



# 2023 FMI **FOCUS ON CULTURE**



October 2023

# The Broken Pipeline

**93%**

of respondents reported difficulties finding qualified talent



**More than half**

reported that talent shortages are having a high to severe impact on their companies...

**...but only 19%**

have succession plans for key strategic roles

**Shortages will intensify in the next five years:**

**22%**

turnover for executives

**30%**

turnover for field managers



# The Value of an Exceptional Corporate Culture: How to Create a Workplace Where Employees Thrive

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By Hannah Flint and Michelle Thompson

With the labor shortage continuing in full force in the engineering and construction sector, companies that put time, effort and resources into developing a strong corporate culture are attracting top talent, reducing turnover and increasing employee productivity.

A positive corporate culture helps companies operate more profitably. A recent [Korn Ferry survey](#) found that two-thirds of senior executives from the most admired company list attribute 30% of their organizations' market values to their cultures. Respondents cited culture as the most under-rated—in other words, often overlooked but crucial—determinant of a company's future success.

This is just one of many signs pointing to the value that a positive, engaging corporate culture provides in the modern workforce. Put simply, when

employees feel respected, know their voices are being heard, and are encouraged to contribute to the overall organization, they are more likely to stick around.

## A Broken Pipeline

Talent shortages have plagued construction and related industries for decades. The pipeline is broken. Respondents to [FMI's 2023 Talent Survey](#) reported a rise in expected exits over the next five years at all levels, and 93% of those surveyed reported difficulties finding qualified talent.



Fixing the broken pipeline won't be easy, but there are steps that companies can take to get things moving in the right direction. The problem is that not all companies recognize the connection between culture and employee retention. FMI's recent talent research included feedback from more than 100 field leaders, superintendents and project managers, most of whom attended an FMI training program. Shortages will intensify in the next five years, with expected executive turnover climbing to 22% and that for field managers reaching 30%.

Those survey respondents who gave their company culture the highest score in our talent study were almost 30% more likely to use culture to attract and retain talent versus those who gave their corporate cultures a lower score.

## Clarity of Purpose, Vision and Values

The focus on culture as part of fixing the broken talent pipeline may be a new strategy for many construction firms. Many workers in younger generations want to know you care, and they want to be a part of something; so being transparent and having open conversations help foster that sense of purpose and create an advantage.

Organizations with great cultures dedicate time to consistently highlighting their visions and goals as well as progress toward those. On the project level, this clarity of purpose can look like clear definitions of success that are rooted in transparency and accountability. Ideally, everyone working on a project knows the expectations both for how the project should progress as well as how their individual behaviors and contributions relate to overall project goals. This can be accomplished through a project mission statement or a team charter that spells out these behavioral expectations.

In 2020 the Associated General Contractors of America (AGC) launched [Culture of Care](#) to address workforce shortage and retention challenges. Today more than 600 construction companies have taken the pledge, and the AGC has launched a diversity and inclusion assessment for companies to benchmark their programs, policies and human resources practices against the industry.

As part of this strategy, organizations can connect their cultures to their purpose and vision, thereby creating a reference point and language that team members can use in their day-to-day work lives. Longtime FMI partner Faith Technologies Incorporated (FTI) demonstrates how effective this strategy can be through its Culture of Care program.



## CULTURE STRATEGY #1

Clarify organizational purpose, vision and values to motivate and connect individuals to work toward something bigger than themselves. Define company and/or project culture and use it as a framework for behavioral expectations and accountability.

Alyssa Kwasny, FTI wellness program director, notes, “It’s really about defining and communicating what our expectations are for our culture. We talk about it often and tie everything back to our Culture of Care. It’s embedded into everything that we do. When we’re thinking about any type of decision or program or initiative, Culture of Care is one of the first and foremost things we think about.” Kwasny said that the FTI leadership team is openly vocal about its support of the Culture of Care program, and its commitment reflects upon the rest of the organization.

FTI has a reputation for a strong culture, which the company leverages in its hiring and onboarding practices. Kwasny notes, “I’ve talked with new team members, and they tell me that they were attracted to our culture from the start. One of the main things we look for when we’re interviewing individuals is making sure that they’re going to be a good culture fit first and foremost.”

For leaders looking to leverage a culture strategy related to organizational purpose and values, we recommend two quick ways to get started:

Revisit your firm’s purpose, vision and values. Examine how often the leadership team is speaking to them and tracking progress transparently.

Highlight cultural champions. Share stories and examples of people who are living the firm’s purpose and values during teamwide meetings and/or events.

## Learning Culture

Of course, culture is not just about retention; it’s also about creating an environment where team members can maximize their contributions to the company. A great company culture nurtures talent, not just to retain high performers, but also to maximize those performers’ potentials.

In a recent Korn Ferry survey, 500 executives from the world’s most admired companies ranked the following as the top characteristics of their company cultures:

- 1 Customer Focus
- 2 Accountability
- 3 Results Orientation
- 4 Empathy
- 5 Learning

Interestingly, everything but learning is replaced with a new characteristic when the same group was asked to share what they see as the top characteristics of corporate culture in the future:

- 1 Learning
- 2 Long-term Perspective
- 3 Innovation
- 4 Agility
- 5 Psychological Safety

“By putting more emphasis on learning in the future, [respondents] are growing and empowering leaders at all levels,” Korn Ferry notes in its report.

People are always top of mind for construction industry leaders, but the generational transitions taking place in the workplace are making people an even bigger priority than ever before. Developing the next generation of talent has become critical for organizations struggling to fill positions in an overall constrained labor market. In organizations with great culture, senior leaders are as deeply engaged with personal development and learning as the new hires. Leaders must remain open-minded and seek new ideas from those around them.

Moreover, feedback is at the center of a great learning culture. Great relationships, teams and organizations can be defined by the lag between when people see something and when they say something. This is most evident in safety cultures but translates throughout the organization and certainly into leadership teams as organizations share information and prioritize feedback. The ability of leadership teams to have difficult conversations propels their ability to make strategic decisions and plan for their future, including for their successors.

On the integration of feedback into the culture conversation, FTI's Kwasny said, "There are challenges, of course. It's not been an easy feat, but I think having those genuine one-on-one conversations with team members, understanding where they're coming from, and getting their feedback on our culture is essential. We can only build the culture that our team members want to see and want to be a part of if we know what they're experiencing. If they're not aligned with what our goals are and what our vision is, we must have those crucial conversations with them to understand why. Employee feedback is of the utmost importance." FTI also conducts yearly culture audit surveys to gather anonymous feedback.

For leaders looking to leverage a learning strategy to enhance culture and talent development, we recommend two quick ways to get started:

Establish formal and informal spaces where employees can connect to share learnings on projects and jobs, ideally across generations and departments. This can be in the form of cohort development programs or as informal as shared team lunches. Executive coaching can also be a great way to model learning and continuous self-improvement.



## CULTURE STRATEGY #2

Advance knowledge-sharing between generations, roles and departments to enable rich collaboration and grow shared expertise over time. Emphasize talent development and feedback as shared responsibilities across teams.

Consider gathering employee feedback on the organization's values and culture through an anonymous survey at least twice a year. Leverage these results to have important conversations throughout the organization.

## Belonging and Inclusion

A developmental mindset centered on feedback unlocks company performance and ensures that no one in the organization stagnates. But construction companies can't get the best out of their employees when people feel they must hide their true selves—flaws and all.

Notably, Korn Ferry lists the concept of psychological safety within the top five characteristics of the future of company culture. Psychological safety gives employees license to take risks, express their ideas and speak up without fear of negative consequences.

While feedback is central to a learning culture, psychological safety is key to creating belonging and inclusion throughout the organization. A culture rooted in belonging and inclusion increases retention and can even contribute to making companies more attractive to prospective candidates. Furthermore, increased innovation is a major outcome of a culture of belonging, as employees are 34% more likely to withhold ideas and solutions

when psychological safety and trust are lacking, according to a [Forbes article](#).

Many in the construction industry are beginning to embrace this aspect of culture. In 2023 APi Group made psychological safety its primary area of focus. Velma Korbel, chief diversity officer at APi Group, says, "We believe that if we have truly created a welcoming, inclusive environment, our current team members will become ambassadors and will help us recruit new talent into the organization. Psychological safety has become a major area of focus for us because we know that psychologically safe environments are inclusive environments."

**We expect that talented people are doing their research to find the best companies – the ones where the work environment lines up with their values.**

Korbel says. "We want people to know that every APi Group company is a great place to work, a place where they can lead, grow and thrive.

## CULTURE STRATEGY #3

Examine psychological safety as a major contributor to company culture rooted in trust. Learn about how an enhanced emphasis on diversity, inclusion and belonging can unlock previously untapped pools of talent for your firm, helping to fix the talent pipeline.

For this reason, APi is proud to be named a “Great Place to Work” for the second year in a row and is doubling down on the commitment to maintain this certification with the first Global Employee Engagement Survey across all APi group companies. Currently, 81% of employees say APi is a great place to work.

Understanding company culture and how to shape it can unlock new pools of much-needed talent. This is important because construction recruiting still lags other industries in terms of representation for certain groups of people. Women are 10% of construction workers, per the [Bureau of Labor Statistics](#), an improvement thanks in large part to increased participation by Hispanic women over the past decade. Around 78% of construction managers are white.

Today’s recruits are strongly swayed by culture as many C-suite leaders noted in our talent study. For talent in a market rife with competition for their skills, a great corporate culture can be a differentiator. Companies that fall anywhere below that threshold may be losing out on talent.

Another area where the industry has seen a seismic shift in recent years is around mental health. Burnout is widespread and can’t be brushed off as simply trial by fire. This is true especially with craftworkers, who often have the reputation of being tough.

When FTI started actively working on its culture in 2020, the goal was to show employees exactly how they could fit into their culture of care.

The objective is to make sure that we have a culture that’s inclusive, and we’re developing respectful and empathetic employees. We want to foster that caring and supportive environment and really focus on the mental health of our employees. The construction industry has one of the highest rates of suicide and mental health concerns. We want people to feel that they belong, that they are included and that their concerns are heard. And again, that’s really the goal of Culture of Care, to reduce that stigma as it relates to mental health.

– Alyssa Kwasny  
Wellness Program Director  
FTI





For leaders looking to leverage a belonging and inclusion strategy to enhance culture, retention and recruiting, we recommend two quick ways to get started:

Consider taking the AGC Culture of Care pledge if your organization has not already done so and introduce the diversity and inclusion assessment to begin benchmarking. Such data can shine a light on where the firm may need to focus first.

If you're planning to introduce a culture or employee engagement survey, include a question or two on psychological safety to learn how employees can speak openly, share learnings and hold difficult conversations, all of which deeply affect company culture.

## There's No Time to Waste

Employees want to feel like they're part of an organization that cares about them and where they're making a difference. The Great Resignation sparked a reevaluation by workers of what they want from their careers. Now is the time to make sure you have a culture that is ready to engage workers across generations, develop talent for the future, and provide an inclusive environment that is aligned with your strategic goals.

If you're starting to examine your company's culture and wondering what needs to be addressed, if anything, consider these powerful questions:

- 1 Are we really who we say we are? Are we walking our culture talk?
- 2 Are we able to leverage our culture to attract and retain the people we need?
- 3 Is our culture working for or against our strategy?
- 4 How will we hold people accountable to the culture we want to prevail?



# AUTHORS



**Hannah Flint** is a consultant with FMI. Hannah is responsible for supporting client engagements and advancing thought leadership content, particularly related to strategic thinking. Hannah is passionate about helping others maximize their potential through leadership development. She is also keenly interested in and works on organizational culture, high-performing teams and talent development, among other areas.

[\*Hannah.Flint@fmicorp.com\*](mailto:Hannah.Flint@fmicorp.com)



**Michelle Thompson** focuses on building high-performing teams, executive training and developing next-generation leaders across organizations, helping them integrate their company's mission and vision into strategic plans, leadership development and training programs.

Michelle's client engagements include vision work, succession management, conflict management training and empowering peak team performance. She enjoys helping clients identify and develop new or improved solutions to manage, measure and prepare for long-term sustainable results.

[\*Michelle.Thompson@fmicorp.com\*](mailto:Michelle.Thompson@fmicorp.com)



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## CONTACT US

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**RALEIGH HEADQUARTERS**  
223 S. West Street  
Suite 1200  
Raleigh, NC 27603



919.787.8400

[fmicorp.com](http://fmicorp.com)

## OFFICES

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Denver  
44 Cook Street  
Suite 900  
Denver, CO 80206  
303.377.4740

Houston  
1301 McKinney Street  
Suite 2000  
Houston, TX 77010  
713.936.5400

Tampa  
4300 W. Cypress Street  
Suite 950  
Tampa, FL 33607  
813.636.1364