



**Feeley & Driscoll, P.C.**  
Certified Public Accountants / Business Consultants

# The Evolution of Building a Great Company

Construction Executive Leadership Seminar

# Agenda

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- ▶ Leadership
- ▶ Strategy
- ▶ People
- ▶ Customer/Markets
- ▶ Systems
- ▶ Financial Metrics



# What Type of Leader are You?

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# Leadership of a Company in Decline

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- ▶ Focus on the positive, ignore the negative (Circuit City)
- ▶ Focus totally on growth (Merck)
- ▶ Ignore consequences of risky decisions (Bear Stearns, Lehman Brothers)
- ▶ Low questions to statements ratio/decisions without input

# Leadership of a Company in Decline

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- ▶ Ignore the external environment's impact on their business (Analog vs. Wireless; Motorola)
- ▶ Blame others or external factors for failures (IBM, Zenith)
- ▶ Allow a cultural shift from humility to arrogance (Motorola, Ames vs. Walmart)

# Leadership Attributes of a Company in Decline

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- ▶ Making dramatic, big moves to continue growth – acquisition (Motorola/ Iridium; Ames/Zayre)
- ▶ Changing strategy and reorganizing again and again (Circuit City; CarMax; Scott Paper)
- ▶ Hiring a charismatic personality not a leader (HP, A&P, Ames, Circuit City)

# Leadership Attributes of a Company in Decline

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- ▶ Implementing “NEW” and exerting too much energy away from core business (Ames, Circuit City, Rubbermaid)
- ▶ Sell the “future” which distracts management from addressing the current difficulties (HP Stage 4)
- ▶ Create an atmosphere of confusion and not a focus on goals, values or purpose
- ▶ Not realizing all of the above drains resources – Cash

# Strategy of a Company in Decline

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- ▶ Moving away from your core market, service, discipline, behaviors and values (Circuit City; CarMax/Divx)
- ▶ Lack of learning and implementing new ideas (A+P, Scott Paper, Zenith)
- ▶ Thinking that your success is based solely on the superior qualities of your organization and the leadership team (Motorola)

# Strategy of a Company in Decline

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- ▶ Setting growth goals before fixing existing operational weaknesses (Rubbermaid; Merck)
- ▶ Pursuing goals that: (Circuit City, Zenith, Motorola)
  - ▶ Do not fit core values
  - ▶ You are not passionate about
  - ▶ That do not rank you #1 or #2 in your industry
  - ▶ Don't drive the economic engine
- ▶ Focus on the short term rather than investing in the long term (Rubbermaid)
  - ▶ 1000 products introduced in 3 years, unable to control costs and fulfill orders on time

# People Traits in a Company of Decline

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- ▶ View success as being deserved and that it will continue no matter what happens to the organization (A+P)
- ▶ Having the wrong people in the wrong seats and letting the top people go (Circuit City)
- ▶ Think in terms of a “Job” rather than responsibilities (NASA/Morton Thiokol)
- ▶ Lack of discipline (Ames)
- ▶ Unable to groom next generation of leaders (HP)

# Customer Service Commitment of a Company of Decline

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- ▶ Nordstrom and IBM both got away from delivering an exceptional customer experience and faltered as a result
- ▶ The attitude that a job is a job is a job and that you don't have "Customers"
- ▶ The customer is interested in lowest cost and nothing else

# Systems of a Company in Decline

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- ▶ We're successful because we do these specific things (A+P)
  - ▶ We are not going to change anything because we have been successful doing "it" in the past

# Financial Metrics of a Company in Decline

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- ▶ Raising prices due to increasing costs instead of increasing discipline (Merck)
- ▶ Forgetting that cash matters (General Motors)
- ▶ Revenue focused
- ▶ Forget efficiency metrics such as:
  - ▶ Gross profit %
  - ▶ Operating Profit %
  - ▶ # of days cash
  - ▶ # of days A/R
  - ▶ # of days underbilling
  - ▶ Gp \$ per staff person/function
  - ▶ Hours per unit of production
  - ▶ \$ per hour
  - ▶ Office/field ratio

# Breakout Session

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- ▶ Discuss indicators of concern present within your own companies and what initiatives your company has implemented to address or solve these issues



# Best of Class Contractors

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- ▶ Core business
- ▶ The customer
- ▶ Growth
- ▶ Culture shift/humility
- ▶ Business development systems
- ▶ People
- ▶ Case studies of companies that refused to fail
  - ▶ “Why were these companies different?”



# Subcontractor Case Study

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- ▶ Focus on the positive ignore the negative
- ▶ Focus totally on growth
- ▶ Allow for a cultural shift to Humility
- ▶ Low questions to statements
- ▶ Create an atmosphere of confusion/Implementing distractions
- ▶ Wrong people in the wrong seats
- ▶ Set Goals before Fixing existing operational problems



# Core Questions

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- ▶ **Recession Survival/Attitude Adjustment**
  - ▶ Is your core business going away?
    - ▶ Construction cannot be outsourced overseas
    - ▶ Cost competitive challenges ahead
    - ▶ Core purpose is still being bought in the market
  - ▶ “Have you lost the passion”?

**Inject the passion and innovation you had on Day 1  
back into your Company**

# Customer Service

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- ▶ **World class CONSISTENT customer service**
  - ▶ Eliminate the commodity mindset/market rationalization
  - ▶ How many of you are the low price provider on every job/cheapest all the time
  - ▶ If you are not
    - ▶ Why are you different?
    - ▶ Why should you get paid more?
  - ▶ Customer focus
    - ▶ Do you understand your customers business plan?
    - ▶ When was the last time you saw your customer?
    - ▶ Do you get last look?
    - ▶ What have you done to help your customer get work?



# Customer Service

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- ▶ Are you incorporating new ideas and learning new things?
  - ▶ Building your own balance sheet/lead by example
  - ▶ Investing in your organization-taking calculated risks with new systems, training and technology
  - ▶ Productivity initiatives-drive down costs
  - ▶ P3 – Public-Private-Partnerships
  - ▶ LEED



# Strategy

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- ▶ Why the company was successful?
- ▶ Face reality-What do your customers really think?-IBM-  
Have you asked?
- ▶ Respond to data and “Warning signs”
  - ▶ Use metrics to right size your organization
  - ▶ React fast - leadership

# Growth/Mission Focus

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- ▶ Think positive-leadership
  
- ▶ 2010 is not the end of the world
  - ▶ You have to believe this first before carrying it down to the masses
  - ▶ ENR July Statistics – Private Construction Put-in-Place
    - ▶ July 2009: \$543.75 Billion
    - ▶ July 2008: \$613.51 Billion
      - Overall Down 11.4%
      - Industry gainers:
        - Manufacturing +47.7%
        - Power +15%
        - Healthcare +.7%

# Culture Shift

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- ▶ Humility
- ▶ There are young, passionate, energetic, less risk averse with nothing to lose people out there competing against you
- ▶ Great companies have “cult-like” culture
- ▶ Focus on the WHO then WHAT

# People

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- ▶ **New England Patriots**
  - ▶ Use data and metrics to select players-grades
  - ▶ Does not have the “scouting services” other teams use-on field performance is a part of the decision
  - ▶ Rates draft picks on nontraditional metrics-intelligence and willingness to sacrifice ego for the team
  - ▶ Belichick – Intangibles

# People

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- ▶ Hire smart people
- ▶ The right people don't have jobs, they have responsibilities
- ▶ Right people are passionate about the Company
- ▶ Right people when hired share the core values

# People

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- ▶ Set goals – owners and employees
- ▶ Groom the next leaders
  - ▶ Behaviors
  - ▶ Passion
  - ▶ Identify the winners early and retain them
  - ▶ Interact with the 25-35 year old employees
- ▶ Tracking/measurement for:
  - ▶ Mentoring

# People

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- ▶ Referral development
  - ▶ It's a long term investment
  - ▶ Reach out to people who are “influencers”, who will use word-of-mouth to spread information about you and your unique expertise to their own wide networks
  - ▶ Everyone should have a list of 20-30 people who will act as their ambassadors
  
- ▶ Professional growth
  
- ▶ Social networking tools
  - ▶ Facebook
  - ▶ LinkedIn
  - ▶ Twitter

# Getting Involved

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- ▶ Community involvement
- ▶ Politics
- ▶ Networking
- ▶ Tracking and measurement
- ▶ Overall visibility



# Systems

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## ▶ Business Development Plans

1. Strategic
2. Competitive analysis
3. Customer and industry research
4. Develop strategies and key action plans
5. Differentiation
6. Target customers and projects
7. Market and sales plan development and implementation (who's leading)

# Systems

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- ▶ **Keys to a successful business development plan:**
  - ▶ Organizational structure
  - ▶ Skills/training/development
  - ▶ Measurements and metrics
  - ▶ Resources
  - ▶ Utilizing information and feedback
  - ▶ Rewards and incentives
  - ▶ Cost/benefit

# Google

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- ▶ 1<sup>st</sup> it was IBM vs. Microsoft
- ▶ Then it was Microsoft vs. Lotus
- ▶ Now it is Microsoft vs. Google
  - ▶ Are you incorporating Google as part of your learning, research, tools, resource, vendor, customer, job acceptance
  - ▶ Focus on becoming a power user of Google
  - ▶ Shortcuts