

PRECONSTRUCTION: THE FOUNDATION IN OPERATIONAL EXCELLENCE

By Gregg Schoppman

Many engineering and construction (E&C) firms measure success strictly by looking at the bottom line. If net profits are good, companies often think they're effectively managing their money, processes and talent.

In a great economy, profitability can provide firms with a false sense of security. The challenge is that it can be unclear whether managers and supervisors are making decisions that truly drive profits due to the use of effective internal processes, tools and metrics, or because current market conditions are favorable.

In a strong market, companies that believe they are already operationally superior have scant incentives to review existing processes, training and other areas for improvement. Yet these companies might be relying on the work of a handful of talented executives, project managers and other staff members to produce results. A firm that is truly operationally superior can utilize less experienced managers and



continue to deliver exceptional results. Additionally, these firms have the [training](#), processes and systems in place to help employees grow and succeed.

This paper is the first in a series about creating operationally superior organizations across the entire project life cycle. In this article, we focus on the development and implementation of preconstruction processes that will create a defined game plan before people show up to a job site. Ultimately, having a more prepared workforce prior to mobilization will lead to greater job site productivity and enhance the bottom line. Being organized can also help retain your talented managers since they have the tools, processes and procedures to be successful—no matter the job.

Building a Strong Foundation Through Rigor and Standardization

Companies must ensure that their operations are ready for any market conditions and can withstand employee turnover in key positions. With [labor shortages](#) at an all-time high, we see that the companies with well-defined internal processes that are replicable, sustainable and scalable are the most likely to retain quality employees. This is because workers at these companies have the necessary structure or parameters in place to be successful at their jobs.

A good starting point is to implement a system of continuous review and improvement. Be rigorous about standardization throughout the company. It is important to be consistent and to include the right people in these conversations. You will need an operations director or someone with equivalent responsibility to lead this change management initiative, but frontline staff should also have input into developing standard systems and procedures.

Operations directors need to be able to examine the organization and ask the right questions. A few questions to kick off an improvement initiative include:

- What is going well in the organization? What is lagging?
- Where can we make improvements to the company?
- What processes are working? Where do we need to collaborate to streamline operations? Who should be involved in these conversations?
- What tools do we currently have available? How effective are they? What could be added to improve efficiency or ease of use?
- What processes should we standardize, and where should we allow for creativity?
- How do we hold people accountable for following standard processes?
- How are we training people on these processes throughout the firm?

A Strong Start Sets the Tone

Preconstruction typically runs from when the project is awarded until the project breaks ground. For contractors that engage in design/build or design/assist delivery types, a preconstruction strategy should begin earlier during the concept or design phases.

FMI has identified several processes that operationally superior organizations use during preconstruction, which result in better outcomes during construction.

Preconstruction planning is more than a handoff, and any exchange of project information is simply a starting point for discussions. For many clients, the preconstruction meeting is a brainstorming session where owners dictate orders and the responsibility is passed to the contractor. Too many companies think



of this as a checklist to speed through. It ought to be considered as the beginning of job planning and is paramount to the overall success of a project.

Operationally superior construction firms guide their clients through the process and approach preconstruction as a collaboration. With a strong internal plan, construction organizations can work more effectively with clients and drive conversations centered around risk management and mitigation from all aspects. The checklist is there to guide the conversation, but it should encourage collaboration and real conversations about how to solve challenges and deliver the project on schedule and on budget.

Preconstruction planning utilizes a tool to create follow-up and uncover potential issues. Many believe that purchasing planning software or other tools is all that is needed to improve efficiency. They fail to consider how best to use tools and at what specific point in the process to do so. Tools can provide incremental improvements and must be regularly evaluated and improved. Examples include meeting agendas or presentations, which may help mitigate risk and identify challenges from the onset, allowing project teams to derive effective solutions prior to mobilization.

The best approach for implementation is to create a road map for how your company should use productivity tools and methods for holding people accountable. Too often clients spend millions on software, but they don't put enough focus on how to utilize it. Ultimately, they don't reap any tangible results. The tool utilization road map is meant to drive accountability in the same way that exercise apps on a smartphone help drive personal accountability in fitness.

All processes developed should be standardized so that they are repeatable across the organization.



One element of preconstruction planning is the stand and deliver phase, where the project team explains its plan, approach or strategy to senior management, and leaders provide objective counterpoints to challenge the team's approach.

This step should occur after client handoff and all the necessary team preparations. Estimators, project managers and the superintendents will put together this plan and present it to a panel of senior leaders. Stand and deliver meetings provide the ultimate backstop prior to mobilization and help mitigate risks long before they occur.

Additionally, this is the time to identify any potential challenges and to evaluate means and methods to generate greater efficiencies. Any areas of risk should be closely examined, discussed and solved during this process. Senior management should be objective about the team's approach and point out any flaws in the team's initial plan or in any risk assumptions.

Before a trade partner begins, a general contractor conducts a preinstall or trade kickoff meeting to review project-specific items such as quality assurance or quality control, labor, safety procedures or other areas. Most importantly, this meeting occurs at the job site with each trade partner's field leader.

Trades don't always have the full picture for how their specific scope of work fits into the overall project. For example, a general contractor might call a drywall specialist and schedule this crew for a particular day. If the contractor doesn't review the required application processes or discuss the trade partner's strategy for the installation, the partner may end up covering up walls where other trades have not finished or not provided the owner's desired finish level. Both can result in costly budget or schedule overruns.

Great contractors don't just go through the motions with these meetings. They use the time to collaboratively plan and coordinate the specific scope of work. Even if trade partners aren't doing their own planning (which they should be), preinstallation conferences ensure contractors have their trade partners' full attention and that the entire job is well organized from the beginning.

It is important to be consistent when handing off scopes of work to trade partners. More specifically, all processes must be clear and standardized, so that trade partners know what is expected of them. Having efficient and clear processes on your project usually attracts quality trade partners that will prioritize your jobs over your less organized competitors and often results in better pricing.

As the general contractor, you must also help set the strategy for efficiency; basically, you are the best source for planning and coordinating to make sure everyone is on the same page. Collaborative planning ensures each job is started in the same manner, no matter the project location or project manager.

Everyone must understand the general contract and the terms and conditions therein. No one needs to be an attorney; but a fundamental knowledge of the operations-specific terms and conditions is paramount.

The best companies ensure project managers and other leaders have solid foundations in construction legal knowledge. You can achieve this through training, lunch-and-learns or on-site seminars. One tip is to create a one-pager so everyone on the project team understands the general terms and structure of the contracts.

Standardization in this area is also key because subcontractors need consistent language and terms to work with. Only the scope of work should vary. This ensures project managers understand timelines, notification deadlines and other contractual obligations spelled out in the contract.



Each project needs an exit strategy or preconstruction planning for the last 10% of the project.

FMI sees this as one of the weakest areas in the construction industry. The premise of the exit strategy is to plan and strategize for the successful and efficient completion of the last 10% of the project. This is even more critical if there are (or will be) changes to the project team. At this point in the project, the project team collaborates to develop a realistic, consistent management philosophy to drive the project over the goal line.

Items that must be considered and planned for during the exit strategy process include anything that could prevent the team from finishing the project profitably, such as creating the punch list, gathering operations and maintenance documents, commissioning critical equipment, training the owner on systems, documenting as-built construction, obtaining owner buy-in and handing off the project.

Many companies in our industry are terrible at executing these last parts of a project because they lose focus, and the resources that were on the project from the beginning have been reassigned to newly mobilized jobs instead of completing the one at hand.

A few tips for this process include:

- Make sure there's a structured agenda and time frame that keeps everyone focused and effective.
- Be sure to clearly assign responsibilities and make sure the client is happy before calling a job finished.

Why It All Matters

Every job starts with preconstruction, which is the foundation for project success. Operationally superior organizations understand that having consistent processes, documents, tools and approaches to each project before mobilization can have a tremendous impact on their efficiency and margins. Improving this area helps save time, avoid project rework and foster clear communication across the project team and with trade partners.

Contractors that continually focus on improving their operational procedures and processes will reap the rewards of these efforts. Even small tweaks to existing processes can make an enormous difference in your company and help to retain your top talent and clients.

Author



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He leads FMI's Operations consulting practice as the discipline leader. Gregg has been a featured instructor in the FMI's Project Manager Academy and regularly trains at all levels of construction from foreman to CEO.

Gregg often addresses industry organizations and has also been a featured keynote speaker for Viewpoint, Sage and Autodesk. With Viewpoint, he is a founding member of the Alliance for Construction Productivity. Gregg has successfully completed engagements all over North America and throughout the world, including Mexico, Canada and Russia.

Before coming to FMI, Gregg was a senior project manager for a general contracting firm in central Florida, completing complex and sophisticated construction projects in several niches and geographic markets. Gregg can be reached at gregg.schoppman@fmicorp.com.



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