



Engage Your Team to Increase Your Profits

By Marty McCarthy, CPA, CCIFF

Productivity improvements in the construction industry have flatlined in recent decades compared to other industries like information technology, manufacturing, and agriculture. PlanGrid and FMI conducted a study in April 2018 of more than 600 owners of construction companies globally. According to their report on the findings, "[Construction Disconnected](#)," it's estimated that construction teams in the U.S. lose \$177 billion in non-productive labor activities.

The survey respondents indicated that they spend only 11.2 hours per week on optimal activities including project execution and coordination, 8.2 hours communicating with project stakeholders, and 7 hours organizing the job site and people.

Time spent on non-optimal activities included 5.5 hours looking for project data, 4.7 hours on conflict resolution, and 3.9 hours dealing with mistakes and rework. Thirty-five percent of their time (14.1 hours per week) were wasted on non-productive activities. Furthermore, respondents from the U.S. claimed that poor project data and miscommunication on projects were responsible for 48% of all rework, accounting for a total of \$31.3 billion in rework in the U.S. alone in 2018. The remaining 52% of rework was caused by other

factors including design changes or issues, faulty or delayed materials, unforeseen conditions, and other issues. Poor communication represents an annual cost of \$17 billion to the U.S. construction industry and poor project data represents \$14.3 billion.

Some of the key findings of the study are:

- Construction workers lose almost two full working days each week solving avoidable issues and searching for project information.
- Almost half of all rework is due to poor communication among project stakeholders, and poor project information.
- Workers are not taking full advantage of mobile devices and IT investments.
- Technology is expected to improve data management and increase productivity.

Construction companies are looking for ways to positively impact productivity and ultimately their bottom line. While it's obvious that improvements to the IT infrastructure at these companies would enhance productivity, *people* make technology work.

The study found that technology investments were made to provide better access to data (58%) and improve productivity (57%). However, weak end-user adoption was cited as

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an issue. Although 75% of the companies surveyed give project managers and field superintendents mobile devices, only 18% of the firms reported consistently using mobile apps to access project data and collaboration. Instead, the devices are used for sending emails and text messages or making phone calls.

The most common reason cited for spending more time than expected on a task was poor communication among project stakeholders (23%). Most respondents stated that more time is invested in certain activities because of having inaccurate project data or difficulty accessing the information they need. The two most common causes of poor communication were unresponsiveness to questions and requests (31%), followed by the inability of project stakeholders to collaborate effectively (24%).

It may be more important for contractors to invest in their workforce. Maybe it's time to address why poor communication is causing days in lost productivity.

According to a Gallup research study entitled "The State of the American Workforce 2018," of the approximately 100 million people in America who hold full-time jobs:

- 30 million (30%) are engaged and inspired at work, having exceptional managers,
- 20 million (20%) are actively disengaged, having managers that make them miserable, and
- 50 million (50%) are not engaged, present or are uninspired by their managers.

Gallup estimates that active disengagement costs the U.S. \$450 billion to \$550 billion per year. Managers who focus on their employees' strengths can practically eliminate active disengagement and double the average number of U.S. workers who are engaged nationwide. Employee engagement is likely to improve in companies that:

- Hire people that are in alignment with the company's vision and purpose.
- Engage employees by acknowledging the importance of their contributions to achieving the company's goals.
- Develop employee strengths by focusing on their innate talents instead of forcing employees to do work that does not allow them to use their talents.
- Enhance employee well-being.

Managers should consider coaching their team instead of taking a command and control attitude. Employees want to know that management appreciates and values them. Employees also want to know that management genuinely cares about them as a person.

Gallup claims that companies that invest in their employees' greatest talents to optimize their performance are generally more profitable than those that do not. Furthermore, Gallup found that organizations that create a culture of well-being in their workplaces help employees become more engaged and thrive. Investing in employee selection, strengths, and well-being, as well as engagement initiatives, have the power to produce amazing results.

About the Author



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Marty McCarthy, CPA, CCIFP, is the managing partner of McCarthy & Company, PC. Marty is well respected by sureties and bankers for the high quality of his work and profound understanding of the construction industry.

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