

Good morning everybody. Dennis Engelbrecht, Digging Deeper.

It seems pretty apparent now that we're entering a down phase in construction. All of the leading indicators have told us that most of our clients are looking at fairly soft fourth quarters of this year, first quarter and second quarter into next year. So, companies are hearing the word recession and they're thinking, how can I cut back and not suffer maybe as I did during the great recession looking backwards? So, I've got a very important message for all of you. And that is to take the word downsize out of your vocabulary. What you really want to think about is rightsizing. Now, depending on your particular situation, it may be necessary to cut overhead because you're in one of those pockets of work where you really do see things falling off dramatically, and you don't see the end of the tunnel, so to speak.

But for most of you, this is going to be a fairly soft decline. And then we'll probably be right back on our feet, moving forward again by the third or fourth quarter of next year. In that case, I want you to think more in terms of rightsizing. And when I say right-size, that means both upward and downward. Most of you have been through a fairly high-growth period. Gosh, I think in our program as a whole, we're averaging over 10% compound growth over the last seven or eight years. So really, for most of you that I'm talking to, we've been in this high-growth phase.

We've also been in a phase where many of you have actually been operating slightly over capacity. So maybe this is a time to actually allow everything to catch up. Being down 10%, if we're running 10% over capacity, well, maybe that's just right. And maybe it's just right as an industry as well, and it will actually help us there to be more right-sized. In particular, think about these decisions you have to make in several different ways.

First of all, you probably do have some people who have been underperforming, and you may not have been able to release them simply because you had so much work, you needed a warm body, so to speak, in place to get the work done. But this may be a good time to call the herd, as they talk about it in cattle production. But getting rid of the least of your people who really weren't performing up to snuff, that you would've gotten rid of if you were able to at some prior time. And certainly, that makes sense at this kind of time as you right size.

The next thing to think about is, you've probably been too busy to really train or get heavily into people development. When everybody's over tasked, it's hard to redirect them to career development, training, those sorts of things. So, take this opportunity if you do have a bit of a slowdown, to upgrade your people, bring them the training on an individual basis, group basis, to get them ready for the next charge, so to speak. Upgrade your talent from within, by raising their level.

The final thing that I want to talk about is, again, an upgrading. And that is to make sure you have the appropriate management structure in place to handle growth. Many companies, as they have grown, grown the number of superintendents, project managers, jobs they're running, but they may not have grown their management sufficiently. So what may have happened in your company is those frontline people aren't getting the same amount of support or touches that they may have gotten in the past, possibly even your customers aren't getting the same amount of support and touches from your higher ups that they have gotten in the past. So, think about that. Think about how many management level folks you had per frontline people in the past and think about where that is now. Has that gotten out of skew, and do you really need to insert another person or two or another even layer of management to better manage your work?

And I think what you oftentimes find is that person, and let's just say it's \$125,000 salary, the commitment of that salary of \$125,000 or even \$175,000, can they add enough value in terms of jobs that don't fade, people being able to carry a little bit more if they have the support, of being able to make sure that productivity stays high on all of your job sites? I think you'll find it's very easy to lose that amount of money if you're short on oversight. And it's pretty easy to make up that amount of money by adding the coaching, mentoring, training, oversight, and support that you could have.

Again, as you face this period, think about rightsizing versus downsizing. Again, Dennis Engelbrecht, Digging Deeper. Thanks for tuning in.