

Good morning, everybody, Dennis Engelbrecht with The Family Business Institute where *We Build Better Contractors*. And Digging Deeper again, we're on number six of our 10 keys to construction company success, and today number six is it's all about the experience.

All right, so what am I talking about? Well, we've talked about this before, but a couple of fellas, Pine and Gilmore, wrote a great book called, *The Experience Economy*. And what they've noted is that the way our economy works has changed over time, and we've gone from the things we've grown in the earth to those commodities to producing goods, to becoming a service economy. And their theory is now we're moving on to an experience economy or have already moved to an experience economy. And there is evidence for that. If you just think about a couple of things that happen. How much are we willing to pay to fly first class versus economy? It's oftentimes four or five times to get that experience.

There are folks like Starbucks where you go, and you pay \$7 for a cup of coffee that has maybe 10 cents of ingredients in it. Those beans that went into making those coffees and a few other things that they dress them up with of course, and flavor them with. But basically, people are willing to pay for that experience. And it's actually quite true in construction as well. Relationships, preference, loyalty, those are all built on perceived value. Value, but perceived value. And the perception part of it may be as much as the actual nuts and bolts value of it. We've talked about construction being largely a commodity. Basically, you can take any project out there and there's any number of companies and any number of teams that can get that built. The ability to build is really just the entry fee for construction these days. So, it's about how you do business perhaps more than what you do.

And so how you do business, how do you treat your customers? We talked about relationships last week. Relationships are certainly key to the experience, but the number one thing is trust. The owner or your customer, whether that's the general contractor or on down the line in construction, the number one thing I think is trust. They want the ability to sleep well at night knowing that you've got this. Now, again, it takes your skills and your abilities, your people to be able to have this to be able to produce that result, but how do you make them feel?

How do you make them feel that they believe in you, that they trust in you, that they can sleep well at night? And there's a number of ways to do that. It's how you give them information. It's how you go about your business with confidence. It's how you react and respond to their requests, both from a time standpoint, but also how you solve problems. All of those things are part of the experience that they have in dealing with you, and that's part of how they develop that trust that they want so that they would rather deal with you, even though it might cost them a little bit more, than to go try an untried commodity or someone who doesn't perform quite as well in terms of the experience side of that, giving them as good an experience as they can get. I always found it interesting in construction, we start with business development a lot of times, move through pre-construction estimating. Then the job gets transitioned to the construction people. Well, a lot of times we fail to communicate all the things that happened before.

What are the owner's hot buttons? What are the end user's hot buttons that they're concerned about? What does quality mean to them? There are a whole lot of questions that have been answered along the way, or perhaps they haven't been answered, but all of that is very important knowledge for the construction team to understand so that they can deliver the best experience again to the customer as they go through that. So, capturing that knowledge and communicating that knowledge is very important to giving your customer the best experience. How do they want their information? Are they visual learners or they want a whole lot of detail? When you go into your monthly owner architect meeting or if you're a trade contractor, you go into your weekly meeting, how do they want to be communicated with? Do these folks need all the detail behind it? Or do they want the big picture? How do you communicate that, you can be more effective if how your customer wants it?

I think there are several areas where the lessons of *The Experience Economy* apply. And it's not just at your customer level. It's also at your subcontractor supplier level. What's the experience we're getting? If a subcontractor doesn't get in a good experience with your company, maybe they're not being paid on time or it's too difficult to get paid or they don't like the way your superintendent treats them when they're out on the job, whatever it is, if those subs and suppliers are not getting a good experience, it's likely you're not going to be serviced as well with estimates and budgets. You may get a factor on top of it. I know when I was a subcontractor, certain customers got a higher price because we were afraid of working with them or didn't want to work with them or felt like they were going to more likely punish us in the end.

And so, everybody doesn't get the same price. So, the experience people get is important to that. Your employees. How much churn do you have in your organization? What is the employee experience? Starting right from their interview into their onboarding, what's their initial manager like? What is the experience of working for your company? So, if you want to take the lessons of *The Experience Economy*, my recommendation to each of you is chart these three things. First, what is your customer experience journey? What does that journey look like? What are the touch points? And then look at each of those touch points and see how you could improve them, make them better, make them more customer compatible. Make them more individualized toward each customer because your customers are certainly different. Next, chart your subcontractor supplier experience. What does that look like? What does it take to get paid?

How do they get paid? Do we put them through having to supply us with six different estimates and budgets and then give them no preference? What does that look like? What is your subcontractor supplier journey with your company? And again, each of those touch points, how can you improve them? How can you make them better? How can you individualize them? They call that mass customization in the book, but how can you individualize those things and still be efficient in your company?

And then finally, chart your employee experience. What does that look like from the start to, again, interviewing coming on board and what does it look like day to day? How do your employees get communication? How do they get involved in the company? All of those things, right down to your company picnics and all of those sorts of things. What is the employee experience and how can you improve on that? If you charted those three sort of experience curves and tried to look at how you could improve them, I think you'll be a better construction company for it and you'll have more success. So, remember, it's about the experience.

Dennis Engelbrecht, Digging Deeper.