

Managing a Design and Construction Team During an Economic Downturn



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When the market starts to go sour, one of the first things an owner organization reigns in is capital spending. Projects that are under construction are scaled back, and those on the drawing board are shelved. Organizations that can embrace this downturn as an opportunity will not only be successful throughout this difficult period, they will be far better equipped when the market fires up again.

So what do you focus on? Outlined below are six critical steps to managing a design and construction team when the outlook is grim.

Invest in Your People

Organizations like to banter on about how “people are their greatest resource,” but when times get tough, people are often the resource that gets hit the hardest. Companies will often seek to reduce staff through attrition or more-drastic steps, and employees that are left will have more work to complete on a tougher schedule, and with fewer resources to help. Also, organizations usually cut training and development first, stunting team members’ chances to build their skills and become greater assets to the organization.

First, reassess each team member’s skill set for strengths and opportunities. Identify where people are being under-utilized. They may have skills that are going unused due to your organizational structure. Take a good look at individual and team opportunities for improvement and focus your training and development dollars there. A well-developed training program is not only a source of improvement for the organization, it is a major employee-retention tool. Investing in employee improvement will keep morale up and encourage employees not to seek other employment options. Developing a customized, on-site training approach drives a company culture that clearly supports continuing education but also reduces cost.

Finally, work with the human resources group to assure that the company's compensation and bonus system supports the behaviors you want your people to embrace. Too often, organizations have outdated incentive programs that focus behaviors on individual success instead of team success or support actions that will alienate collaborative partners.

Don't Fear Technology

When the dollars dry up, so does technology investment. Initially, look at your current technology to see if you are maximizing what you already have. Also, be sure to continue your investment in maintaining those systems. If you fail to do this, you will not only have an outdated system, it will likely hinder employee performance and actually hurt your company's ability to perform.

When reviewing potential technology investments, clearly know what your goals are in advance. Are you seeking to improve field/office communications? To develop enhanced collaboration with customers and partners? To drive down costs by identifying "waste?" Technology is not the magic bullet, but it is a gun that can fire that bullet. Technology used in a focused way can be the linchpin in helping a team increase efficiency and effectiveness. But one caveat: Companies often fail to invest in the "people side" of

new technology, leaving their teams frustrated and underutilized. Don't make this mistake.

Focus on Planning

When business slows, it's more important than ever to maximize profitability on projects through proper planning. When I race from the office to the golf course and don't take time to warm up and hit a few practice shots, you can bet that when I hit the course, I'll miss a few shots early before I "settle into" the round. The same thing happens when owners and contractors get lackluster about pre-job planning and budgeting. They'll get the project done but not without a few misses along the way.

First, take a good look at the pre-job process your team uses. Map out every step and how that step is completed. Once compiled, identify the non-value-added steps in the process, including the non-value added people in the process. How many signatures are required for changes, and do these people actually know what they're signing? It may be corporate policy, but it may also add unneeded days and dollars to a project. And just because it's "policy" doesn't mean it can't be changed — this is a time to think creatively.

Build Your Lessons Learned

Assess every project you complete

for lessons learned, both negative and positive. When I get to the end of a golf round, I review it to see where I was good and where I failed. Did I three-putt a few times or hit a ball out-of-bounds? Maybe I hit the ball off every tee into the fairway. By assessing these items, I can focus my attention on improvement and play to my strengths the next time around. Building a project is no different — do what you do well and improve what you don't. If your contractor scheduling was poor, focus on improving that on your next project. On the other hand, if your scheduling of equipment delivery was flawless, replicate that on the next project. Use every project and major milestone as a chance to assess the team and processes that support the team's success or failure. Gather lessons learned and build a database that will be shared throughout the team and incorporated into future projects.

When building lessons learned, complete the assessment quickly after the milestone or project, while memories are fresh. Then reward innovation and incorporate new best practices with the team.

Close the Supplier Gap

When the economy spikes down, it hurts everyone. Use this time as an opportunity to reach out to suppliers and develop a shared vision of success. The natural

tendency is to “slam” suppliers on price, but this tactic is short-sighted. First, determine if your supplier relationships are meeting your current needs and if they will meet your future needs. Beware that owner/contractor/supplier relationships often have more invested in them than what is on the contract in the purchasing and legal departments. There are also the critical cultural aspects of the relationship. Is the supplier willing to step up when things go wrong? Have you jointly developed solutions in the past, or do you spend time and money wrestling with them? Identify the suppliers that are essential to your success and can support the vision for how you want to do business. Then build on the foundation already established to develop a mutual understanding of success that will help their business as well as yours.

Collaborate

Usually when capital projects are cut back, management wants to know the “price” being paid for a project — as opposed to the cost. “Price” is often the lowest dollar total without consideration for the value being received. It is a challenge to focus not only on the value of a project but also a process and partner. Seek to drive collaboration both internally and externally to support increasing value.

When the economy slows, people

often become defensive and tend to focus on individual efforts. But if this energy can be harnessed and focused on creating collaborative solutions, the downturn’s effect can be minimized and opportunities for success can be found. In the construction industry, a lot of time and resources are spent on conflict. Much money is wasted pointing fingers and assessing blame. By guiding potential partners down the path of collaboration, owners will not only reduce conflict but also add dollars to the bottom line.

Internally, identify roadblocks to collaboration among the team and seek to remove them. Reach out to your personnel for their input on driving collaboration and reward those who embrace the philosophy. Externally, contractors should seek the same initiative with customers, subcontractors, design firms, and suppliers. Review how your team works collaboratively with these external partners. There are a lot of “old school” construction folks who like to “beat up” contractors and suppliers. If this is the case, seek remedial improvement with these individuals.

Communicate your strategy on all six of these points to everyone in your company — senior management, your internal team, your external partners, and everyone who will listen. When change is brewing, clamming up can mean digging out of a deep hole, be-

cause the rumor mill will communicate for you. Change will happen, but those leaders who see it as an opportunity are those who will create more value.

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FMI delivers innovative, customized solutions to contractors, engineers, architects, environmental firms; manufacturers and suppliers of building products and construction equipment; construction materials producers; private owners, government agencies, utility companies; surety companies; and trade associations.

FMI’s experienced consultants can assist your business with compensation planning, leader and organizational development, business development, strategic market information, acquisition integration, mergers and acquisitions, ownership transition, private equity financing, project delivery improvement, management and field-level training, strategic planning, strategic sourcing, and productivity improvement.