

Good morning, everybody. Dennis Engelbrecht, Digging Deeper.

Today, I wanted to talk a little bit about three things from our recent era, maybe call it the pandemic era, that we should hold onto as we go forward in, I guess a more normalized world, if we've actually made it there yet. I'm not sure. But as we came into that era, obviously several things went wrong. Not only did projects get moved and all of that, but we had the supply chain difficulties, we had labor difficulties, and then we had hyperinflation. All of those things put pressure on construction companies and construction professionals to come up with solutions.

As I looked at some of the things we did, with the supply chain issues that were out there, many of our companies went into sort of an uber planning mode where they really looked forward at all the parts and pieces, the entire supply chain. What could interrupt us here, came up with a lot of great contingency plans, sometimes even change outs of materials that they were going to use. All kinds of good, creative solutions and excellent planning because they had to have it. We had to have that planning against that kind of disruption that was going on.

Well, as I thought back to some of the most successful construction professionals that I've known in the past, they were all uber planners, and they already were looking down the supply chain that extra step to make sure that they didn't get surprised and that the flow of the project moved on like it was supposed to.

So even though the extent of the problem was new, the solutions shouldn't be, and some of those great solutions that many of your companies came up with, different forms and different processes and things like that, those very well may be things that you want to keep. Processes that you want to keep in your business to be a better construction company going forward, better than you were in the past with hopefully less of the hiccups than we had during the pandemic era.

Number two, I think I've never seen in my career an era where there was more collaboration. Again, the price issues, the supply chain issues, moving projects, all of those things caused a great deal of collaboration, both to make projects happen, but to make them happen on budget and in a timeframe that they wanted.

So, what happened there is owners came together with designers, contractors, trade contractors altogether during the design phase to overcome the issues that were out there. I think this collaboration really is a better way to do construction. So, one of the things I hope we don't lose going forward is the great collaboration that occurred. Coming out of that was a staged release sometimes of components of the construction, early release to get some products bought out before the prices might change, or to make sure that we had a reserved space in the production of certain items that were out there. To make sure that everything was going to happen on time in the project again, and that the project could go forward. So, if we could keep that collaboration again with fewer problems out in our universe of construction, again, we can have a better brand of construction going forward.

The third thing that I think we all did during the pandemic era is because of the hyperinflation, we had to really work hard to eliminate or reduce purchase risk exposure. Again, I think this is something that we can maintain and take into the future and be better for. Among that is, I know several folks have called me and said, "How do we track the baseline cost? Because if we have this change down the road, we got to go back to something to figure out, well, how much did this cost escalate?" But learning to track those baseline costs and have baseline costs, and have your contracts set up so that the exposure to these price changes goes to the proper place.

Then finally, making sure that buyout occurs on a timely basis and that the items that may change in price, we get those things solid and get them solid all the way down the supply chain so that we don't get the surprises later and the potential losses later.

So, bringing that together again in summary, three things from the pandemic era to make you a better construction company going forward. Uber planning and supply chain management, keep the design collaboration, keep the doors

open to that and keep continuing, at least from your position, to get as much of that as you can, and making sure you eliminate and reduce that purchase exposure going forward.

Dennis Engelbrecht Family Business Institute Digging Deeper.