

Hello, everybody, Dennis Engelbrecht with The Family Business Institute, Digging Deeper.

During our spring roundtables, it's become more and more clear to me the direction that construction is taking over the last 10 or 15 years is really toward pre-construction being, perhaps, the most important element of a construction company. And, certainly, I'm going to say the new differentiator between companies in terms of how you can provide value to your customers, to your projects more and more I think it's probably because there's more construction delivered in the construction management delivery system, design, build, construction management, collaborative delivery seems to be much more work is delivered in that. And the pre-con part of that is where most of the value really gets delivered.

So, what is the core of being successful in pre-construction? As I look at this, I really see three things. Number one is collaboration. No one person knows everything about construction. So, in this pre-con period, collaboration seems to be the key. The companies that collaborate better really are able to differentiate better, get the project set up for success better, really establish the most successful construction projects. And that collaboration is broad where I see it working well. It's down into the field superintendent, the general superintendents, the project managers. The estimators, the pre-con people, the outside resources. The engineers, the architects, et cetera. We're talking about true collaboration, getting the best ideas. Oh, I forgot the customer, of course. But getting the best ideas from all of these people and getting them put together to deliver the best construction project.

The second aspect of this pre-con differentiation that I'm seeing, and we talked about this in other blogs so I'm not going to go too deep into it today, but an enhanced client experience, does your pre-construction deliver and enhance client experience such that they want to do work with you. So, if you're a trade and you're going through this whole budgeting thing do you help them value engineer? Do you help them come up with a good budget? Do you help them understand their project better? Can you do it on a timely basis? Is your communication great to help them get good scopes and all of this? All of those things help them once you more than they want the other guy.

And then, sometimes you don't have to be the lowest price and compete on just the commodity level. And, certainly, as you go up into the general contractor level, the same thing's occurring as you're working with your customer and the architect. So, if you can deliver a great client experience that's a huge differentiator.

Finally, what I've really noticed in pre-con is it's also sort of the home for the new unicorns in construction. To be a great pre-con person really is a combination of a broad set of skills. So, if we go back historically in construction, right, we have estimators and we have project managers, and then we have superintendents. Today, in pre-con we need this unicorn. This unicorn is part business development, there's a selling aspect to the whole pre-con thing. And you got to keep your client engaged and make sure you're giving them solutions.

There's project development. By that I mean bringing all the information, and all the resource together to make sure the project happens. The soils, the permits, the utilities, all of those aspects that a client may not understand well enough. That all has to be brought together in pre-construction. Conceptual design, what is this going to look like? How can we help our client get what they want at the conceptual level? Of course, then, there is the true estimating and budgeting aspect of this, the pricing side of it to make sure we get the pricing right. And, of course, at each stage of design, that's a little bit different amount of clarity as we go down the way. And even in today's world we've probably launched the projects before they're even at a true 100% construction documents. So, that budgeting is a moving target and we got to be very good at that.

Then, there's the whole project in team management. We have this whole group that's collaborating to make the project happen. And as a pre-con person, you've got to be a great manager of people to make sure people are doing their part, that it's coming together, that we're having effective meetings, that we're setting and meeting deadlines to keep progress, so that we can get into the ground when we need to get into the ground, and get the project finished on time.

In pre-con you also have to know schedule. So, you have to have an idea of how projects flow and how long they take because that's all part of the budgeting process as well. And, oftentimes, it could be your schedule that is actually used when you go to contract and decide where that end date's going to be.

Pre-con people need to understand contracts. What's in the contract, what's not in the contract. Where your responsibilities as a contractor start and end so that you can have that job set up for success. And then, finally, it really is about setting jobs up for success, making sure that your company has enough fee built into the project that you've got all the potential fee builders in there, and the areas that could take fee away from you, hopefully, you have contingencies and allowances to protect on that side.

I'm going to guess in today's construction that probably 80% of the possibility of making money is determined during this pre-con phase, and only about 20% is on the operational side. So, again, all of these skills and all of this effort to set jobs up for success is sort of what makes pre-con the new differentiator, and leads you on that search to find, and develop those next pre-con unicorns.

Dennis Engelbrecht, Digging Deeper. Thanks for tuning it.