

# Houston, We Have a Problem ...

Course corrections to overcome underachievement & meet goals



Gregg M. Schoppman is a consultant with FMI, management consultants and investment bankers for the construction industry. Schoppman specializes in the areas of productivity and project management. He also leads FMI's project management consulting practice. Prior to joining FMI, Schoppman served as a senior project manager for a general contracting firm in central Florida. He has completed complex construction projects in the medical, pharmaceutical, office, heavy civil, industrial, manufacturing and multi-family markets. He holds a bachelor's degree and master's degree in civil engineering, as well as a master's of business administration. Schoppman has expertise in numerous contract delivery methods, as well as knowledge of many geographical markets. Visit [fminet.com](http://fminet.com), or contact Schoppman by email at [gschoppman@fminet.com](mailto:gschoppman@fminet.com).

It is easy to look at the next-door neighbors and think, "Boy, they have it going on!" Keeping up with the Joneses is a common practice, and it leads to so many insecurities, which we all seem to possess. We know the grass isn't always greener on the other side, and it is our own psyche that plants these seeds of doubt.

However, there comes a moment when you still have to wonder, "Is it us?" Most geographic markets are strong across the country, with most sectors also over-performing. Yet, there is that one firm that seems to continually underachieve. The company's margins are always lower, its people are dissatisfied and its customers are consistently fleeing. This begs the question, "What are we doing wrong?" and should cause some level of introspection into your company.

## "WE JUST DON'T MAKE ANY MONEY ..."

Before we get out the red pen and start a massive series of slash and burns, though, it would be prudent to first examine the firm's productivity. This is not to say that the field crews of the firm are lazy by any means. However, it may be important to ask the following questions.

- Do we know our true costs?
- How well do we start projects? Does it start with a well-strategized plan, or do we launch our field crews with reckless abandon?

- How well do we monitor job performance within the company?
- Do we reflect on performance at the conclusion of our projects to examine what worked and what didn't work?

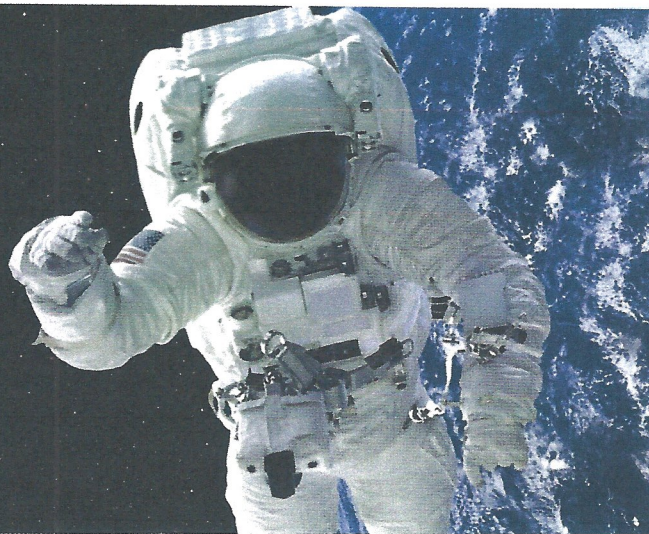
These are just a sample of questions that one could use to evaluate overall performance. The key element to understand is that most of the challenges are not poor estimating, but rather the linkages to the field relative to the plan and the ultimate loop back to estimating in the end.

## "WE KEEP LOSING GOOD PEOPLE ..."

The knee-jerk reaction is to believe the root cause is in compensation. Of course, there are plenty of people that will jump at the opportunity to make more money. However, the vast majority of workers do not quit a company. They quit their immediate supervisors. Many firms that have flight issues actually have toxic environments. Before we start throwing money at people, it would be important to consider the following questions.

- How would we grade our culture?
- Do our associates feel respected?
- Do we see people doing things right?
- Is there room for promotion or growth?
- Do people not see a future for themselves or for the firm? Is there a succession plan in place for aging associates?





- How well do we develop talent? Do we onboard, train and grow our employees effectively, or do we just throw them to the wolves?

Once again, consider what employers hear. When someone leaves, he/she is often told to not burn a bridge. So, he/she leaves with the obligatory reason that another position is available where he/she can make more money to support his/her family. No one can knock that rationale. However, when the real reason is toxicity, masked by the veil of compensation, firms can suffer for years with the symptoms and never see the real disease.

### **"WE HAVE THE WORST SUBCONTRACTORS ..."**

... says the underperforming general contractor. Regardless of the specific industry, there are upper-, middle- and lower-quartile businesses. Before we throw every trade partner and vendor in front of the bus, it might be important to look in the mirror.

The old adage of "a fish rotting from the head down" comes to mind. The general contractor or construction manager is only as good as the teams of vendors performing the work with it. For any construction firm, it might be important to ask the following questions.

- How well do we scrutinize our project partners?
- How do we set them up for success? Do we handle trade contractors the same way we handle our own staff,

lobbying project information over a wall in the same, haphazard manner and hoping for the best?

- Do we treat our trade partners with respect and go to bat for them with owners and customers when the situation is right, or do we sell them out?
- Do we shop their numbers or engage in less than ethical behavior?

Every market is different, and within each geography, there are stories of what is acceptable behavior. While this may sound naïve and clichéd, maybe it is time to return to the Golden Rule. Vendors and trade contractors are team members, not some commodity that should be shuffled around with impunity.

### **"OUR CUSTOMERS JUST DON'T GET US. THEY TREAT US LIKE A COMMODITY ..."**

Really? You don't like being treated like a commodity? To quote the great Janet Jackson, "What have you done for me lately?" First and foremost, there are plenty of bad customers that are truly bad people. On the other hand, how well do you know your customers in the first place?

With a relationship, it is probably good practice to engage in some sort of due diligence to learn what you can. It might be time to evaluate the business development practices of the firm to ensure that the right customers are being courted. Also consider evaluating how each of your projects are being executed to meet standards

and expectations. Questions to help in this evaluation might include:

- Do we evaluate customers and projects for their match to our firm and its capabilities?
- Do we have a process to learn our customers' businesses as much as possible?
- Do we understand what is truly important to them?
- Do we ask our customers how they view our performance, or do we just hope for the best?
- Do we ever terminate a customer, or do we keep blindly pursuing their work like a weak-willed sadist?

The last bullet should be reserved as the nuclear option, but it bears mentioning because so many firms will keep taking such abuse. This abuse can also be traced back to some of the other comments listed above. For instance, it doesn't take too much for a high-performing individual to bolt when working with a caustic client.

In the end, every firm has a bad run from time to time. Even the best-in-class firms make errors and lament about their evolving state. However, when will your company decide whether enough is enough?

Great businesses reflect on their performance. Before they cast wild aspersions, they look in the mirror, wipe the fog away and take a long, internal look. And only then do they make the right course corrections to achieve their mission. **CBO**