



The COO's Best Practice Guide

For MEP & Specialty Contracting

KOJO

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The COO's Best Practice Guide for MEP & Specialty Contracting

In today's rapidly evolving construction landscape, the role of Chief Operating Officers (COOs) in specialty contracting is more crucial than ever. With the global construction market projected to reach \$15.5 trillion by 2030 and the stimulus funding granted by the Infrastructure Investment and Jobs Act, specialty contractor COOs increasingly recognize the need for innovative operational strategies to stay competitive and capture a piece of a growing industry.

However, implementing those operational strategies can be challenging. Companies report that about 20% of workers' time is spent on low-productivity tasks, such as tracking down information, documenting information on paper, manual data entry, etc.

This e-book will help you design best practices for process and people management, so you operate at peak efficiency. With quotes from industry leaders and stats showcasing successful implementations, you'll discover how to enhance team collaboration, optimize supply chain management, leverage technology, and adopt sustainable practices to excel in your role and lead your organization toward a thriving future.

**\$15.5
Trillion**

**Projected Global
construction
market by
2030**

20%
**Of workers'
time is spent on
low productivity
tasks**



Time is money, and anything we can do to streamline our process is important. Kojo gives us a competitive advantage because it saves us time across the board.



Mike Menard,
VP/COO Zap Electric, Inc

COO Best Practices at a Glance

Best Practices for Process Management:

Improving Procurement:

Streamline the procurement process to avoid over-ordering, delays, and errors through better material planning, sourcing, and automation.

Warehouse Efficiency:

Implement real-time tracking for inventory, tools, and prefab materials to avoid project delays and reduce costs.

Optimizing Accounts Payable:

Centralize accounts payable to reduce manual data entry and human errors and ensure smoother financial processes.

Best Practices for People Management:

Employee Engagement:

Ensure tools and materials are readily available, foster transparency, and provide growth opportunities to keep employees productive and reduce turnover.

Leveraging Technology:

Tools like Kojo help streamline team communication, reduce errors, and improve efficiency.

Training:

Investing in staff training ensures better technology adoption and long-term success.



80%

Over budget

20

Months behind

construction projects are often delivered up to 80% over budget and 20 months behind schedule due to inefficiencies in planning and execution

Modern Challenges of Specialty Contractor COOs

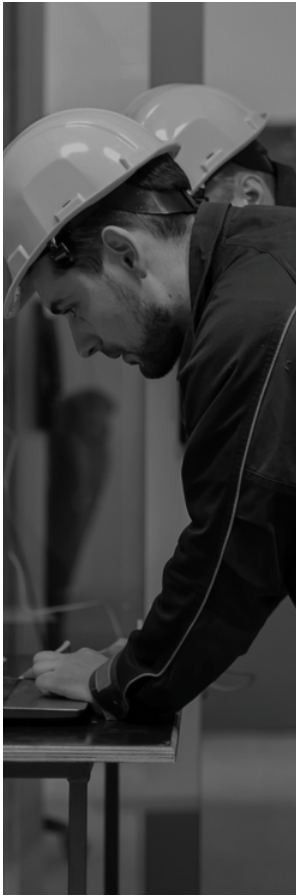
As the COO of a specialty contractor organization, you've been trusted with the responsibility of handling a delicate balance between the company's overall productivity while also ensuring the safety of the staff and the quality of the end project. While this may sound similar for other COOs, those in the specialty contractor space face a few unique issues.

Keep Projects On-time and On-budget

Constant requests from the field during a project could mean paying a premium for materials and having projects delayed. Yet, despite this being a common occurrence, A study by McKinsey & Company found that construction projects are often delivered up to 80% over budget and 20 months behind schedule due to inefficiencies in planning and execution. As COOs strive to keep projects on time and budget, they'll need to have access to historical data in order to improve their strategic planning. They'll also need to create channels for robust communication and effective resource management between the field and the office. Without these best practices put into place, you may put your business's reputation at risk. The stakes are simply too high for general contractors, and they will select another company to work with in the future if you can't deliver. On a personal level, you've worked too hard to become a COO to let project delays and budget overruns be the reason you get demoted or replaced.

Secure Talent in a Shrinking Labor Pool

According to a proprietary model developed by the Associated Builders and Contractors, the construction industry will need to attract approximately half a million additional workers in 2024, beyond the typical hiring pace, to meet labor demand. What makes this problem even bigger is that trade contractors report that, on average, 33% of their current staff are likely to retire in the next five years. This means finding the right talent to succeed in those retiring will be difficult if you're looking for someone outside the company. You'll need to develop standardized processes and centralize the work/data associated with each position now so that you or your team is not scrambling for answers in the near future.



Construction's risk-averse culture and focus on short-term goals often lead to a “if it ain’t broke, don’t fix it” mentality, which can’t be sustained if you hope to grow the business

Retain Talent Despite High Industry Turnover

An adverse effect of a small labor pool means workers in the construction industry have a disproportionate amount of leverage. If your staff, either in the field or in the office, isn’t happy, they could easily walk and be well sought after by other specialty subcontracting firms. This is especially the case when it comes to young talent. Turnover in construction is around 20% on average. But that number shoots up to nearly 35% for workers 25 and younger. Finding ways to keep your staff happy, engaged, and productive will be essential if you plan on having your projects finished on time.

Achieve Company-wide Process Adoption

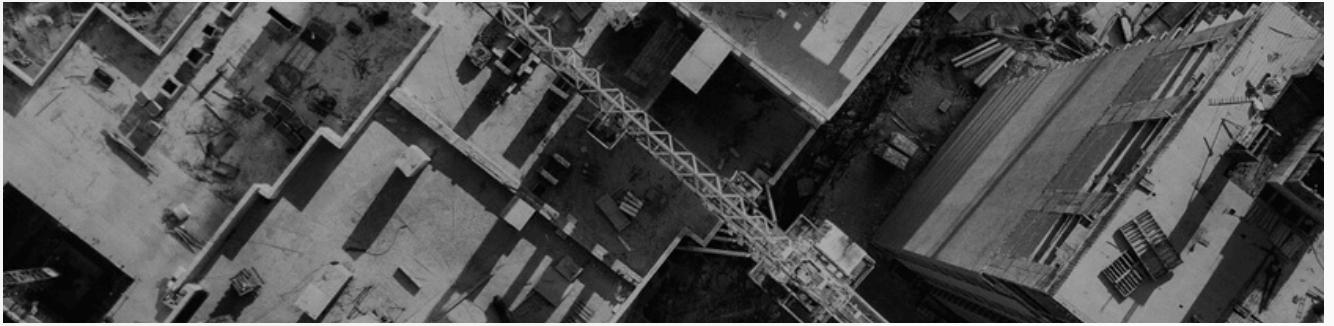
While introducing new processes and technology can boost workforce efficiency, change management poses challenges, especially with field staff—26% of companies report resistance to tech adoption. Construction's risk-averse culture and focus on short-term goals often lead to a “if it ain’t broke, don’t fix it” mentality, which can’t be sustained if you hope to grow the business. To grow, COOs must carefully plan the rollout of new processes and tech and ensure it’s thoroughly vetted for smooth adoption.

Pinpoint Overall Productivity Decline

For Chief Operating Officers in specialty trade contracting businesses, maintaining productivity is crucial to profitability and competitiveness. However, in addition to an industry-wide labor shortage and high turnover, disengaged or even overwhelmed staff can create many productivity obstacles.

For example, those in the field can get disengaged while stuck waiting for materials to arrive. At the same time, overwhelmed procurement teams in the office are stuck with manual data entry and mountains of paperwork to sort through. Those in the field who become disengaged are then more likely to leave for other opportunities, leaving your company with the challenge of finishing projects while also searching for replacements in a depleted workforce.

You can have a knowledgeable and talented staff. But just a few bottlenecks in the process could lead to an overall loss of productivity.



Best Practices For Process Management

To avoid a construction project going over budget and past schedule repeatedly, your processes must be streamlined. This means how you procure your materials, manage your warehouse (or warehouses), and how your office staff processes POs and invoices must be cohesive. But it starts with procurement.

Master the Seven Steps of Procurement

01 Better Materials Planning

Start with a detailed bill of materials (BOM) based on input from designers, project managers, and past project data. This reduces over-ordering, waste, and delays. Using tools like Kojo, your BOM updates automatically during a project, improving data accuracy for future projects.

02 Better Materials Sourcing

To get the best prices and availability, source quotes from multiple vendors. While you may have a good-standing relationship with one vendor, your role as a COO is to maximize operational efficiency. If another vendor has the materials you need (and possibly for less), you can't afford to wait. Although, we know that manually sending RFQs and comparing price and availability can be time-consuming.

03 Better Materials Purchasing

This step involves efficiently creating, sending, and managing purchase orders (POs) to reduce costs. Certain projects can involve dozens, if not hundreds, of POs being created. Having someone in the office manually do this could mean paying staff a significant portion of their pay for clerical work. Automating this process can significantly cut down on administrative overhead. Kojo helps in this area by reducing PO processing time by 75% on average.



3-5%

**Annual savings
on materials
with Kojo**

75%

**Average
Reduction in
PO processing
time with Kojo**

11%

**Of invoices have
errors**

04

Better Materials Requesting

Streamlining material requests from the field prevents delays and errors. Writing requests on pizza boxes or napkins leads to confusion and frustration. By standardizing requisition forms and using technology, errors are reduced. With Kojo, the field can submit requests via a phone app, similar to shopping on Amazon, to get the right materials to job sites in the fastest way possible.

05

Better Materials Receiving

Accurately tracking deliveries ensures materials match orders, preventing discrepancies. When the field or warehouse can monitor deliveries, they can plan efficiently, avoid downtime, and document issues like wrong or damaged materials. Digital tracking improves record-keeping and communication.

06

Better Invoice Matching

Kojo has found that, on average, 11% of invoices have errors. Just one error could mean overpaying thousands of dollars for something you never actually received. Three-way invoice matching ensures the invoice aligns with POs and delivery receipts, preventing overpayments and billing errors. Automating this step can reduce manual labor and errors.

07

Better Materials Payments:

Implementing efficient payment processes reduces late payments, secures discounts, and enhances financial management. It could also be the difference between your business securing discounts/rebates and paying full price for materials.



20% - 30%

Increase in carry costs seen by contractors, making over-ordering even more expensive than before.

Revamp warehouse efficiency

Warehouse efficiency is critical to improving margins, project timelines, and team collaboration. But, efficiently managing your warehouse operations can require you to walk a tightrope. That's because even after years of the pandemic ending, there are still supply chain delays affecting the industry. Contractors now wait 12-16 weeks for materials to arrive when they previously only took 2-4 weeks. This means you'll likely need to order more per request to reduce any possible project delays. On the other hand, contractors have seen a 20-30% increase in carry costs. This makes over-ordering even more expensive than before. That said, here are some best practices for improving warehouse efficiency so that you're not in a position with too little or too much materials:

Materials Inventory Management

Implement real-time tracking systems to enhance visibility into stock levels and locations. A digital twin of your warehouse helps teams find materials faster, reducing over-ordering and stockouts. Automating low-stock alerts and prioritizing in-stock usage can also reduce procurement costs and free up cash flow.

Tool Tracking

Tools are costly assets that require diligent management. Use barcode or RFID systems to track tool location, condition, and usage. GPS tagging for high-value tools further improves visibility. A formal check-in/out process ensures accountability and reduces loss, while automated maintenance reminders keep tools in working condition.



Cut costs, increase productivity, and improve coordination across field, purchasing, and finance teams by modernizing warehouse operations.

Prefabrication Efficiency

A digital prefab catalog helps field teams easily access and order prefab materials, ensuring consistent, timely production. Real-time visibility into prefab workflows helps avoid project delays, and automating repetitive tasks reduces the operational burden on your prefab team.

By modernizing warehouse operations, companies can cut costs, increase productivity, and improve coordination across field, purchasing, and finance teams, setting the stage for greater efficiency and profitability.

“The Kojo Warehouse is helping us have transparency in the field so that we can see all products that are available for the job sites. We save time and money by not having to order material that has already been purchased

Gary Phillips, Premier Service Co.



Improve Every AP Function

While technically in the wheelhouse of your CFO, accounts payable is a critical final step of the procurement process that you'll have to improve if you hope to stay competitive in today's construction landscape.

As far as best practices are concerned, modern COOs know that the key to a smooth payment process is to centralize all spending in one place.

Too often, accounting staff here are bogged down by manual data entry, processing delays, and handling reconciliation. Tracking down invoices, POs, and order receipts to find discrepancies simply takes up too much time. Not only that, but these manual processes can often lead to human error and delayed payments that inhibit your ability to take advantage of vendor rebates.

A technology partner like Kojo can take your decentralized accounts payable process and organize it all in one place. Our many integrations also allow you to sync data directly with your preferred accounting system so you don't miss a step.

By optimizing your accounts payable functions through automation, centralized invoicing, and improved communication, your team can operate more efficiently and maintain stronger vendor relationships. This will help ensure timely material deliveries, keep projects on schedule, and support long-term business growth.

“

Kojo has allowed us to continue to scale, in revenue volume, so that's been a huge help because the goal is growth

”

Nathan Weise,
Kleinknecht Electric



“
I value my team
and I don't want
them doing things
that computers
can do.”

Jason S., Owner
Shelton & Case Electric

Best Practices for People Management

Keep your talent happy and engaged

In the high-demand world of specialty trade contracting, skilled workers are your greatest asset. Yet, high turnover rates plague many companies, leading to costly disruptions and delays. To combat this, it's essential to not only retain your top talent but to keep them engaged, productive, and motivated. Below are key practices to ensure that your workforce remains happy and invested in your company's success—and how the right technology can play a pivotal role.

Ensure Tools and Equipment Are Always Running and Available

Nothing frustrates workers more than not having the tools or materials they need. Effective procurement and warehouse management systems like Kojo can ensure equipment is always available and ready to be used, reducing downtime and keeping employees productive and satisfied.

Foster a Culture of Transparency

Transparency builds trust. Keeping employees informed on project updates, company goals, and challenges keeps them engaged and invested. For the field team, knowing material availability helps them prioritize work. For purchasing agents, clear pricing from vendors leads to better decisions. Transparency in the warehouse ensures both field and procurement teams can make the most of existing resources.



“
The people who
come on stay on
because they
feel like we know
what we’re
doing.”

Aimee Wren,
St. Andrews Construction
Services

Put Employees In A Position To Succeed

Employees need the right tools and clear instructions to succeed. In today’s construction world, that means moving beyond Excel and makeshift notes. Providing modern tech boosts productivity, keeps teams engaged, and reduces delays between field teams, procurement, and accounts payable, setting your workforce up for success.

Continuously Train for Growth

Investing in training shows commitment to employees' success. Offering skill development, especially in construction tech, boosts engagement and creates a sense of future potential for your team and business.

Happy, well-trained employees stay longer and can become your best recruiters, attracting others in the trade to join. They will also become prepared to succeed older employees who decide to retire.



Rethink Your Team's Productivity

Leveraging technology like Kojo can significantly boost productivity by streamlining communication and minimizing errors. Adopting these technologies streamlines processes prevents costly errors, and ensures your teams focus on building rather than administrative tasks.

Align Field Teams and Purchasing Agents:

Kojo ensures both teams stay on the same page when requesting materials, reducing back-and-forth and eliminating miscommunication. This keeps your projects running smoothly and efficiently.

Prioritize ERP and Vendor Integrations:

Introducing more technology to your organization could add an increased layer of complexity and frustration to your employees. To avoid that, ensure the tech you bring on can integrate seamlessly with your preferred vendors and current ERP system. This will help you achieve buy-in from your team, speed up the implementation process, and keep your team moving quickly.

Three-Way Invoice Matching

To prevent overpayments, Kojo automatically matches invoices from suppliers with your original purchase orders and delivery receipts received by the field. This reduces billing errors and ensures financial accuracy. It also reduces the time it takes for accounts payable to do their job, reducing your labor costs.

Leverage Historical Data

With access to historical data, you can set up more accurate bills of materials (BOMs) and order materials more efficiently, leading to fewer requests from the field and more time spent building.

Set a proper plan before introducing new technology

You might be bullish on the use of technology in your specialty contracting firm. But your enthusiasm alone won't create the streamlined operations that technology will allow your organization to have. There are a number of different bottlenecks your organization could face.

When we asked 500 contractors what the most common bottlenecks for introducing new technologies to their organization were, they reported:

- 12% of respondents say getting organization-wide buy-in
- 38% say getting past the implementation phase
- 67% say training their staff and getting them to consistently follow the new processes.

In order to get past the bottlenecks and to a place where your staff is getting the full value of the technology you plan to use, you'll need to do the following:

Sell the Vision:

To get buy-in from stakeholders, identify pain points within the organization, and clearly define the expected value of the new technology. Then, get other leaders within your organization (such as the CEO, CFO, etc.) to bolster that vision.

De-risk Implementation

Implementation often takes longer than vendors promise. Choose vendors with proven records and strong customer support. Also, ensure that vendors offer a technology that is familiar to the tech that your staff already uses.

Implement thorough training

Teams need full onboarding, with leadership guiding the process. Appoint a tech champion for both field and procurement teams to assist with ongoing training and track tech adoption. These folks will also help track the ROI of the technology you've introduced. Platforms like Kojo can also provide onsite staff to help with initial training and demonstrate its use for each team.



“With Kojo, everything is at least 20-minutes faster. Especially for the field. They can select everything they want using an Amazon-like shopping app.”

Sean Estese,
Project Estimator
Carol Electric



Set up your company and your staff for success

As a COO in the specialty contracting sector, your role is critical in driving operational efficiency and profitability. The construction landscape is evolving rapidly, with challenges like labor shortages, supply chain issues, and increased competition.

To thrive, you must adopt innovative strategies that address both short-term and long-term operational needs. You'll also need to focus on continuous improvement, strategic investments in technology, and cultivating a workforce that feels empowered and supported.

By leveraging modern tools like Kojo and implementing best practices for process management and people engagement, you can not only boost efficiency but also create a culture of transparency, accountability, and growth.



About Kojo

Kojo is the construction industry's leading materials and inventory management platform.

Kojo enables trade and self-perform general contractors to streamline every step in the procurement and inventory management process from takeoff to closeout. By connecting field, office, warehouse, accounting, and vendors teams on one software platform, Kojo gives contractors visibility into real-time materials spending and usage, helps them source the best prices and availability across suppliers, reduces material waste, and increases labor productivity.

LEARN MORE AT

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