

Welcome!



Nebraska
Building Chapter



Tom Emison, Guest Speaker, Eide Bailly, LLP
“Strategic Leadership for Workforce Development”



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www.eidebailly.com

»» Little About Me

- Married, (“Spammy”); three, ages 28, 24, and 22
- 25 years serving contractors as a management advisor
- Active AGC member, CFMA member, and others
- Same mission...



My Mission

- Bring a fresh and **insightful** assessment of an entire construction company, their customers, and industries; then facilitate **exceptional** strategic planning **retreats** that result in long-term competitive transformation and a strategic plan that gets **implemented**.

What about you?



Three questions for you:

1. How do you measure growth in your construction company?
2. Why does our U.S. construction industry struggle with image and identity?
3. Why does a company exist?

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Three Questions – Three Answers

1. How do you measure growth in your construction company?
 - *Most construction companies measure growth by top-line revenues – often a poor indicator of corporate strength, and myopic. I'll share a more balanced set of growth measures with you today.*
2. Why does our U.S. construction industry struggle with image and identity?
 - *Because it is generally dirty, difficult, noisy, unsafe, and sometimes unethical.*
3. Why does a company exist?
 - *To create and keep customers.* *To do this well, you need the best people in all phases of work and at all levels.*

Why I'm here...



Well. It's back to my mission for transformation.

This is **important** to me because the construction industry is an important and huge part of our economy. We are currently losing the war for talent, badly. We need more discussions like this one today.

I am here to help make Nebraska a national hot spot for construction industry workforce development.



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The “*War for Talent*”: An Overused Expression, But True

- More than just a term coined by McKinsey & Company.
- More than a great book (*War for Talent*, 2001).
- It's a...

Mindset!



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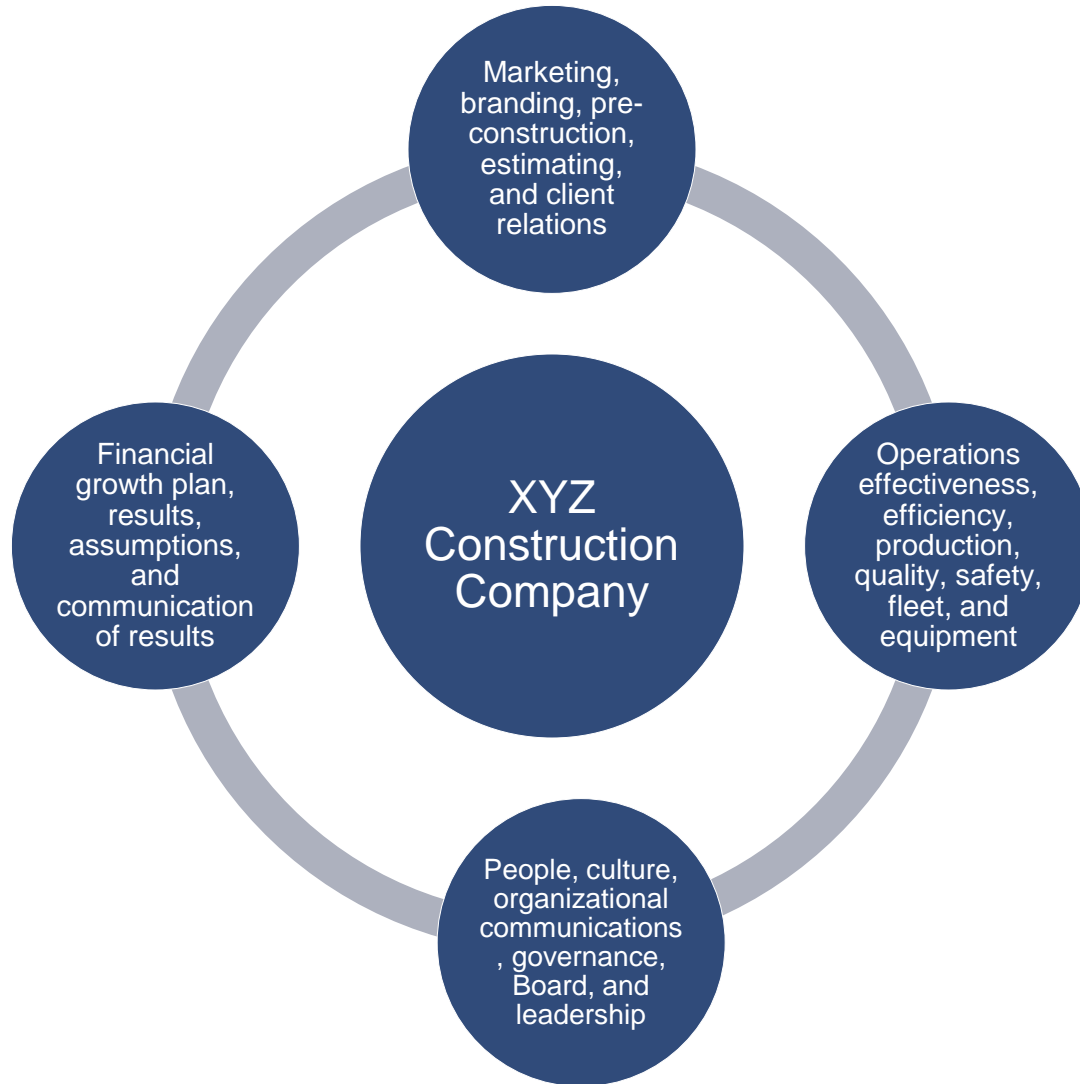
»»» You Either Have the Mindset, or You Don't



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Strategic Areas of Greatest Importance to Contractors





Strategic Areas of Greatest Importance to Contractors



»»» Again, You Either Have the Mindset, or...



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And it All Starts With You the Leader – Your Willingness to Win This War

“If you know the enemy and know yourself, you need not fear the result of a hundred battles. If you know yourself but not the enemy, for every victory gained you will also suffer a defeat. If you know neither the enemy nor yourself, you will succumb in every battle.”

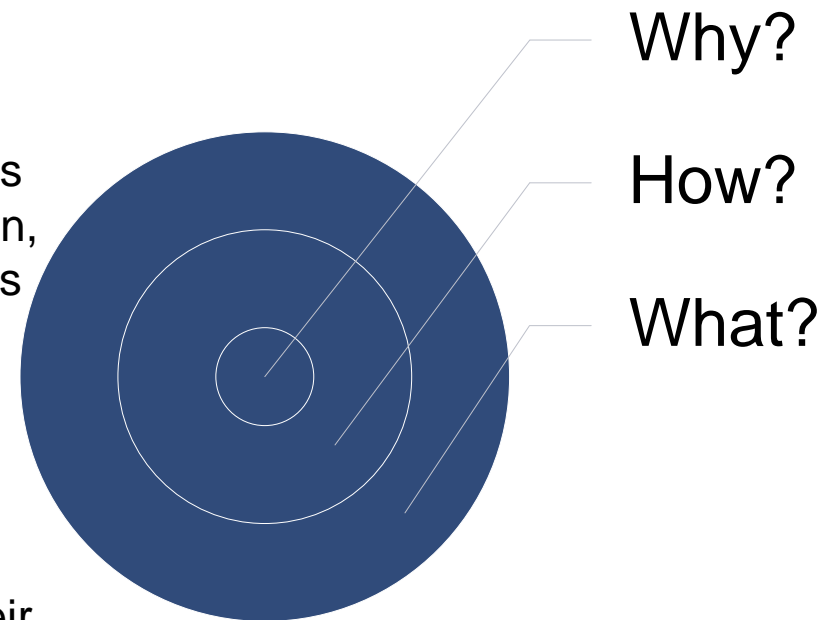
*-- Sun Tzu, *The Art of War, Special Edition**



You Have to Know Your Why!

Borrowed from Simon Sinek's book, "Start With Why: How Great Leaders Inspire Everyone to Take Action," (2009).

- Most contractors have a limited understanding of **what** they do. For them, most mission, vision, and values efforts boil down to clarifying what they should do together as an organization.
 - Not very impressive.
- A lucky few want to know **how** to do things better. So, for these organizations, mission, vision, and values efforts focus on process improvement and reengineering.
 - Good.
- But, the great organizations (the ones winning the War for Talent) focus on **why**. They know lasting market differentiation comes to those who know deep within their culture why they do what they do.
 - Great!



There are just a few challenges.



Five of them.



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»» Challenge #1: We/They



Office...



Field...

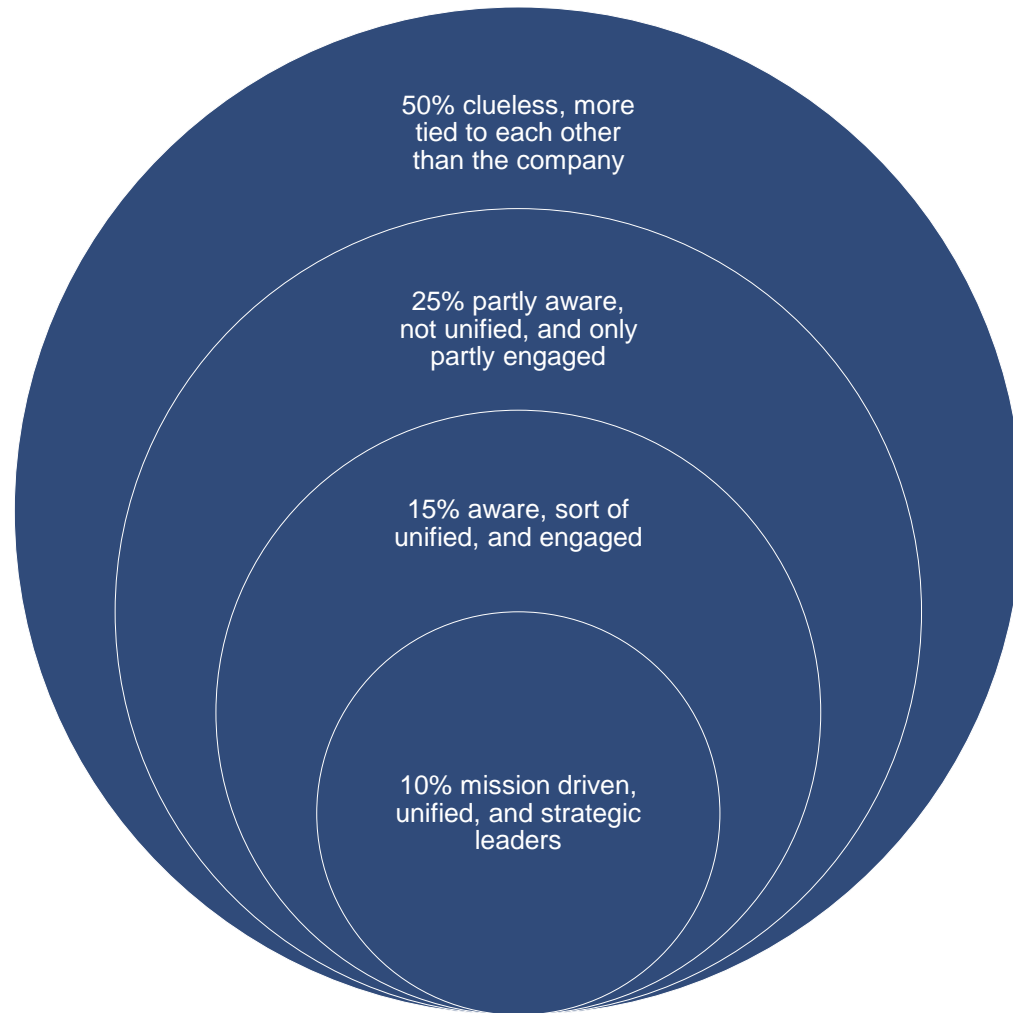
Contractors tend to be “We/They” organizations. How do I know this?



Challenge #2: Construction Companies are More Organizationally Fragmented Than Other Businesses

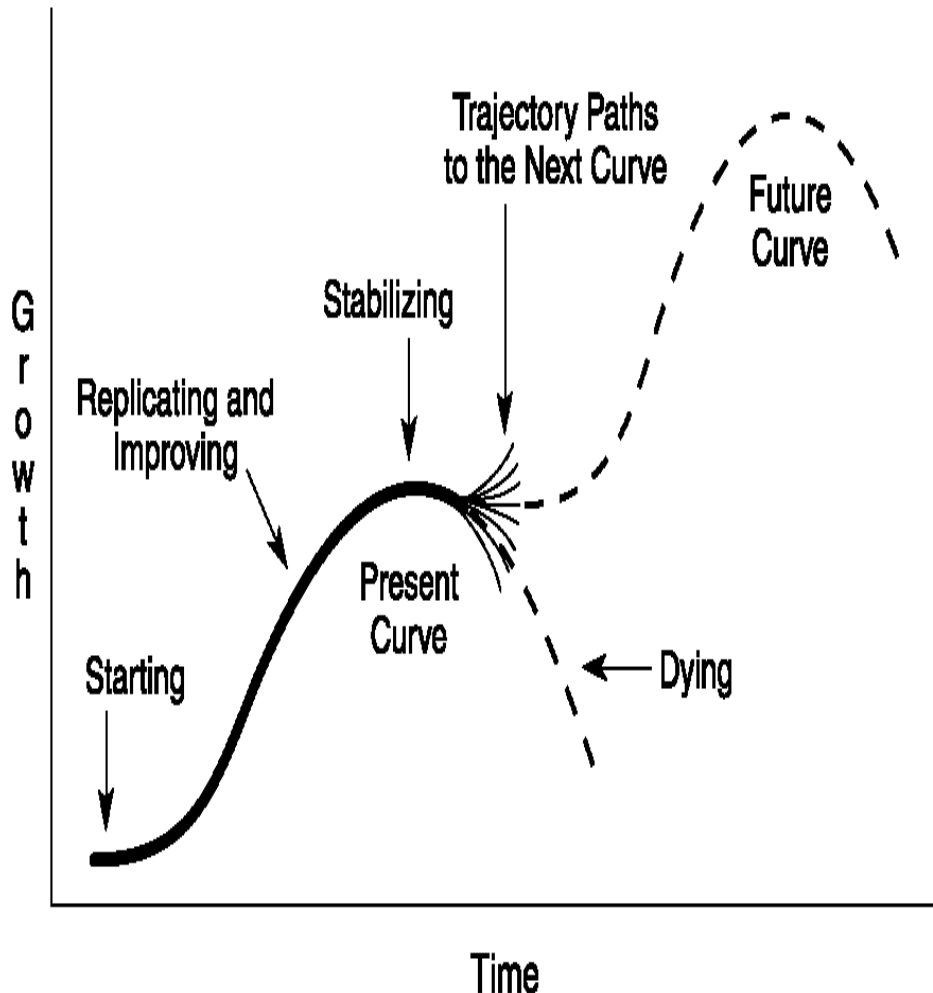
A relatively small group of leaders (10%) know and live the strategic direction and are working “on” the company. Most everyone else is working on their project(s) – working “in” the company.

This makes it hard to win a war for talent.
Why?





Challenge #3: The Industry is Not the Only Thing Changing: So is Your Company Right Now



- First Phase: Formative
- Second Phase: Normative
- Third Phase: Integrative
- Any number of internal or external conditions can develop – some quickly, some slowly – that cause organizations to recognize the need for the new trajectory.

(“S-Curve”, property of Richard N. Foster)



Challenge #4: Competing Cultures in Your Company are Making it Hard Right Now to Win the War for Talent

“Competing Values Framework”, Cameron and Quinn, 2006

Flexibility and Discretion

Internal Focus and Integration

Culture Type: Family

Orientation: Collaborative
Leader Type: Facilitator, mentor, and team builder
Value Drivers: Commitment, communication, development
Workforce Strategy: “Join our family!”

Culture Type: Adhocracy

Orientation: Creative
Leader Type: Innovator, entrepreneur, and visionary
Value Drivers: Innovative outputs, transformation, and agility
Workforce Strategy: “This is a go-go construction company – hop on!”

Culture Type: Hierarchy

Orientation: Controlling
Leader Type: Coordinator, mentor, and organizer
Value Drivers: Efficiency, timeliness, consistency, and uniformity
Workforce Strategy: “We are a Process Improvement Culture!”

Culture Type: Market

Orientation: Competing
Leader Type: Hard driver, competitor, producer
Value Drivers: Market share, goal achievement, and profitability
Workforce Strategy: “This Place is a Leadership Factory.”

External Focus and Differentiation

Stability and Control

Challenge #5: The Sybil Syndrome

- Traditional distinctions between contractors are based on what they do in the construction process and the type of work they build. As these companies wrestle with dramatic change in the industry, traditional distinctions may not be relevant.
- A more relevant difference between contractors today is how they do it.
- Six different types of contractors are emerging from the down U.S. economy. Each has a distinct differentiation model. Each has a bold, clear identity driven by internal goals and values, and matched to complementary client groups. Each has a different profit model.
- It's impossible to execute any more than one of these models. You have to **focus**.



Differentiation Model

Archetype 1: The Technology Leader

- Technology contractors are technology driven (not just technology oriented) and can out smart their competitors with a new generation of original ideas and new technologies. They see the down economy as an opportunity to create new processes, utilize emerging technology in every stage and department. In pre-construction and estimating, Technology companies are BIM thought leaders and well into their BIM effectiveness. BIM, other technology solutions, and their cousins (IPD, Lean) are well into practice. Employees are encouraged to experiment with new ideas in the field and in the office. Some even teach and publish. Technology leaders can now apply original ideas across different building types or delivery methods.
- Workforce Strategy: “Tech Leadership; Process Innovators”



Differentiation Model

Archetype 2: The Niche Relationship Leader

- The Niche Relationship Leader has a keen sense of what will work and how to win work by applying tremendous relationship skills and marketing savvy. In the face of industry commoditization, this contractor continues to win work at healthy gross margins. They are not revenue driven – they are relationship driven. They are dedicated to specific industry segments, project-types, or delivery methods because it enables them to command greater fees, even though the work often encompasses more risk. In this economy, these contractors are winning more small TI and maintenance work than other contractors scoff at, but Niche Relationship Leaders laugh all the way to the bank. They frequently team through a network of other firms or associates to provide full services for a given project, and are sometimes national in scope.
- Workforce Strategy: “Build Relationships, Not Just Projects.”



Differentiation Model

Archetype 3: The Community Leader

- Community Leader contractors aim for a leadership role in their geographic area and tend to be local heroes. They sink deep roots into the communities in which they are operating, developing relationships socially and politically. Community Leaders seek the premier local project work, regardless of industry segment, type, or size. They tend also to perform more service work than their peers. Community Leaders' employees are expected to become well connected locally. Upstream to customers and downstream to suppliers, they are the default choice and excel at preempting out-of-town competitors. They tend to do more self performance than others. Their top leaders know their local, state, and federal legislators and work the system like pros.
- Workforce Strategy: "We Own This Town."



Differentiation Model

Archetype 4: The CM Leader

- The CM contractor focuses on project management, bringing their skills to bear on large, complex projects, including P³, IPD, and other A/E/C/FM supply chain innovations. Skilled at JVs, partnering, and alliances, CM Leaders see a new model emerging, and have the finance, legal, and negotiating prowess to control their own volume. Emphasis is on speed, coordination, and risk aversion. Because orchestrators know their role is overall project leadership, they push risk downstream to others. Self performance does not interest the CM Leaders. Their loyalty is to their client, not to their employees or other project stakeholders. Their culture is like a consulting firm. Many are pure agency CM firms. They are often national in scope, or international.
- Workforce Strategy: “This is a Consulting Firm.”



Differentiation Model

Archetype 5: The Operations Leader

- Operations Leaders are operations driven. With a strong history of field leadership and a management team that usually came up through the field, they define themselves as a contractor, not a CM firm. They are continually on the lookout for more self-performance. They do not perform a lot of service work, unless it leads to an opportunity to do more construction work. They are comfortable serving any customer, so long as they get the opportunity to build the project itself. In this economy, they will bid aggressively and make up the potential losses on change orders and aggressive management of subs and suppliers. Lean construction is very interesting to some Operations Leaders. Typically well capitalized, Operations Leaders plan to weather the economic storm.
- Workforce Strategy: “Let’s Build Stuff!”



Differentiation Model

Archetype 6: The Green Leader

- Green Leaders have been working on the topic of sustainability for many years. Now that “Green” is mainstream, these contractors are poised to not just build green, but to do so at lower total cost and operating cost to the owners. LEEP AP professionals dominate decision making in these firms. In this economy, Green Leaders are succeeding at delivering projects on time, on target, on budget, easily able to prove “Green” is NOT more expensive. Often viewed by competitors as left of center, this is rarely the case. Green Leaders have a well-established culture of efficiency internally that emanates externally, and resonates still in this economy, especially in targeted (and healthy) construction markets such as education and healthcare.
- Workforce Strategy: “Green is a Competitive Advantage!”

So, In Thinking About All Six Differentiation Models, Pick Yours



Please consider focusing on just one of these and then build your workforce strategy around model.



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Closing Comment



Focus is a good thing...
...in the pool and in your construction company.

Temison@eidebailly.com

612.253.6510



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