

Construction Conference Insights: Industry Leaders Lay the Foundation for Success

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Three construction industry executives with nearly a century of experience among them freely shared the lessons they had learned and the keys to their companies' success in the closing panel of Ward and Smith's 2019 Construction Conference, "Framing Your Business Agenda

for the Future."

Business attorney Merrill Jones moderated the three-person Q&A panel, which featured Heather Denny, head of strategy and process at Wells Global, Sam Hunter, chairman and CEO of T.A. Loving Co., and Mark Lee, president of Baker Roofing Co. The three touched on everything from the importance of company culture to dealing with subcontractors to the challenges presented by a white-hot economy.

Keys to Success

All three leaders said culture and core values were the secret ingredients for lasting success in the construction industry.

"Integrity is really our core value," Hunter said. "If we can develop and build relationships, we develop trust, and all of you know that we do what we say we're going to do — that's integrity."

At Baker Roofing Co., Lee said, the company has 26 "behavioral fundamentals" that define the firm's core values. Each week, the company focuses on a different fundamental, ensuring those values are clearly communicated throughout the company.

Denny echoed the other panelists. "It starts with relationships — that relationship with both your client and your employees," she said.

Lessons from the Great Recession

Jones asked the executives what lessons they had learned surviving the Great Recession and then thriving in the years since.

During tough times, Denny said, a diversified client base is invaluable, but how executives treat employees is also critical.

“How do you hold on to all your employees?” she said. “You want to hold on to them because it only gets harder to replace them.”

During the recession, Lee said, his company examined spending closely, but didn’t want to lay off employees or cut pay. He also sought out advice.

“I participate with a peer group,” he said. “I spent quite a bit of time talking to 12, 14 other CEOs about what they were doing strategically, and I remember having a list of action items to go through from those discussions.”

During the recession, Hunter said, cash and a strong financial position were critical.

“We are very fortunate as a company to have always been very financially strong,” he said. “Two of those years, we lost money, but it was very manageable.”

Managing Success

Success can carry its own risks, Jones said.

With low unemployment and high demand, Lee said, Baker Roofing is must manage wage expenses.

“[Workers are] expecting their wages to increase,” he said. “We have to be able to pass that along in some way to maintain margins.”

Hunter echoed that, noting that shortages of skilled labor continue to be a problem. T.A. Loving has hired a recruiter and increased in-house training to strengthen its workforce.

“You’ve got to love your people,” Denny said. “They are your limiting factor.”

Quality Concerns

All three panelists agreed that quality is a major focus.

Lee said his company has added four quality control positions in the last three years, plus a fulltime trainer who conducts weeklong training boot camps.

“Our mantra right now is ‘We’re going to have the most qualified people in the industry,’ and most of that’s going to be internal,” he said.

On the projects his company has, Hunter said, there’s more rework. In some cases, that’s because the workers aren’t as skilled and supervisors are stretched thin, but they also encounter architectural and engineering problems.

“We’re very fortunate to have engineers on staff,” Denny said, “to the point of looking at other people’s designs and plans. We’ll look at those up front and see where it is lacking.”

Say ‘No’

One challenge construction companies face in good times is the temptation to take on projects that are too big or otherwise too challenging for them to handle well.

“Make sure you have a team around you that’s willing to say ‘No,’” Denny said.

Hunter said that contractors and subcontractors need to ask themselves if a project really fits with their capabilities and competencies: How big is it? When does the client want the project completed?

Lee added that evaluating who your partners are going to be on a project is important.

Succession Planning for Clients

When companies have relationships that last for many years, a key client executive leaving can be a major risk. Hunter noted that over the course of 30 years, his company lost two hospital clients because the hospital CEO left and the company hadn’t cultivated strong relationships with executives at those hospitals.

Baker Roofing, which operates in seven states, has its professionals working every day to nurture relationships with clients, Lee said.

Denny said it was important that employees at all levels — job site supervisors, project managers, and so forth — nurture relationships with their contacts within the client company.

“It is important for them to build that relationship,” she said. “Really more important than the three of us sitting on this stage today.”

Advice for Subcontractors

Jones asked the trio if they had any words of advice for subcontractors.

Denny said that often when planning a job, a superintendent will ask for a specific subcontractor. “They knew they were going to get quality work every time,” she said. “[The subcontractor was] going to do what they said they were going to do.”

When T.A. Loving finishes a project, Hunter said, the company evaluates subcontractor performance.

“That’s the way you develop the ones you want to make sure you’re with when times do get hard,” he said.

Lee advised subcontractors to be good partners.

“Communicating calmly and getting to the core of the problem, problem-solving,” he said. “Taking the emotions out of it is going to be my advice for folks.”

Construction’s Next Generation

Noting the persistence shortage of skilled workers, Jones asked what they were doing to try to recruit the next generation of construction workers and tradespeople.

“I think it’s turned around a little bit,” Hunter said. “You’re seeing a national interest in getting people to go in other areas” instead of pursuing a four-year liberal arts degree.

The construction industry, Hunter said, needs to change how it hires new workers and move away from the

“sink or swim” philosophy. His company has implemented formal onboarding for new employees to boost retention.

Denny added that she spends time in schools, even elementary schools, helping students learn about the industry.

“These are good jobs. They’re fun jobs. Anybody can do this,” she said. “And they’re very profitable jobs.”

This is one of a series of articles summarizing key takeaways from Ward and Smith's 2019 Construction Conference. See additional articles:

- How to Lower Legal Risk
- Minimizing Liability When Accidents Happen
- Industry Leaders Lay the Foundation for Success

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