



# FEATURE

## Shifting the Business Model to Ensure Future Success — The Needs of the Next Generation

by *Stephane McShane, Maxim Consulting Group*

Only a small percentage of construction firms have put a strategic focus on modifying their business practices to meet the needs of the next generation of construction. This should be a critical focus for firms to allow for the hiring, retention, advancement, and effectiveness of the younger individuals who will soon hold influential leadership positions in our organizations.

As of 2020, the Millennial generation comprises about half of the American workforce. By 2025, the Millennial generation will make up approximately 75% of the global workforce. The way that businesses are currently operating in many firms contrasts greatly to the needs of this next generation. The reality of the timeline that is required to accomplish enterprise level change must be taken into consideration when planning these necessary business improvements. The objective behind this is to allow the younger generation to learn, thrive, and remain engaged for a much longer period of time.

### Technology Implementation

Technology implementation is the logical first requirement of this generation. The men and women joining our firms today grew up with one thing that all the other generations did not: Instant access to information. This new generation grew up in the Google and Alexa era, where the answers were a few keystrokes or verbal questions away. Technology is certainly second nature to this generation. Construction organizations must take specific steps to guarantee that they have the necessary hardware, software, documentation, and training to arm the workforce with the best tools available.

When you consider the employment opportunities for entry into our firms, they all require strong technology deployment. Whether field operations, estimating, project management,

engineering and design, or fabrication, each of these verticals within our organizations will require a strong technology deployment to attract and engage the younger generation of workers. This generation will expect to utilize technology to do their work, as well as to see, in real time, the impact and status of their work. They will expect to use data mining or exception reporting to enable them to focus on what is important, instead of spending precious time simply looking for the problems.

For example: Up and coming project managers and field leaders will need to be armed with data to manage their work efficiently. Data based project management would allow for transparency of the financial position of a project, so necessary to drive success. Having the correct tools to evaluate labor productivity, purchasing efficiency, subcontract management, change order management, enterprise level schedules, etc. would allow the project manager to run a greater volume of work, mitigate risk more effectively, and maximize profitability. Data based field management would allow for effective planning, scheduling, project execution, labor productivity tracking, and change order management. The era of project management of field leadership by “gut” must be modified and enhanced using this type of information, coupled with effective training in communication and leadership.

To prepare your organization for these changes, it would be key to evaluate the current state, and plan the future state. The following steps would be integral in making the best strategic decisions and should be revisited on an annual basis:

- Technology assessment
- Determination of future technology needs
- Implementation planning

### Technology assessment

Performing a current state technology assessment would take into consideration the quantity of programs your company is utilizing. In addition, you will need to determine how well these current platforms are implemented, as many organizations purchase software only to implement a fraction of the capability. Additionally, you'll have to perform a deep dive into the integration of the multiple platforms, looking for any multiple points of entry for the same data, duplicative work, and “workarounds” currently being used. From this assessment, you will need to accurately identify and document areas of improvement.

### Future technology needs

Taking an objective look at where your part of the industry is moving in the next 5-7 years is paramount in making decisions on future technology needs. For example, if it were determined that BIM modeling will be a requirement for your business in the next 5 years, how long do you think it will take to investigate which software to purchase and make all of the other decisions surrounding the organizational changes that would have to occur for this endeavor to be successful? Since it takes 3-4 years minimum to fully implement a new technology, committing to the change far in advance of the actual need to use it is a key part of planning.

### Implementation plan

Putting a new piece of software or a technology tool in play is not as simple as purchasing it. During the ramp up phase, standards of use, roles and responsibilities, training protocols, subject matter experts, organizational structure, and measurement of success must be defined and developed to fully leverage the investment. Without a comprehensive implementation plan,

the risk of a prolonged timeline to use, or even failure to implement completely, can rise considerably.

## Employee Engagement and Development

The next generation will require different types of leadership and engagement than in past generations. The challenge is that many construction organizations are not shifting their employee development and engagement programs in lock step with the changing needs. In a study conducted by Qualtrics, a survey software firm, and venture capital firm Accel Partners, Millennials were able to express what they want when they start a new job. These items are:

1. Sufficient training—40%
2. Clearly set goals and expectations—31%
3. All needed information to do the job—30%
4. Reasonable goals and timelines—26%
5. Leaders who are invested in their success—23%

With the above in mind, an assessment and restructuring of employee development and engagement programs to ensure that the above goals are met or exceeded would be paramount in retaining key staff. How this is done can be outlined as follows:

### Training and development

The days of giving someone a job and hoping they learn fast enough not to fail are long over. Or, sitting down with someone one time and verbally telling them how to do something, hoping they will remember, is also an outdated approach. While the next generation of workers places an extremely high value on one-on-one training and mentoring programs, this must be a part of a far more comprehensive training and development program.

Workflow should be documented and shared in a way that can be referenced at any time by staff. The use of roles and responsibilities matrices would allow the employee to see what information

comes to them, what they do with this information, and where it goes from there. This would allow for clarity so that there are no questions as to what the expectations of a position are. These workflow documents should be embedded with videos, examples, and hyperlinks to facilitate the work, allowing for self-guided learning to take place.

### Career path mapping

Millennials not only want to define where they go in their careers, they want to play a strong role in how quickly they get there. The use of career path mapping allows the employee to own more of the process and, therefore, more of their own development. If the roles and responsibilities of each position within the firm were made available, it would allow employees to investigate where they might like to go. Of course, there are those who would look to climb the ladder vertically from the position they are in now, to a higher position in the same type of vertical. However, the Millennial generation also would like the opportunity to move horizontally, that is, to move in a lateral motion to a different type of work or department to remain engaged and challenged.

The career path mapping process would allow for the employee and their designated lead to map out a path from where they are now, by objectively and collaboratively evaluating current skillset, and defining the roadmap to where they would like to go. The mentor or leader would commit to meeting twice a year to evaluate, coach, and update the action plan with the employee, ensuring that the opportunities and training resources needed to allow for development and advancement are in place.

### Flexibility

Many construction firms were caught unprepared during the COVID-19 pandemic. This situation caused remote work to be pushed to the forefront due to the need to continue to “get work done,” while balancing the need to keep staff safe and well. Remote work is a key to many in the younger generation who seek to “work to live” rather than the “live to work” of generations past.

Telecommuting for many positions in our industry is not only possible, but can be done with great benefits to productivity, performance, and profitability. In an article published by Forbes magazine after reviewing studies by Gallup, Harvard University, Global Workplace Analytics, and Stanford University, 54% of employees say they would change jobs for one that offered them more flexibility. This results in a reduction of turnover rate by 12% for those utilizing remote work.

## Summary

The construction industry is already challenged by the lack of interest by the young workforce in entering our field. It is in our best interest to ensure that we have built a business model that the younger generation would look forward to being a part of. One that takes their desires, learning needs, and savvy with technology into account. In a 2016 Deloitte Millennial survey entitled, “Winning Over the Next Generation of Leaders,” it was found that 71% of Millennials likely to leave their current job are dissatisfied with how their leadership skills are being developed. With this said, the decision must be made to proactively improve our business model to increase employee retainage, development, engagement, and productivity. If we fail to do so, the impact to the structure, integrity, and survivability of our organizations may be in serious jeopardy.

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### About the Author

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