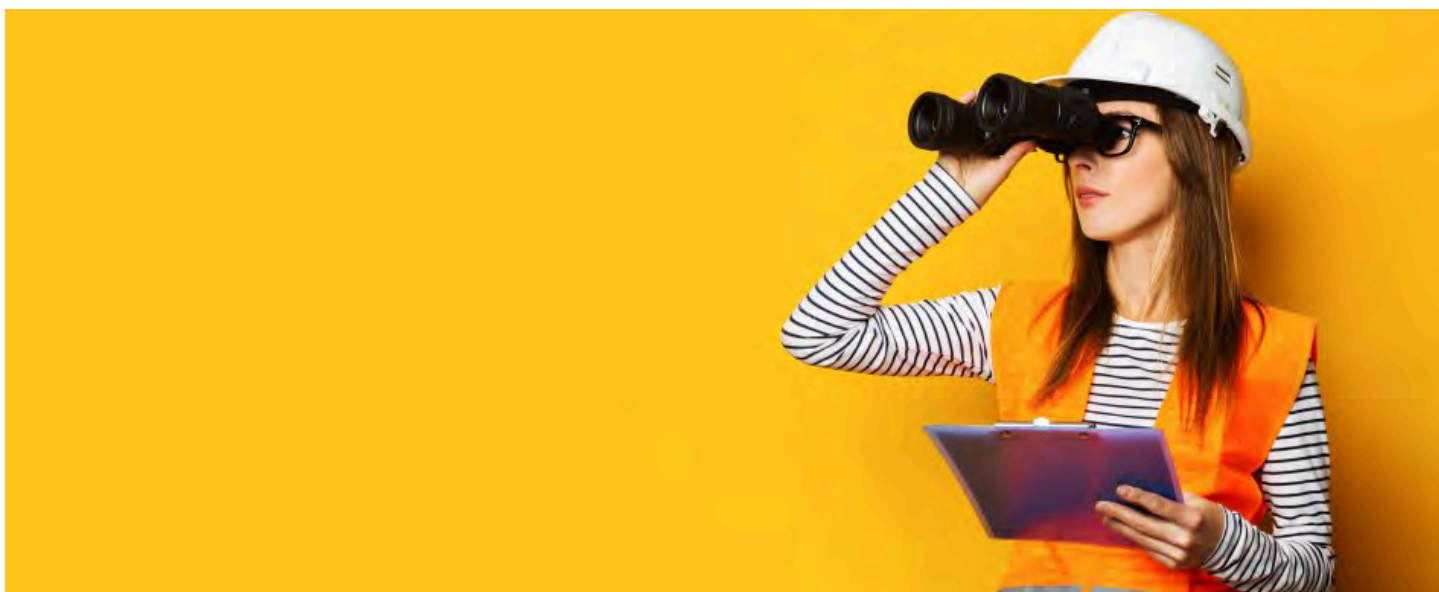




CBO's Experts Reflect on the Past, Present & Future of Construction



Industry leaders on 20 years of change

Monday, August 5, 2024



1. As Construction Business Owner celebrates its 20th anniversary, what do you believe has been the most significant development or transformation in the construction industry over the past two decades?

Denita Schreier
Executive Vice President
WDS Construction

Over the past two decades, technological advancements have revolutionized our industry, making projects more team-focused, expediting communication and enhancing collaboration. Project management programs like Procore have been instrumental to the sharing of information, allowing teams real-time online access to project documents. This has resulted in faster communication turnaround and enhanced project management.

The demand for faster responses has increased with real-time data and technological prevalence, eliminating mail and shipping delays and providing instant information access. While tech keeps us constantly connected, it can also require discipline to be intentional about preserving focus time within one's daily schedule.

Gregg M. Schoppman

Partner
FMI Corp.

There are certainly arguments to be made for such new tools as artificial intelligence (AI). The amount of conversation and discourse dominates many of strategic discussions. However, so many of the massive changes in technology lie in proliferation of handheld devices. Whether it is the smartphone or its larger cousin, the tablet, software that was originally manipulated by desktop computers and laptops could be run within the palm of a hand. More importantly, it democratized information and enabled a new host of users to access critical information about the firm and projects. Information such as job performance and design details could be accessed in real time, allowing enhanced control and improved operational capability. In fact, today's artificial intelligence advancements can thank these massive innovations for their adoption.

Peter Hilger

Faculty Director, Curriculum & Internship Advisor, Construction Management Program
University of Minnesota

Even 24 years ago, everyone thought the economy would suffer from 'Y2K' (the year 2000) when so much of our nascent technology was evolving, and we expected massive data loss. "Online" was really not as it is today. Yet 24 years later, the technology to communicate more effectively has emerged as the single most important change: letters reduced to text messages, memos reduced to text inputs in software platforms. We have lost the romance of that traditionalism and wish it a hearty goodbye, for the speed of communication is a key driver of project efficiencies — be that words, drawings or digital datasets in the form of building information modeling (BIM). The (blue) printing of plans is replaced by a digital tablet. Face-to-face can now actually mean Zoom (if your camera is on), and COVID-19 has assured us that despite the disruption the pandemic caused to our entire industry, adaptation has emerged, making virtual work possible. However, technology improvements are slower to adapt in the field, but progress is being made in robotics,

exoskeletons, machine learning, 3D printing and even production improvements in systems prefabrication. With all these technological advancements, we still need the trades and craftsmanship of their work.

Scott Peterson

CEO

Interstates

- *Focus on safety* — Safety has always been a crucial aspect of our industry. Over the years, we've witnessed remarkable innovations in tools and processes, alongside a shift toward a behavior-based safety mindset. At Interstates, we emphasize teaching and living out the principle of caring for each other's physical and mental safety.
- *Focus on culture and people* — It is great to hear so many construction leaders recognizing the power of culture. There is that old saying: 'Culture eats strategy for breakfast,' which can be true. Culture can enable any change and help hit any performance standard or goal. It can also hinder or stop any change or performance goal.
- *Technology* — This has been referenced for the last several decades, but the pace of change within technology is incredible. Tech provides opportunities to increase productivity and safety. It provides an abundance of information to help you and your clients make well-informed decisions, but it can also cause you and your clients to become overwhelmed. It has been and will continue to be a lever for our industry.

2. What is the most pressing challenge your business faces today? How has this pain point evolved over the years, and what strategies are you employing to address it?

Dan Sellers

Partner

Carr, Riggs & Ingram LLC

As an immense level of talent continues to leave the industry through retirements and resignations, the identification and implementation of future leadership plans are integral to the success of individual companies and the industry as a whole. The succession planning process is not easy. However, identification of future leaders is important to ensure that the company's hard-earned legacy and reputation continues. It is a relationship business, and it takes time for the future leaders to develop relationships with customers, vendors, subcontractors, sureties and other professionals key to the organization's success

3. How did the COVID-19 pandemic impact your business operations and strategy? What steps have you taken to recover, and what long-term changes have you implemented as a result?

Gregg M. Schoppman
Partner
FMI Corp.

As horrible as the pandemic was, there were certainly unintended benefits. When you consider the timing of this “black swan event,” most construction organizations were thriving and on track to another successful year. While many navigated the pandemic, they had many aha moments that are serving as tentpoles going forward. The most obvious outcome is the movement toward employee flexibility in scheduling. Good, bad or indifferent, most firms have leaned into flex scheduling. Second, the adoption of new technology has been a gain. While virtual meetings may seem exhausting, no one can argue the benefits of leveraging this technology in the right setting. Additionally, firms appear to be spending more time conducting fact-based strategic outlooks which reflect supply chains, customer feedback and macroeconomic factors that could be in play. While no one has a crystal ball, firms are grounding themselves with a myriad of potential outcomes, even if today's environment is positive and robust.

Scott Peterson
CEO
Interstates

The pandemic was a huge disruption, and with every disruption comes an opportunity to learn and grow. It has impacted all of us. Our awareness of that impact is foundational from turning a challenge into an opportunity. Here are some things we have learned and some trends we are watching:

- *Supply chain management* — The pandemic altered how the industry views supply chains. Contractors and clients now prioritize early planning, timely ordering and effective communication more than ever.
- *Company culture* — Our people are the heart and soul of Interstates, and our culture is exceptionally important to us.
- *People development* — We remain committed to supporting the growth of our employees through various development opportunities.

The pandemic was both humbling and motivating. It reminded us of our limitations in controlling external factors like supply chain issues and lockdowns. However, it also reinforced our philosophy of extreme ownership and problem-solving through collaboration and scenario

planning.

4. The industry is currently dealing with labor shortages, inflation and rising material costs. How do you foresee business owners adapting to these challenges as we move forward? What strategies or solutions do you think will be most effective?

Dan Sellers

Partner

Carr, Riggs & Ingram LLC

It is critical for owners to implement strategies to not only attract new talent but also retain current employees. To attract and retain workers, the industry must embrace technology, offer perks such as flexible schedules and remote work, and show opportunities for upward mobility. Companies will also need to reshape recruiting strategies to look for talent in new places, such as involvement in second-chance programs and veterans' associations for returning military members.

Fred DeWitt

Principal

Design Development & Contracting Inc.

From statistics I found on the internet, products and services costs in many industries have risen from 150% to 225% in the past five years. While the average individual income has only risen 22.5%. That speaks volumes about who is getting richer and who is getting poorer. A good start to recovery would be reining in attorneys and insurance companies.

5. How have advancements in technology, such as building information modeling, drones and artificial intelligence, influenced your business operations over the years? What future technological innovations are you most excited about?

Derek Gregg

Executive Vice President of Operations

Robins & Morton

Embracing the responsible use of technology has made a tremendous impact on our business operations. Each new breakthrough has supported the long-term sustainability of the construction industry.

More recently, the fusion of existing technology and AI integration has allowed us to increase the speed of tasks, anticipate constructability issues, harness big data and better futureproof the facilities we build. In the coming years, we predict that there will be even greater data collaboration among construction project delivery team members, leading to more comprehensive benchmarking across the industry.

While there's a lot of optimism as we realize new possibilities with AI, what we're most excited about is the industry's renewed spirit of innovation.

6. Looking ahead, what changes or innovations would you like to see within the construction industry? How do you believe these changes could benefit businesses and the industry as a whole?

Scott Peterson
CEO
Interstates

The future of the construction industry is full of exciting possibilities. As our world continues to grow, the opportunity to serve our clients remains robust. Here are some key areas of focus:

- *Fundamentals* — Prioritize the basics: clients, safety, quality, culture, business, relationships and leadership.
- *Long-term vision* — Learn from the past, execute effectively today and plan for the future.
- *Embracing technology* — Lean into changing technologies, particularly AI.

7. What advice would you offer to new or aspiring construction business owners entering the industry today? What key lessons have you learned that you believe are crucial for success?

Fred DeWitt
Principal
Design Development & Contracting Inc.

Follow through with every promise you make, be it timing or workmanship during and after projects conclude, the care of and respect for your clients, associates and family, and find time to be of service to your neighbors and community.

Joseph Natarelli

National Construction Service Group Leader

Marcum LLP

My advice for construction startups today is simple: Play to the strengths of today's market by building a team fit for purpose. That means investing in people, skills and equipment that will position you to serve the needs of modern clients.

It's a cliché because it's true — your people are your top assets. When you start a business intending to bring specialized expertise to the market, you can do amazing things. It means being careful, considerate and committed to developing capabilities that best serve pockets of demand within your sector.

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