

Hi, everyone. This is Wayne Rivers at Performance Construction Advisors, where *We Build Better Contractors*. This week, I want to talk about 10 signs of complacency. Before I get into that, don't forget about Boot Camp. Contact Charlotte and get your high potential people signed up quickly before the seats all go.

I was speaking with a reporter from a publication called Crane Currency a few weeks ago, and he had a question, how do you know, how do you detect that complacency is an issue in an organization? And I don't have to tell you, I mean, what about this is important to you?

Well, I think complacency might be the number one business killer. It's not competition, it's not inflation or input prices or anything like that, I think it's... For our members anyway, who are quite successful, sometimes, that success... People think that success means it's going to carry on for the next 10, 15, 20, 30 years, and that's just not the nature of business. Complacency, to me, is a business killer. So, what are the 10 signs that I discussed with Alec, the reporter, and how might they apply to you? So, let's dig in a little bit here.

If you hear two sayings, two cliches, you can start to worry about complacency. The first is, "That's the way we've always done it here". You come to your supervisor, and you say, "God, why do we..." "That's the way we've always done it here". Boom, conversation, shut down right there. The second one, and this is kind of the same thing, the worst business advice in the history of humankind, "If it ain't broke, don't fix it". I mean, that's just not real life. Everybody that runs equipment knows, you do preventive maintenance. You don't wait for the equipment to break down, you work on it proactively so you get the most out of it. And it's the same thing in your business and your people. You've got to be proactive in taking these actions.

Second sign, this is a big one. Your best talent begins to leave the company. They don't see long-term strategic planning or long-term succession planning, and I'm thinking, oh, golly, my career is tied up here, but I don't see the future. It's not crystal clear to me where this company's going. Why don't I just throw in with the company down the street who has a wonderful, clear vision for where they're going to be in the next five years, and they've got an action plan and a hiring plan, and all these are the things. If your top talent starts to leave the company, that is a terrible sign. Turnover, in general, bad sign.

The third thing, issues, complaints, frustrations that are raised frequently with senior management, but they never seem to get resolved. They never go away. It's like, ah, we will deal with that at some point. And they never do. And so, those complaints persist.

The fourth thing is lack of a compelling mission, vision and values with frequent review. I know we talk about this all the time, and I know some of you have sent me your missions or drafts or whatever, and I've been direct and blunt about what you've sent. But it is something that you work on. We've been working on ours for 35 years. We were FBI, now, Performance Construction Advisors, and we are always tinkering to see, can we make it better? Can we make it more impactful? Can we make it more concise, simpler? And that's the nature. So, if you don't have people working on those things all the time, then, that's not necessarily a good sign.

Fifth thing, no forward-looking financials and plans. I think it's the nature of contractors to get their financials in February or March or whenever, and they look and they say, "Boy, we had a great year in 2023". What does that do for you at the moment? You had a great year, but that year is now 60 or 90 days behind you. There's nothing you can do to change those numbers. It's the numbers in the future. It's the job... It's your future jobs, your current future jobs that are going to make your fortune in 2024 and beyond.

You've got to have forward-looking pro forma financials. So, what if you buy a million-dollar piece of equipment? What if you hire 10 new people? What is that going to do to your financials? What is it going to do to your income statement and your balance sheet and your cash flow? You've got to know those things, or otherwise, you're just making decisions in the dark, blindly shuffling around, trying to figure out, this might be right, this might be right. You've got to have those plans.

The sixth thing, the senior leaders have mentally checked out. They don't have that fire anymore. They're not passionate about the business. They may be taking extensive time off. They just don't have that fire in the belly that they once had. That's a bad sign.

Seventh thing, flat top line revenue, or flat or declining margins. We once had a member, and he didn't last too long, but he came to his peer group each year for three straight years with volume going down in a pretty good market. And we're like, something's not right. You really need to be looking in. And he was like, "No, everything's... We got a lot of stuff coming". He's out of business. If you see declining revenue or flat or declining margins, that is a bad sign. That means... Profitable construction companies aren't profitable because people want to put a ton of money in their pockets. They're profitable because they're good operators. Profit is simply a measure of your business efficiency. So, think of it that way, and maybe, that'll help a little bit.

The eighth thing, lack of growth, development and training opportunities for your people. Today's people that aspire to be great in construction, man, they want training, they want opportunities, they want classes they can go to, they want to learn new things and stretch their capabilities. If you don't have those in your organization, you're not going to be nearly as attractive to that next generation of leaders that's coming up in construction.

The ninth thing, I had a conversation about this the other day. A contractor contacted us about doing some work, and I looked at his website. That's the first thing you do. Where are they? What kind of work do they do, et cetera. And he had one tab on his website, news and updates. The last news and update was from 2018, six years ago. And I contacted him again, and I said, "Look, you're better off taking that website down". If a prospective new hire looks at that website or a prospective customer looks, you're dead in the water. It's embarrassing to have six-year-old information on your website and no more frequent update. So, that's a bad sign.

And then, finally, I would say a general atmosphere that shows a lack of intellectual curiosity, a lack of that spirit of constant and never-ending improvement, if your senior leaders aren't going to the World of Concrete, AGC conventions, ABC conventions, trade conventions, if they're not joining a peer group, if they're not talking to other people in their local or regional network, if they don't have that curiosity about construction, what's next? How is AI going to affect construction in the next five years, for example. If they're not looking forward, they're always looking backwards, patting themselves on the back, et cetera, very bad sign.

So, I would like to know what you think. What do you see as signs of a complacent leadership group, and what among mine might you take exception with. This is Wayne Rivers at Performance Construction Advisors, where *We Build Better Contractors*.