



# **BUILDING INDUSTRY TECHNOLOGY ACADEMY**

A program promoted by the  
California Homebuilding Foundation

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## **UNIT FOURTEEN:**

### **CONSTRUCTION COMPANY ORGANIZATION AND OPERATIONS**

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## **YEAR ONE**

### **UNIT FOURTEEN: CONSTRUCTION COMPANY ORGANIZATION AND OPERATIONS**

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## Unit Fourteen: Construction Company Organizations & Operations

### Lesson #1: Company Organization Chart & Officers (2 days)

#### Objectives

##### Students will be able to...

- Identify the basic organization of a corporation, its officers, and their responsibilities.

#### Common Core Standards

LS 11-12.6

RSIT 11-12.2

WS 11-12.2

Communication 2.4 & 2.5

Career Planning and Management 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9

Technical knowledge and skills 10.4

Problem Solving and Critical Thinking 5.3

Demonstration and Application 11.5

Residential and Commercial Construction Pathway D1.1, D1.2, D1.3

#### Materials

Officers and Organizational Flowchart

Business Organization Notes

Company Organizational positions notes

Power point Business Structures

<https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3A62dc66e4-873e-4be4-8b7d-eb1b6ecf71e2>

#### Lesson Sequence

- Using the PowerPoint <https://documentcloud.adobe.com/link/track?uri=urn%3Aaaid%3Ascds%3AUS%3A62dc66e4-873e-4be4-8b7d-eb1b6ecf71e2> introduce the basic organization of a corporation, its officers, and their responsibilities. Have students fill in *Business Organization Notes* while you are teaching them using the power point. Answer any questions.
- Pass out the *company organization position notes and flow chart*. Review these with class and have students highlight important information.

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- After students understand the organizational positions, discuss the requirements that students feel the employees in a company need to have to hold each of the organizational positions.

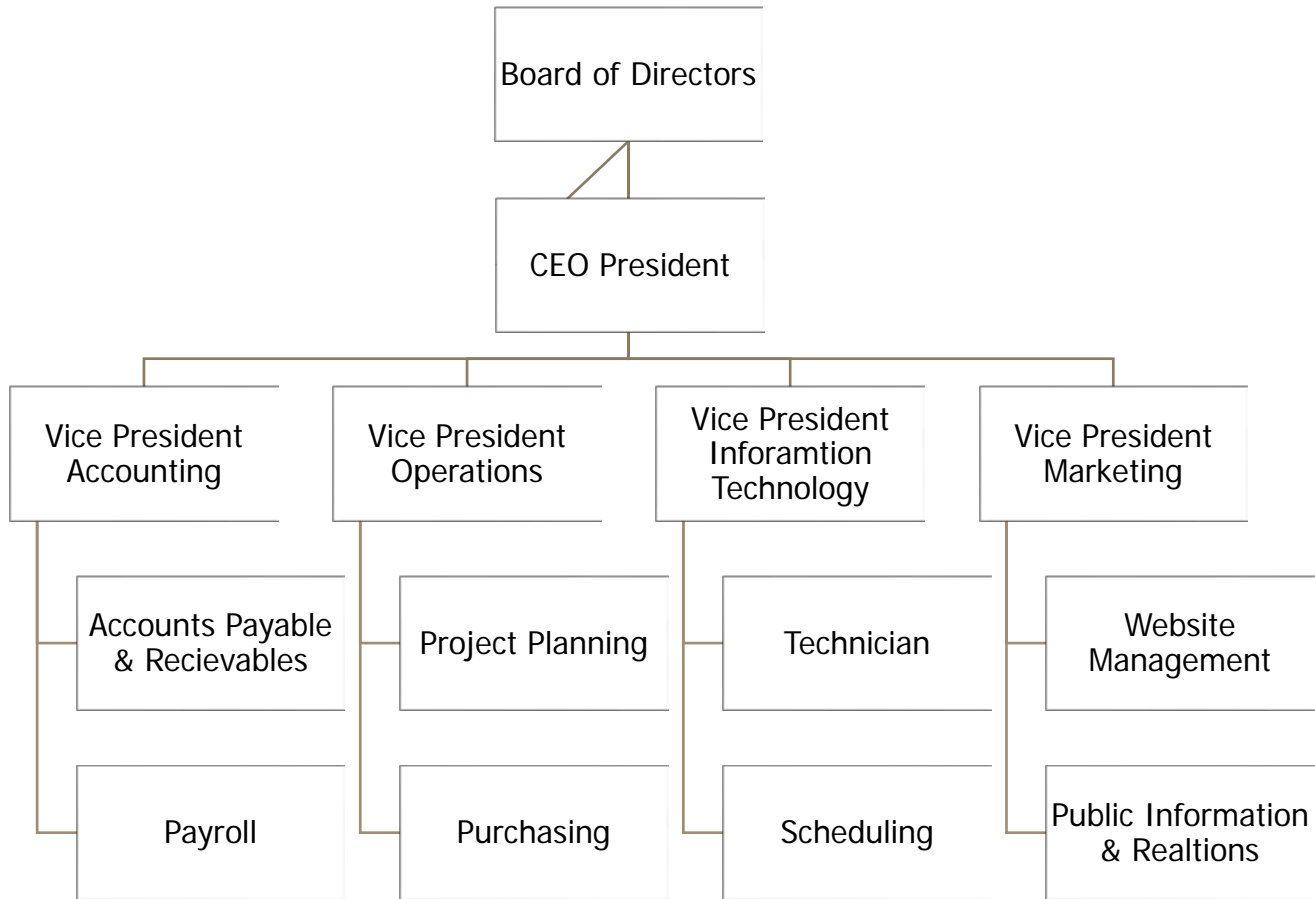
### **Assessment**

Informal observations through whole class discussions. Check for understanding through questioning.

### **Accommodations/Modifications**

One on One Support  
Check for Understanding  
Highlight Important Material Ahead of Time If Needed  
Partner to Support with Notes

### Officers and Organizational Flowchart



## Business Organization Notes

### Business Types:

1. Sole Proprietorship
  - Single owner
  - Simplest of all business structures
  - Can have employees – no limit
  - Usually small operation
  - All profits are personal income
  - All liability is the owners
  - Easy to start – very low cost
  - Business dies with the owner
  
2. \_\_\_\_\_
  - \_\_\_\_\_
  - A partnership agreement is needed
  - \_\_\_\_\_
  - Usually small operations
  - All profits are shared personal income
  - \_\_\_\_\_
  - A lawyer is suggested to start
  - Business ends on the death of any partner
  
3. \_\_\_\_\_
  - Shareholders are the owners
  - \_\_\_\_\_
  - Requires a minimum of two officers
  - Almost all large businesses are corporations
  - \_\_\_\_\_
  - Limited liability for owners
  - Legal fees are large to start

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## **President/CEO:**

- \_\_\_\_\_
- CEO = Chief Executive Officer
- \_\_\_\_\_
- Rarely will a company have a CEO and a President

## **Corporate Secretary:**

- Legally required in all corporations
- \_\_\_\_\_
- Keeps minutes of Board of Directors meetings
- \_\_\_\_\_
- Appointed by Board of Directors
- Position could be held by another officer

## **Chief Operating Officer:**

- \_\_\_\_\_
- Answers to CEO and Board of Directors
- If no COO, often they will have an Executive, or Senior Vice President in charge of operations.

## **Chief Financial Officer:**

- \_\_\_\_\_
- Answers to CEO and Board of Directors
- If no CFO they may have a Vice-President of Accounting or Finance

## **Chief Marketing Officer:**

- CMO: Responsible for marketing
- \_\_\_\_\_
- Works closely with accounting

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## **Chief Information Officer:**

- \_\_\_\_\_
- All computer systems in company
- \_\_\_\_\_
- Relatively new position in corporations
- Officer position because of access to info

## **Vice President:**

- VP: Corporation can have several
- \_\_\_\_\_
- Executive Vice-President is second in command or (COO)

## **Director:**

- Usually in charge of a specific department
- \_\_\_\_\_
- Also, can be a mid-level manger

## **Manager:**

- \_\_\_\_\_
- Finance Manager, Advertising Manager

## **Project Manager:**

- PM: Responsible for overseeing the many departments that collaborate on a given project
- In construction, a PM must coordinate the work of several internal departments, Developer, Architect as well as sub-contracts.
- \_\_\_\_\_

## **Field Superintendent:**

- Also known as a super, or sup ("soup")
- Responsible for overseeing the activities of every contractor/sub-contractor on the jobsite
- \_\_\_\_\_
- They also call for, and "walk" inspections with the inspectors

## **General Superintendent:**

- Ultimate superintendent
- All field supers answer to the general.
- The general reports to the COO, or Executive VP of Operations



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## **Foreman:**

- \_\_\_\_\_
- In charge of a work crew
- \_\_\_\_\_

## **Purchasing Agent:**

- Acquires all the pricing for the various components of a home's construction
- \_\_\_\_\_

## **Land Acquisitions:**

- Responsible for identifying properties suitable for development
- \_\_\_\_\_
- Undeveloped land could contain archeological sites, environmental issues or hazardous wastes

## **Company Organizational Positions Notes**

### **President/ Chief Executive Officer (CEO):**

The highest-ranking individual within a company usually shares the combined title CEO/President. CEO stands for Chief Executive Officer. In other words, there is no one that outranks this person within the corporation; he or she answers only to the board of directors. In fact, the President of the United States is often referred to as the Chief Executive. As I just mentioned, the CEO usually carries the additional title of President of the corporation. I use the term 'usually' because there are those occasions where there is a CEO and a President, but this is more the exception than the rule.

### **Chief Operating Officer (COO):**

The Chief Operating Officer makes sure that the day-to-day operations of the corporation are functioning as smoothly and productively as possible. Typically, the COO is second only to the CEO within a company. He or she answers only to the CEO and the Board of Directors. If a corporation does not have a COO, often they will have an Executive, or Senior Vice President who oversees Operations.

### **Chief Financial Officer (CFO):**

The Chief Financial Officer oversees the company's finances, or money. If a company does not have a CFO, they may have a Vice-President of accounting. Below these are the managers, directors and others that make sure the day-to-day functioning of the corporation is carried out.

### **Chief Information Officer (CIO):**

The executive position of Chief Information Officer has increased in importance tremendously in recent years. This is directly related to the fact that in the computer age, information and information technology have become a vital part of doing business. As head of information technology within an organization, they are responsible for the management of all information systems, and usually report directly to the company's CEO.

### **Chief Marketing Officer (CMO):**

The Chief Marketing Officer has one of the more challenging jobs within the hierarchy of officers in a corporation. The CMO is responsible for marketing the company and the products it produces. This usually includes such things as advertising, public relations and product development. One of the reasons for the added challenge of being a CMO is that they not only have to manage the several departments under their direct supervision, but also must work with several others.

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## **Vice-President (VP):**

A corporation can have several Vice-Presidents. These can have alternate titles to the other officers such as the COO (VP of Operations, VP of Finance, etc.) The second in command of a company or corporation is often referred to as the "Executive Vice-President."

## **Director:**

A Director is usually in charge of a specific department, such as publications or promotion. A director can also be the title given to a mid-level manager.

## **Manager:**

"Manager" is a title given to a person who is responsible for leading a group of people towards the accomplishment of specific goal within a corporation. For example, a finance manager is charged with ensuring that everyone in his or her department is doing their job in the pursuit of financial wellness for the company.

## **Project Manager (PM):**

A project manager is responsible for overseeing the many departments that collaborate on a given project. In the construction world, this means that a PM must coordinate and oversee the work of others from several different departments. This includes maintaining communication and flow of project information between the various departments, field personnel, the site sales representatives, and the master developer. They must also oversee the development of the architectural and landscape drawings from the conceptual through the final details. They must obtain all required building permits and maintain comprehensive records of the project from conception to completion. Finally, they must coordinate the completion of each structures punch list, allowing it to be sold to the public.

## ***Other members of a construction company include:***

### **Superintendent:**

A superintendent, also known as a super, or sup ("soup") represents the contractor or builder on the jobsite. Supers are responsible for overseeing the activities of every contractor/sub-contractor on the jobsite. There are two types of superintendents employed by construction companies:

**Field Superintendent:** The field super is always on site to ensure that the project progresses as planned. They also call for, and "walk" inspections with the inspectors. When a sub-contractor has a question or needs clarification, the super is the one they can get the answers from.

**General Superintendent:** A general super is the ultimate superintendent in that he or she is the superintendent of the superintendents. All field supers answer to the general. The general likewise reports to the COO, or Executive VP of Operations.

### **Foreman:**

In construction, a foreman is a highly skilled tradesperson that oversees a work crew. For example, a framing foreman will usually oversee all the framers on a unit or site. Depending on the nature and scope of the work to be completed, the foreman will work right alongside his or her crew. They answer directly to the superintendent or company owner and ensure that all the trades/crafts persons working under them are lined-out and completing their assigned tasks satisfactorily. It has been said that good foremen are key to the success of any project.

### **Purchasing Agent:**

A purchasing agent acquires all the pricing for the various components of a home's construction. From the cost of re-bar for the foundations, through the roofing materials, and everything in-between, the purchasing agents negotiate the prices their company will pay to acquire the materials. When all the purchase agent's numbers are combined with labor and the other costs inherent to a construction project, the cost per square foot of each structure built can be calculated.

### **Land Acquisitions:**

A person involved in land acquisitions is responsible for identifying properties that are suitable for their company to purchase and develop. This includes researching the history of the property to make sure it doesn't possess any "skeletons;" literal or otherwise. Literally, it is not entirely uncommon to find native American burial sites when you begin to develop a property. You cannot simply desecrate a burial site in order to build a structure or structures. Likewise, a property may contain "skeletons" of an environmental nature, as it may be home to an endangered species, or be vital to an endangered species survival, or it may be part of a migration corridor. Depending on a properties previous use or its proximity to what is now considered hazardous materials production, storage, or worse, dumping, the soil may need to be entirely removed and replaced. These are just a few of the "skeletons" that a given piece of property might contain. If a Land Acquisitions person does not do their job to the best of their abilities, they could lead their company to purchase an expensive but unusable piece of land.

### Lesson #2: Constructing a Company (5 Day Project)

#### Objectives

##### Students will be able to...

- Apply their knowledge of the basic components of a company to build their own company.
- Work effectively as a part of a team.
- Identify the three basic types of companies.

#### Common Core Standards

LS 11-12.6  
 RSIT 11-12.2  
 WS 11-12.2  
 Communication 2.4 & 2.5  
 Career Planning and Management 3.1, 3.2, 3.3, 3.4, 3.5, 3.6, 3.7, 3.8, 3.9  
 Technical knowledge and skills 10.4  
 Problem Solving and Critical Thinking 5.3  
 Demonstration and Application 11.5  
 Residential and Commercial Construction Pathway D1.1, D1.2, D1.3

#### Materials

Business Plan Assignment Criteria  
 Constructing a Company Planning Worksheet  
 Visual Project Presentation Rubric

#### Lesson Sequence

- Have students form into construction companies with a minimum number of three, and a maximum number of five members. Have the students move in order to sit with their teammates.
- Hand out and review the *Business Plan Assignment Criteria*. Answer any questions students may have.
- Pass out the constructing a *Company Planning Worksheet* to each student. Each student must fill this worksheet out and turn in separately.

- Pass out the *Visual Project Presentation Rubric* and review this with the class. Answer any questions students may have.
- Allow four or so days for students to work on creating their business and the poster for their business to present.

**Day 5**

- Have students present their posters of the business to the class. Have groups answer any questions their classmates may have about their business idea.
- Fill out rubric for each group for grade.

**Assessment**

Monitor student progress each day by checking in with each group. Informal observations can be done each day.  
Use visual project presentation rubric.

**Accommodations/Modifications**

Strategic Partnering If Needed  
Extra Time If Needed  
One on One Support  
Provide A Business Model Example If Needed

## **Business Plan Assignment Criteria**

We conclude our study of corporate hierarchy/structure by developing companies of our own.

Remember, when you choose titles for your company's members, do your best to make sure that the job description/responsibilities match up with each member perceived skills and abilities.

Take a moment to discuss the importance of giving your company an appropriate name, and that your corporate logo should be unique and if possible, convey what it is that a company does. Your company slogan should also further solidify the company's purpose/goal in the mind of potential customers.

To display your work, you will need to mount it on poster board. The Visual Display Rubric will help with putting your poster together.

<b>Business Introduction</b>	Write an introduction title: Name of the Company: Name of Owners:
<b>Business Summary</b>	Write a one paragraph about: <ul style="list-style-type: none"><li>▪ Why Am I In Business?</li><li>▪ What Business Am I in?</li><li>▪ How you will create your business?</li></ul> This will be an outline of your business purpose and goals.
<b>Management and Organization</b>	Create an organizational chart showing the management hierarchy and who is responsible for key functions.
<b>The Financial Plan</b>	Write in one paragraph about: <ul style="list-style-type: none"><li>▪ Money needs</li><li>▪ How will you raise or borrow the money?</li><li>▪ How will you convince banks to invest into your business?</li></ul>
<b>The Business Image</b>	Create a business image Company logo - What will be the image that represents your business? Your company's slogan that goes with your logo.

## **Constructing a Company Planning Worksheet**

The hammer, trowel, pliers, and wrench are well known tools of the construction industry. They have their various uses and are needed to get the work done. Management is another tool that the owner-manager of a construction firm must use. Each job must be planned and organized if the firm is to run smoothly and efficiently. The business plan will help you increase your skill as a manager.

Because of the diversification in the construction industry, you may be engaged in residential, commercial, or industrial construction. You may be either a general or specialty contractor. But the same basic managerial skills are needed. This plan will serve as a guide to the various areas that you as a manager will be concerned with.

The business plan can help you. As your skills as a manager increases so will the number of jobs you can effectively control. The careful completion of this plan may point out your limitations. This is important. To be a successful contractor you must not only know your business thoroughly but must also know your limitations and seek professional advice in these areas.

### **Why Am I In Business?**

Most contractors are in business to make money and be their own boss. In the first years of business, your profits may seem like a small return for the long hours, hard work, and responsibility of being the boss. But there are other rewards associated with having your own business. For example, you may find satisfaction in helping to put groceries on your employees' tables. Or, maybe your satisfaction will come from building a business you can pass on to your children.

### **What Business Am I in?**

At first glance this may seem like a rather silly question. You may say, "If there is one thing, I'm sure of, it's what huskiness I'm in." But wait. Let's look further into the question. Suppose you say, "I build houses." Are you a speculative or custom builder? Are you a re-modeler? Are you a subcontractor? Can you schedule a complete job and make money? By planning according to this decision, you should realize the value of this type of thinking in dollars.

Consider this example. Bob Rogers started a small construction business shortly after World War II. Because of Mr. Rogers' skill and talent for design, he directed all his activity toward building taverns. There was enough call for this type of building to keep him and his crew busy until the early 60's. Then sales began to fall off.

By moving his shop to smaller quarter with less overhead and by laying off half his crew, he was able to maintain his business to his satisfaction the rest of his life. After his death, his son examined the situation and decided that he wasn't really in the business of building commercial bars. He was in the business of custom finishing.

Today his business is prospering. He is building cabinets and small bars for private homes. His company also does other finishing work that requires the craftsmanship his crew is capable of.

### **Management and Organization**

Legal form of ownership: Sole proprietor, Partnership, Corporation, Limited liability corporation (LLC)? Why have you selected this form? At first, many construction companies are one man shows. It is up to the owner to do almost everything. As the company grows, perhaps specialists are added, such as an engineer/estimator, an office manager, and a general superintendent. Who will manage the business on a day-to-day basis?



**Constructing a Company**

1. What type of Construction Company will you start? (Sole Proprietor, Partnership, or Corporation)

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2. List the members of the company below, followed by their title within the company:

Name	Title
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>
<hr/>	<hr/>

3. What will you name your Construction Company?

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4. Draw a picture of your company on the back of this page. (Be sure to include your company's slogan with your logo.)

5. Create an organizational chart showing the management hierarchy and who is responsible for key functions.

6. Include position descriptions for key employees.

- Who does which tasks?
- Do you have schedules and written procedures prepared?
- Have you drafted job descriptions for employees? If not, take time to write some. They really help internal communications with employees.
- For certain functions, will you use contract workers in addition to employees?
- If you are seeking loans or investors, include resumes of owners and key employees.

**Visual Project Presentation Rubric**

Criteria	4	3	2	1	Total
<b>Average of the Topic</b>	Details on the poster capture the important information about the topic and increase the audience understands.	Details on the poster include important information but the audience may need more information to understand fully.	Details on the poster relate to the topic but are too general or incomplete. The audience needs more information to understand.	Details on the poster have little or nothing to do with main topic.	
<b>Organization</b>	Information is very organized with clear titles and subheadings.	Information is organized with titles and subheadings.	Information is organized, but titles and subheadings are missing or do not help the reader understand.	The information appears to be disorganized.	
<b>Layout and Design</b>	All information on the poster is in focus and can be easily viewed and identified from 6 ft. away.	Most of the information on the poster is in focus and the content easily viewed and identified from 6 ft. away.	Most of the information on the poster is in focus and the content is easily viewed and identified from 4 ft. away.	Much of the information on the poster is unclear or too small.	
<b>Mechanics</b>	<input type="checkbox"/> Free of grammatical errors <input type="checkbox"/> No excess glue, torn edges, mark-outs <input type="checkbox"/> Words are legible and pertinent to topic	<input type="checkbox"/> Mostly free of grammatical errors <input type="checkbox"/> Little use of excess glue, torn edges, mark-outs <input type="checkbox"/> Most words are legible and pertinent to topic	<input type="checkbox"/> Frequent grammatical errors <input type="checkbox"/> Excess glue, torn edges, and mark-outs <input type="checkbox"/> Presentation is illegible and confusing	<input type="checkbox"/> Too frequent grammatical errors <input type="checkbox"/> Distractive elements make illustration ineffective	