

Hi, this is Wayne Rivers at FBI, and *We Build Better Contractors*. Don't forget about Boot Camp, January 27th of next year. Get your high potential, nextgen folks signed up quickly. Thank you.

This week I want to talk about three disconnects that may be holding you back. This comes from a blog from my friend and peer group member Arlin Sorenson. You've heard us talk about Arlin so many times. Anyway, what about this is important to you. Arlin works in the IT industry, but the things he talks about in his blog so much apply to contractors too. I think you'll see that his observations about IT leaders also apply to construction leaders.

The first disconnect that holds people back is your own mindset as a senior leader. Arlin says, "Nobody pays for hard work," and he's right. That's brilliant. Nobody pays for hard work. Our contractors, the industry in general, thrives on hard work, long hours, selflessness, commitment, et cetera, but buyers of companies, your trade partners, they don't care about that stuff. What they want to know is that you add value, you're building value.

Buyers pay for businesses that have proven plans for creating value over time. Dennis says that contractors value being 110% busy, 110% of the time. I can't disagree with that at all. Hard work made people successful so they could climb the ladder to leadership in construction. So, they value hard work, but hard work in operations, sometimes blinds senior leaders to the fact that there's a different kind of hard work, and that is the hard work of working on in your business. Hard work is important in construction. You can't get ahead without it, but at some point in your career, you've got to realize that hard work on projects is less important than engineering your company. The hard work of working on your business is the biggest, most important kind of hard work once you get to senior leadership.

The second disconnect is owners aren't in alignment. When I started 30 years ago, almost every contractor we worked with had a single owner, maybe a partner, there were two partners. Now most of our contractors have multiple owners. 10% of our members are ESOPs. That was kind of a shock. In a lot of our member companies, there are lots of owners now. If owners are not in alignment, you're going to have a problem. I have a personal story on this.

I started The Family Business Institute 30 something years ago with my father-in-law. The first few years we were pedaling the bicycle as hard as we could just to survive. Finally got through the survival stage, we got to the stability stage and we were able to pedal a little less quickly, still had to work really, really hard. It became apparent after a while that we didn't want the same thing. What my father-in-law wanted was a comfortable business that supported his lifestyle. What I wanted was a business that worked really well, whether I showed up or not. You can't average that out. We tried for a number of years. We were the first family business consulting firm that had to hire a family business consultant because we diverged so much.

We were not in alignment and we didn't have enough intelligence to examine that early on in our business relationship before it became problematic. If your ownership is not in alignment, get that on the table early. If you suspect that it's a problem now, bring it up, deal with it because that lack of alignment is going to hold you back as a company.

The third piece, beyond owners, is leadership teams not in alignment. It can work both ways. The team is more ambitious or more hungry than the owners. So, you can see that. The other side of it is the owners are more hungry and ambitious than the team.

In the first case, you're going to lose people. You're going to lose your best people because they want to go, go, go. They want to hustle. They want to get ahead. They want to innovate. They want to increase and improve your reputation, your quality, your deliverables, everything else. If the owner is more aggressive than the team, then there's just not enough hours in the day for one person to build a successful construction company.

Sure, you could be a small contractor doing a very small volume or maybe even a small trade contractor actually running crews, but that's different. Having a job running crews is really different from having a business that runs really well

whether you show up or not. So, so many of our contractors don't really have businesses; they have jobs. A business is perpetual. It can go on beyond the owners, the senior leaders. Jobs, if I can't get out there and run a crew because I have two broken legs, well I'm out of business.

You can see that if you don't have your leadership in alignment, and one set is more ambitious or more hungry than the other set, you're going to have problems. Alignment is a must. You have to have a written plan. To really go to that next level, you got to have a written plan. Once you have the plan, you've got to communicate it and evangelize it throughout your organization. You've got to execute the plan, which is the day-to-day heavy lifting. And then you've got to evaluate, are we on plan? Are we ahead? Are we behind? Why?

Even if you're ahead, which sounds good in theory; why? We're going to miss our revenue estimate this year on the low side. We estimated too low. Well, that's great. You exceeded plan, that's great. You out-shot. But I want to know why. I'm kind of upset. Why did we miss our gross revenue estimate to the degree we did, which is more than 10%? Something's wrong. Something was wrong in our planning in 2020 that's going to cause us to miss our 2021 plan. So, whether you're ahead of plan or behind plan, you've still got to ask questions to drill down why you're there.

Those are the three disconnects, thanks to Arlin Sorenson, and thanks to all you for tuning in. Don't forget about Boot Camp. This is Wayne Rivers at FBI. *We Build Better Contractors.*