

The Project Manager's MBA – Part II



- Participants are in a listen-only mode.
- To ask a question during the event, use the chat feature at the bottom left of your screen. Technical questions will be answered by ReadyTalk. Questions for our speakers can be asked at any time and will be answered during the Q&A at the end of the webinar.
- Visit constructionbusinessowner.com in the coming days to access the recording of the webinar or download the presentation.

Gregg Schoppman, Principal

As a principal with FMI, management consultants and investment bankers for the construction industry, Gregg specializes in the areas of productivity and project management. He also leads FMI's project management consulting practice.

Gregg has served as a senior project manager for a general contracting firm and holds a Florida General Contractors license. He has completed complex and sophisticated construction projects in the medical, pharmaceutical, office, heavy civil, industrial, and manufacturing markets.

Gregg holds a bachelor's degree and master's degree in civil engineering from the University of Florida and a master's of business administration with a concentration in international business from the University of Tampa.



Sequels

- Rumor has it that sequels are never as good as the original
- That may be true in movies, but not webinars...
- Plus, who doesn't like The Godfather: Part II, Empire Strikes Back and Jaws 2 (OK, just the first two...)



The recap





Relevance of the Project Management MBA

- **Construction businesses of tomorrow will require an exceptional blend of “great builders” and “great business people”**
- **Accounting and finance are not simply “keep score” functions in the firm, but true, predictive tools to help the firm manage cash and make more money**
- **The ethical contractor is not a buzz word for 2015-2016: Transparency in businesses of tomorrow will be expected, and the manager of tomorrow will want to work for the true ethical leaders in the industry**
- **Organizational behavior is not about lines and boxes on an org chart, but how well a firm communicates and aligns the people within the firm**



Why is the topic important today? (1 of 2)

- **The construction firm of tomorrow may look dramatically different from today**
 - *What will future innovations bring to the industry that will “disrupt” the business?*
 - *As the face of the workforce changes, what will be required to lead businesses?*
- **Availability of desired skill sets in the industry**
 - *What is lacking in the “construction manager of today?”*
 - *If you can’t hire them, then will you need to develop them and the right business sense?*



Why is the topic important today? (2 of 2)

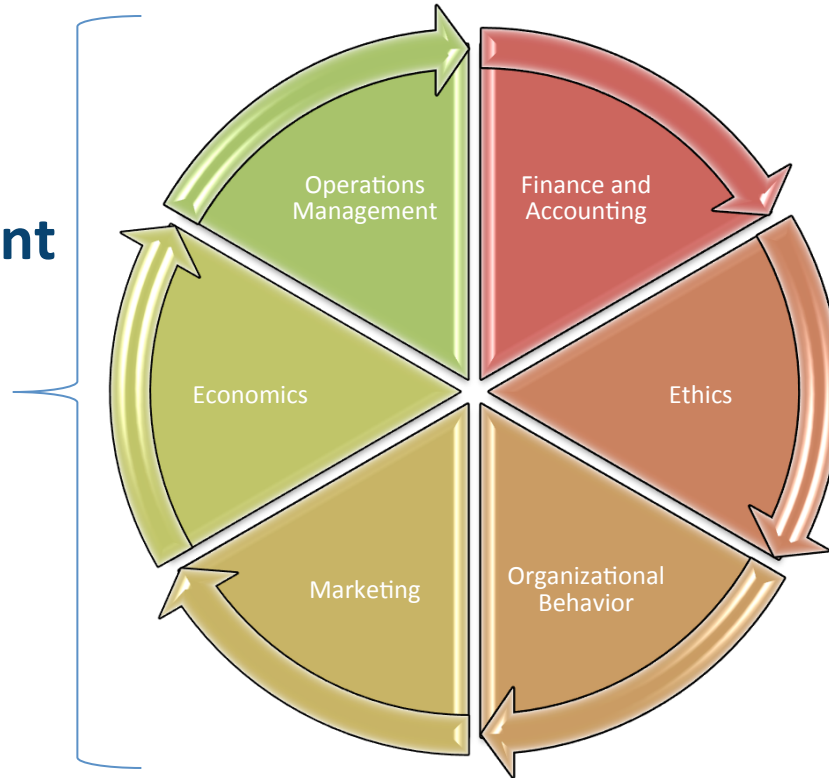
- **War for talented “business managers” is on!**
 - *Why would qualified project managers and field managers choose to stay with you?*
 - *Have your “most important assets” experienced “deferred maintenance” during and after the recession?*
 - *Being a great builder is not enough*
- **Your intermediate and long-term business and personal goals**
 - *Thoughts of growth or acquisitions? Who will lead it?*
 - *Retirement or sale of business on the horizon?*

Curriculum in Part II

Operations Management

Economics

Marketing





POLL QUESTION

How much of your time is involved with business development?

- **All the time**
- **About 75% or more**
- **About 50/50**
- **Less than 50%**
- **Less than 25%**
- **Not at all**

Who is involved in business development?



Who is involved in sales?



Marketing

- **What does it require?**
 - Emotional intelligence
 - Strong communicative ability
- **What is the purpose of marketing?**
 - Conveyance of value
 - Translation of a “need” to a “solution”
- **How do we sell?**
 - Execution of the project
- **Does who we sell to change throughout the project?**
 - Purchasing
 - Site managers
 - Facilities
 - General contractors



Driving value for customers



Feature

“We have the greatest systems in the contracting world!”
Great, WIIFM?

Benefit

“These systems help us achieve 100% of our schedules on time.”

So, that’s what I pay you for?

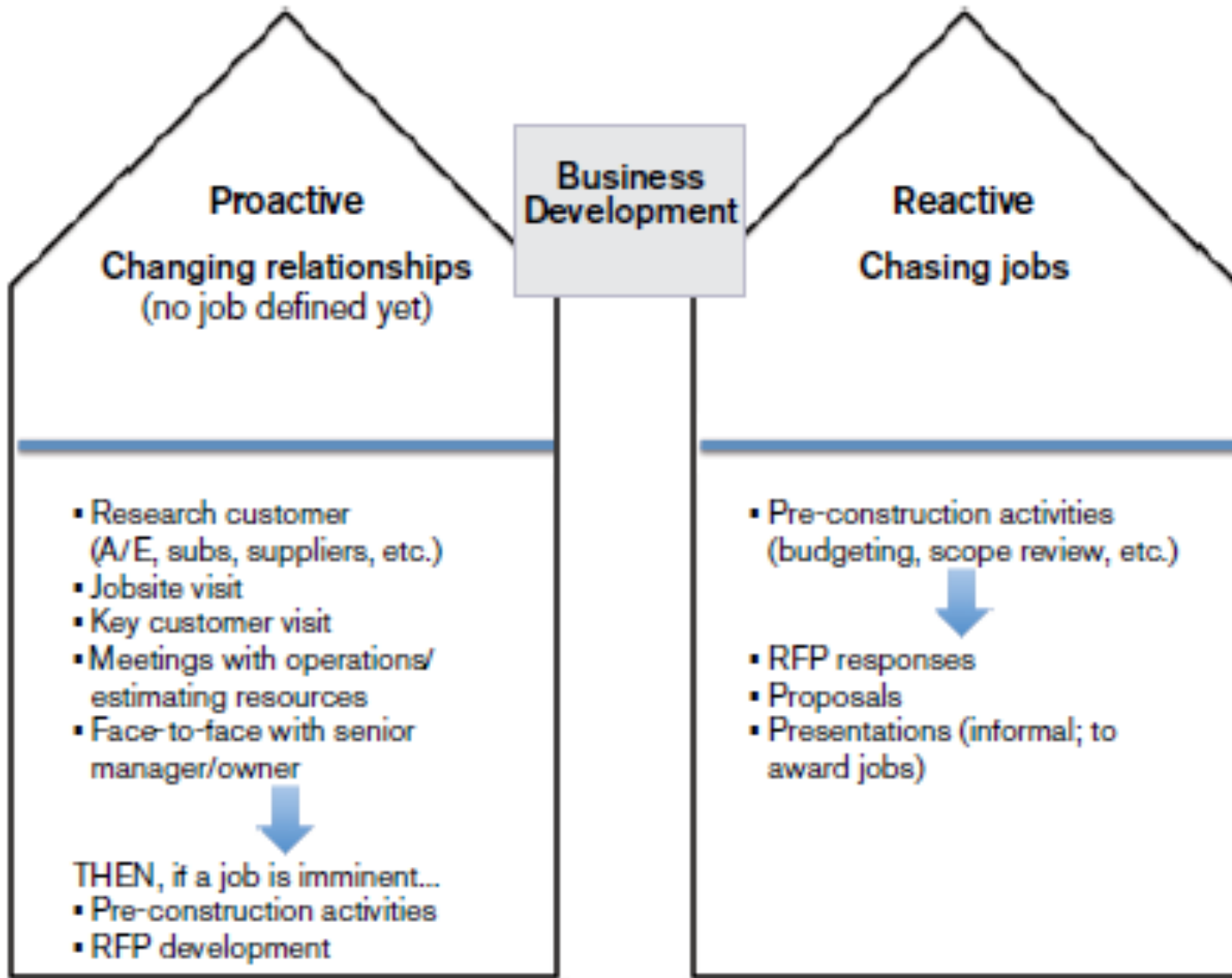


Value

“After reviewing the specifications, the schedule is your most important need. With our systems, we can manage the schedule more effectively and cut it by three weeks.”

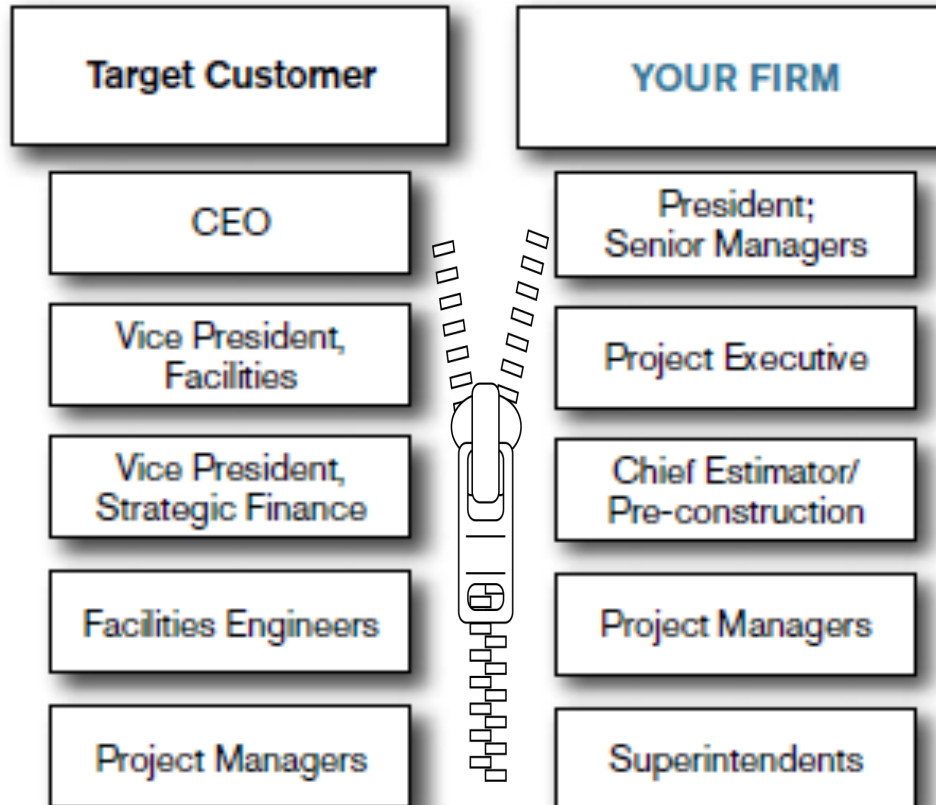
Now you’re talking!

Relationship vs. Jobs



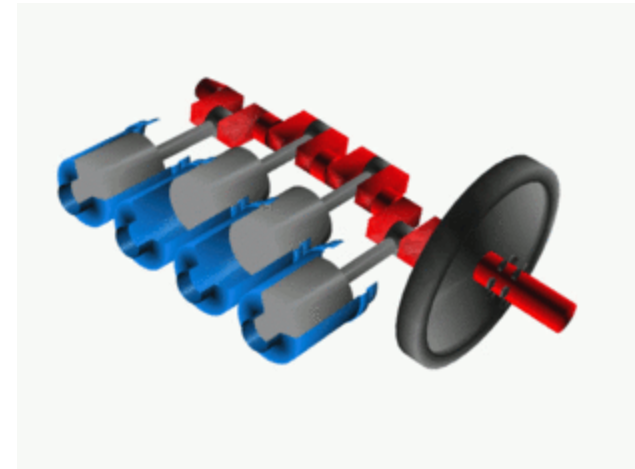
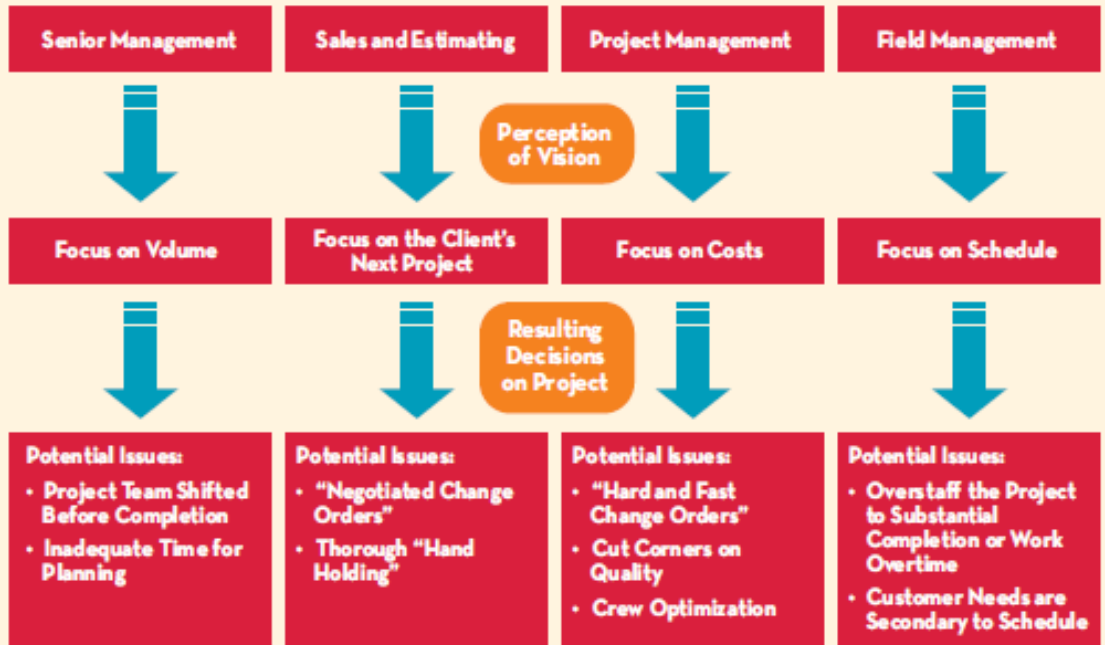
Marketing & the Zipper

The Zipper



Why we build

Misalignment of Project Vision





Customer-centric construction

- Don't confuse marketing and “customer-focused” construction
- We use marketing as a messaging vehicle—regardless of how you deliver (hard bid, design build, etc.) customers want to work with people they like
- Business decisions shouldn't be obfuscated as “customer service”—timely delivery, quality workmanship, pleasant employees (which actually cost nothing and might actually make you more money) is customer service
- Become customer-centric!





Not your parents' supply & demand curves

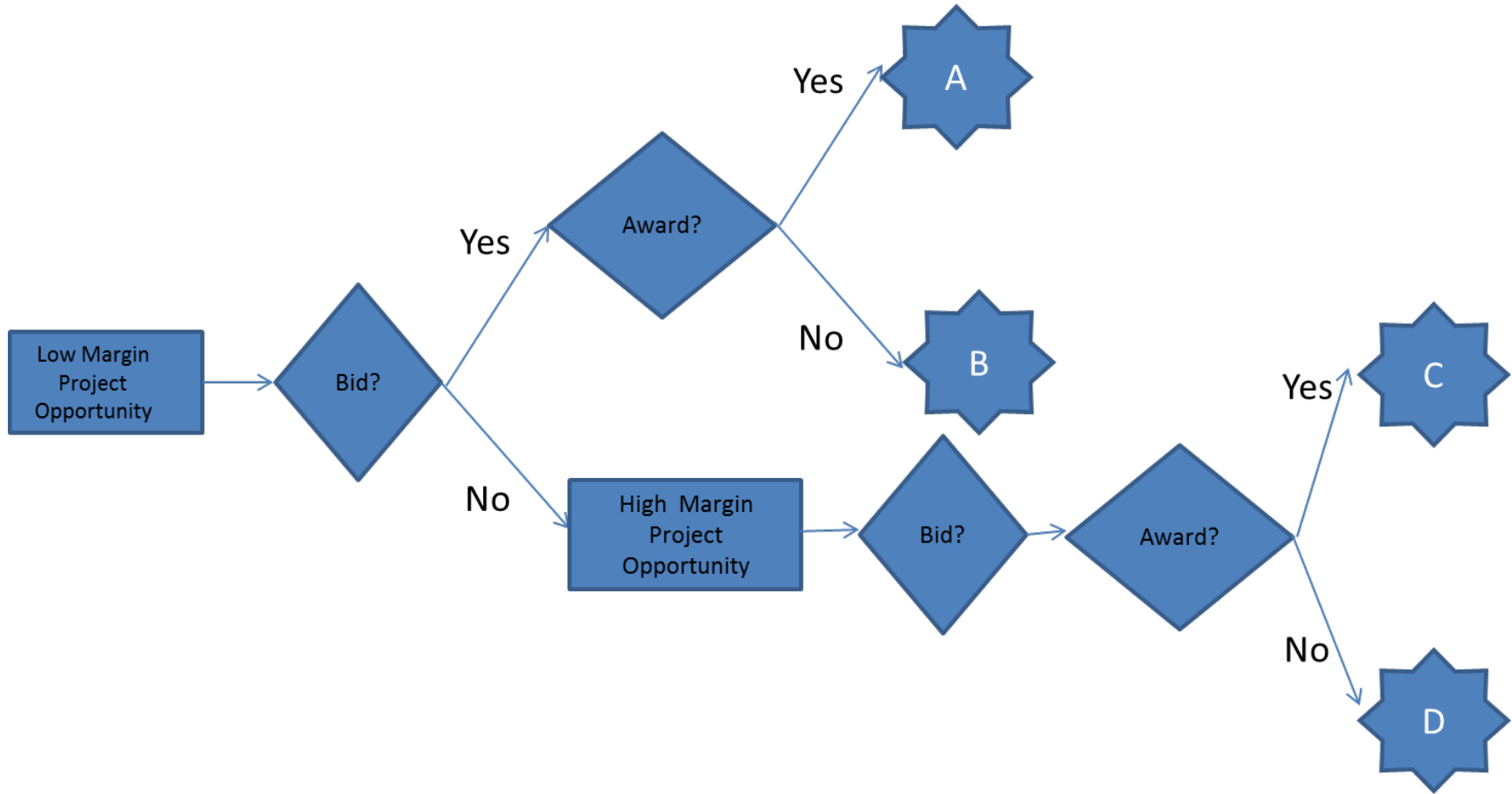
- **Economics is more than just supply and demand curves**
- **Microeconomics looks at the buyers and sellers—with constrained resources—and the behaviors they exhibit to make the best economic decisions**
- **Macroeconomics looks at the world stage and examines how monetary policy, fiscal policy, inflation, etc., all impact decisions**
- **Think of micro as the “psychology behind decision making” and macro as a depiction of “the world being flat and interconnected”**



Microeconomics

- **Competitive advantage**—What are we good at, what makes us different than the competition (for the good)
 - HINT: It is not your people...
 - Do we try to be everything to every customer?
 - Do we truly know our “sweet spot?”
 - What analytical tools do we use to determine that “sweet spot?”
- **Opportunity cost**—The investment we make knowing there could be something else we could be doing that might provide a better return
 - Consider rework—How much do we spend in this annually?
 - Consider how we deploy our resources—managers, supers, etc., Could they be doing something else that makes us more money?

The contractor's dilemma



POLL QUESTION

Does your firm have a scientific or mathematical approach to selecting projects to chase?

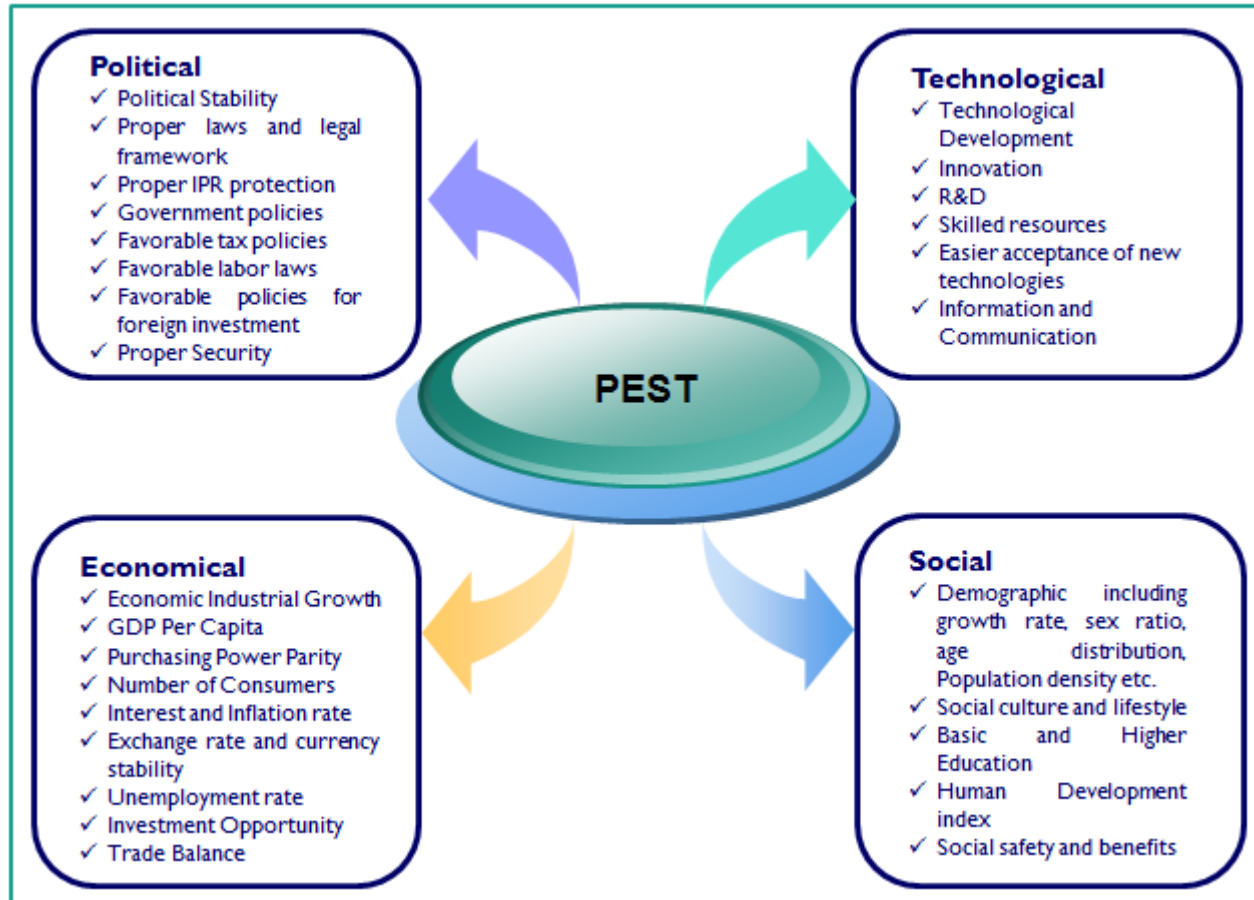
- **Very scientific risk model**
- **Good conversation, not scientific**
- **BD/Estimators chase what they can**



Macroeconomics

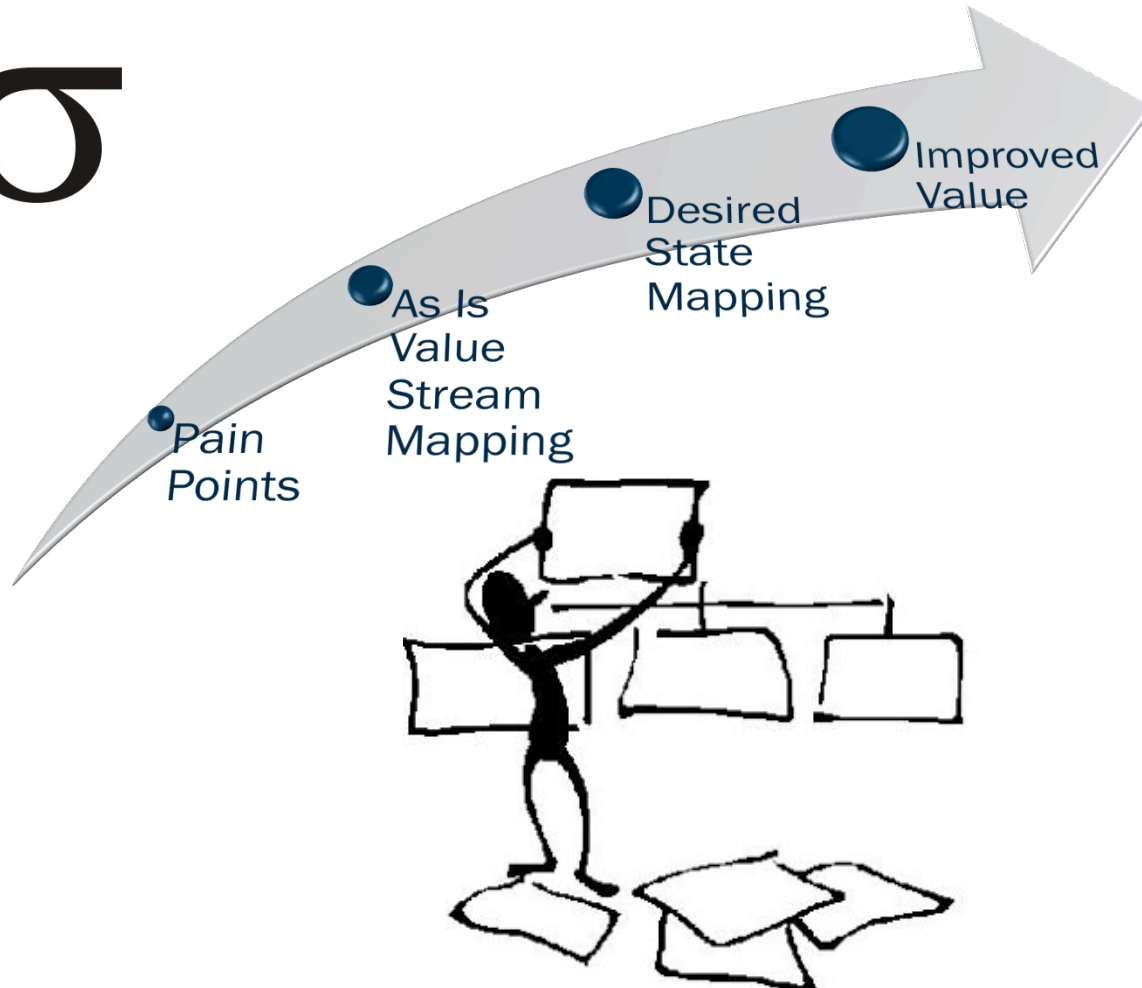
- **Demand**
 - *Elastic*—If there is a small price fluctuation, demand will rise or fall respectively
 - Example: Retail goods, concert tickets
 - *Inelastic*—Regardless of price, demand stays the same
 - Example: Fuel, water, electricity
- **Consider how demand of construction goods—copper, gypsum board, cement, petroleum products, etc.—is affected by:**
 - Politics and policy making
 - War and defense
 - Tariffs, quotas and sanctions
- **Examining demand from the eyes of the customer helps a manager become more predictive in potential solutions for a product, system or structure**

Being the PEST...



Operational management

6σ



POLL QUESTION

How structured is your operational model?

- We have “Brand X” way
- We have a loose model
- “Brand X” way is rusty

Consider the Starbucks cup of coffee

- Legacy organization—Established in 1912
- Operates within a perceived “commodity marketplace”
- Number of employees—190,000 worldwide
- Annual approximate revenue—\$17 billion
- Menu—Infinite potential menu combinations
- With all of this variability, how can Starbucks create the “same” cup of coffee in Tampa, FL as it does in Seattle, WA?
- Why is it that a construction organization with 10 managers and \$50 million in sales has 11 ways of operating?



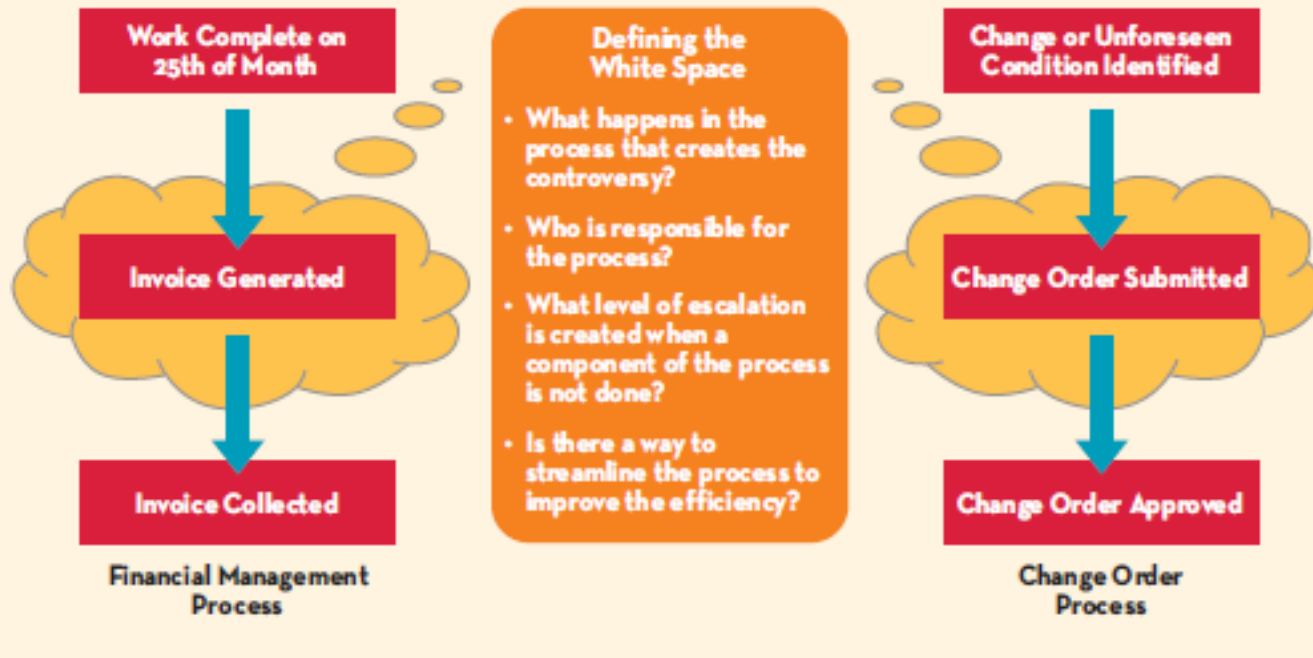


Moment of reflection

- How much time does your organization spend brainstorming project problems and appropriate solutions?
- How much time does your organization spend brainstorming organizational issues and appropriate solutions?
- How much does your organization allocate in its budget for research and development?
- How do you measure organizational innovation?

What happens between the boxes

Examination of the White Space in the Collections and Change Order Process





Lean, TQM, Six Sigma – By any other name...

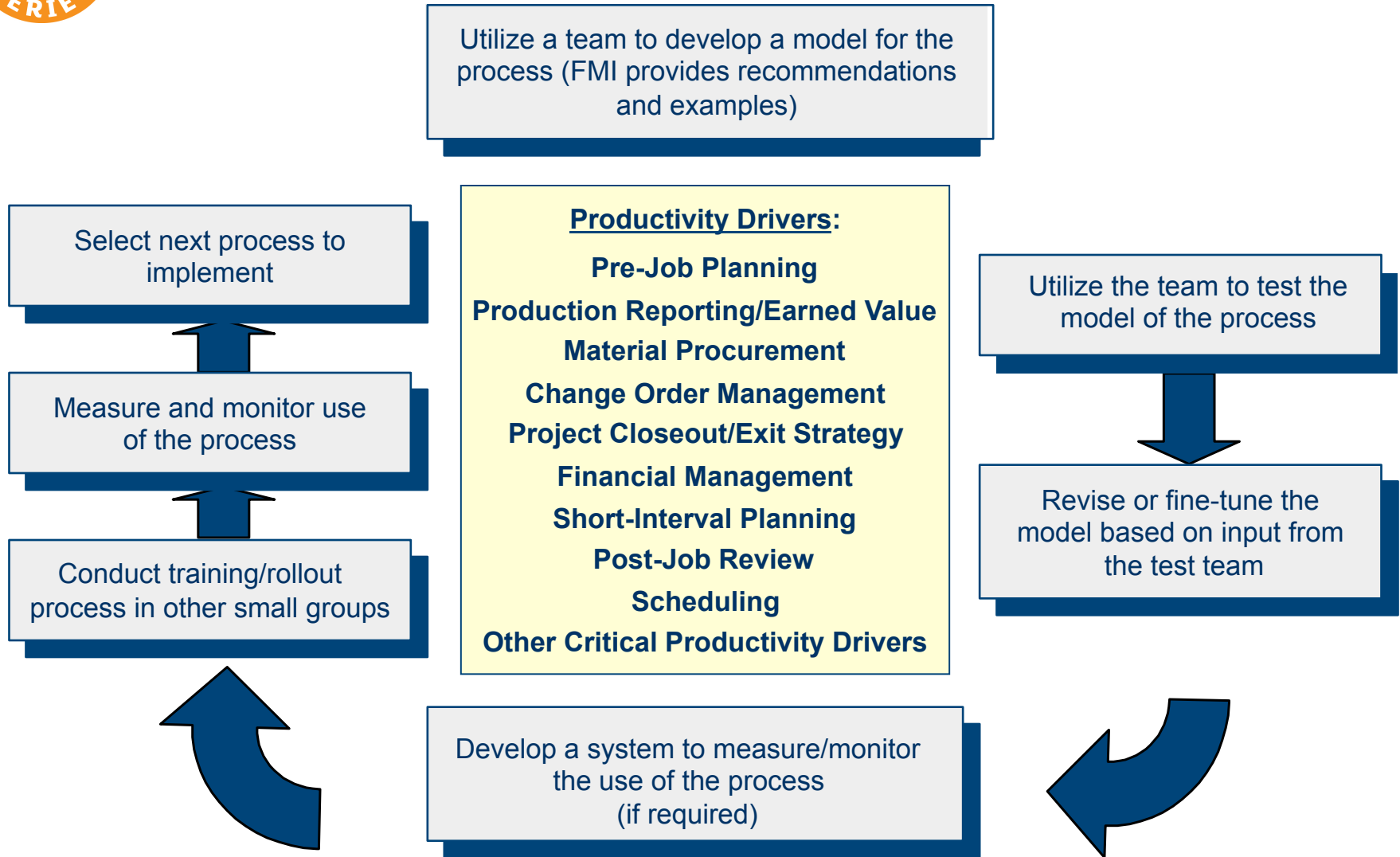
- **Regardless of the title, organizations should be dedicated to the following:**
 - Removing waste in their processes
 - Improving quality (finished structure, customer relationships, vendor/subcontractor relationships, etc.)
- **For any management function, be sure to have the following:**
 - Process – What does the road map look like? Put another way, if I was a new associate, how would I know what to do?
 - Tool – Consistently used tools - created by the people who use it – that are germane, timely, proactive and universally utilized
 - Accountability – How do we make sure people are using said tools and processes? What upstream metric will change behavior?



“But we have an entrepreneurial culture and we CAN’T take away our managers creative flair...”

- Channel the creative energy into HIGH VALUE tasks, such as building a better project, NOT CREATING the organization’s 17th version of a change order log
- Construction is challenging enough – solve problems that truly impact the schedule, safety and budget
- Reinventing the wheel is a poor use of time
- Evolution is also key – The operational standard of today is not the same as tomorrow; Think “Operations 2.0”

The approach to IMPLEMENTATION





Summary

- Marketing is a translation tool to explain how you will drive value for the customer **IN A WAY THEY SEE IT**, not you
- Customer-focused construction should be adopted by every contractor – delivering fast, friendly service is not exclusive to anyone
- Economics allows us to see to the world through decisions firms make as well as how international events affect us daily
- Operational management is about improving the way your firm does its work internally
- Process improvement helps this generation drive better value for their customers as well as create a platform for future generations to learn from as a teaching aid



The Project Manager's MBA

- Whether or not you embark on the MBA journey, realize the best manager's balance being great builders with being great business people
- Building skills, financial skills, soft skills, management skills, etc.—are all essential for the “manager of tomorrow”
- True leaders are always learning and always growing—whether that is reading the latest business book or obtaining an MBA
- True leaders create organizations that are also always learning and growing—Complacency is dangerous



About FMI

FMI is a leading provider of management consulting, investment banking† and people development to the engineering and construction industry. We work in all segments of the industry providing clients with value-added business solutions, including:

- **Strategic advisory**
- **Market research and business development**
- **Leadership and talent development**
- **Project and process improvement**
- **Mergers, acquisitions and financial consulting†**
- **Risk management consulting**
- **Compensation benchmarking and consulting**

Founded by Dr. Emol A. Fails in 1953, FMI has professionals in offices across the U.S. We deliver innovative, customized solutions to contractors, construction materials producers, manufacturers and suppliers of building materials and equipment, owners and developers, engineers and architects, utilities, and construction industry trade associations. FMI is an advisor you can count on to build and maintain a successful business, from your leadership to your site managers.

† Investment banking services provided by FMI Capital Advisors, Inc., a registered broker-dealer and wholly owned subsidiary of FMI.



Q&A Session



**Thank you for attending!
To contact today's presenter:**

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