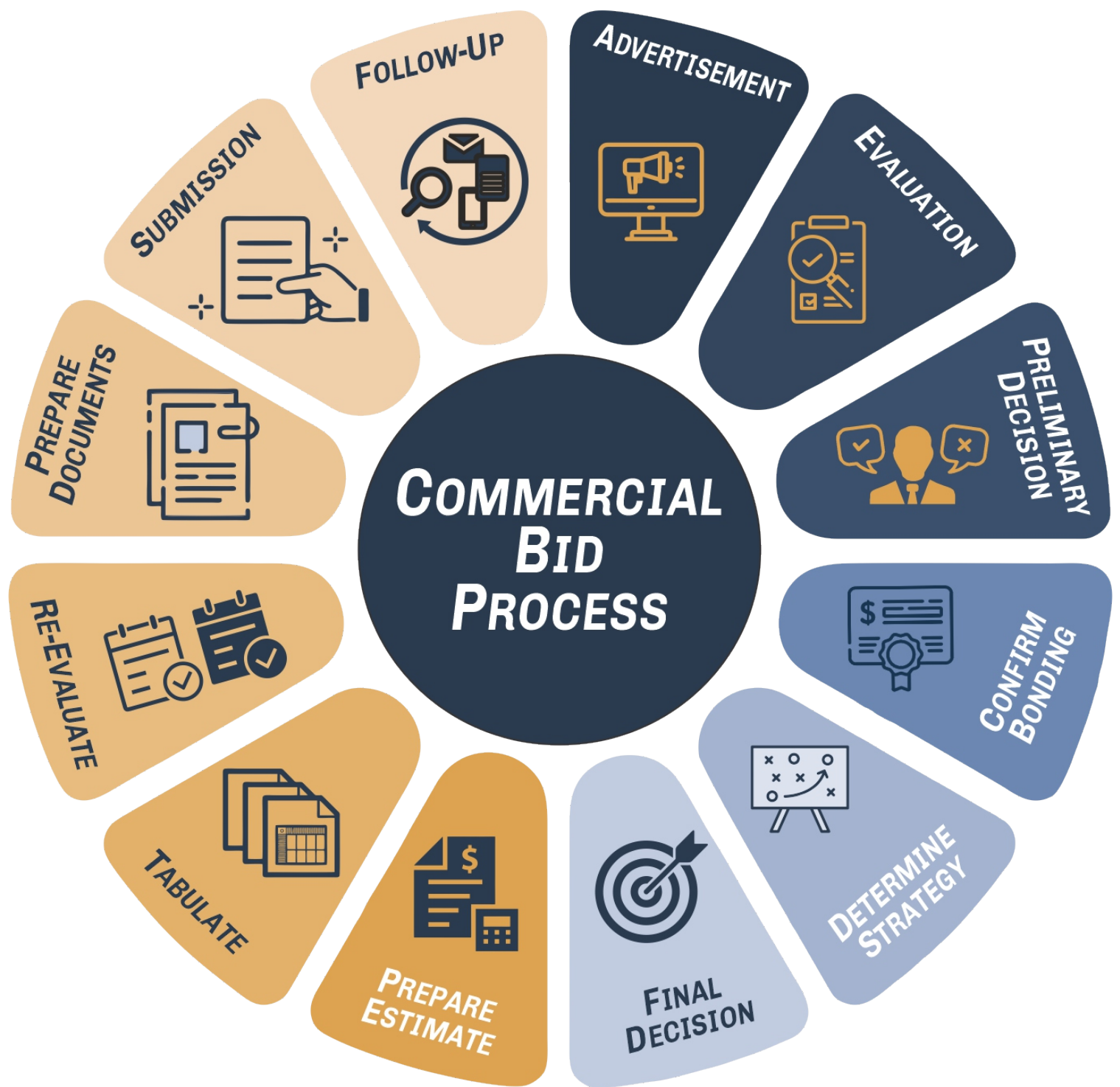
JOB LOG #

	<u>Sales</u>	<u>Date</u>	<u>PM</u>	<u>Date</u>				
Complete Customer Information								
Customer Signature								
Terms & Conditions Initialed								
Deposits Required								
One Call Reference #								
Written Project Description								
Project Drawing Layout								
Plot Plan * If Required								
Project Staked/Flagged								
Project								
Pics/Layout/Staked								
Gate Description(s)								
Material(s)								
Inventoried/Job Lot								
Special Order Materials								
Shop Work Order(s)								
Chain Link								
Wood								
Ornamental								
Vinyl/PVC								
Agricultural								
Gate Shop Work Order(s)								
Material List(s)								
Labor Sheet								
Estimated/Actuals								
Dispatch Details								
Shop/Yard Material								
Staged								
Close Out Documents								

If any area is not clear, the work order goes back to the sales staff for clarification.









 972.533.3658

 info@fenceconsultinggroup.com

 @Thornton Fence Consulting Group

 @fenceconsultinggroup

www.fenceconsultinggroup.com