

# Winds of Change and the Event Horizon

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**T**he “Winds of Change” is a discussion surrounding Agile Construction®, and specifically leadership of an Agile business.

Agile is a business model that is capable of adaptation to meet changing needs, both in the short term and in the long term. Short-term Agility surrounds the needs to recognize and meet the needs of customers and vendors at the project, division, and overall business levels, while still maximizing the available profit opportunity. This requires effectiveness and efficiency throughout the business system. Long-term Agility comes from leadership. Leadership must recognize and respond to changes in the business environment. These changes are detected by knowing what to watch for in the “wind.” Rapid detection and early action based on these “Winds of Change” is effective leadership and the only way to ensure the long-term success of any business.

► **THE WINDS OF CHANGE**

Simply put, the Winds of Change are nothing more than the forces that will create an event, shift, or growth of the industry that results in a situation where historical success no longer guarantees the future. Future success is going to be dependent upon properly recognizing the event that is occurring and taking the appropriate action early on. In a business environment as competitive as electrical construction, you can’t survive being the last to undergo change.

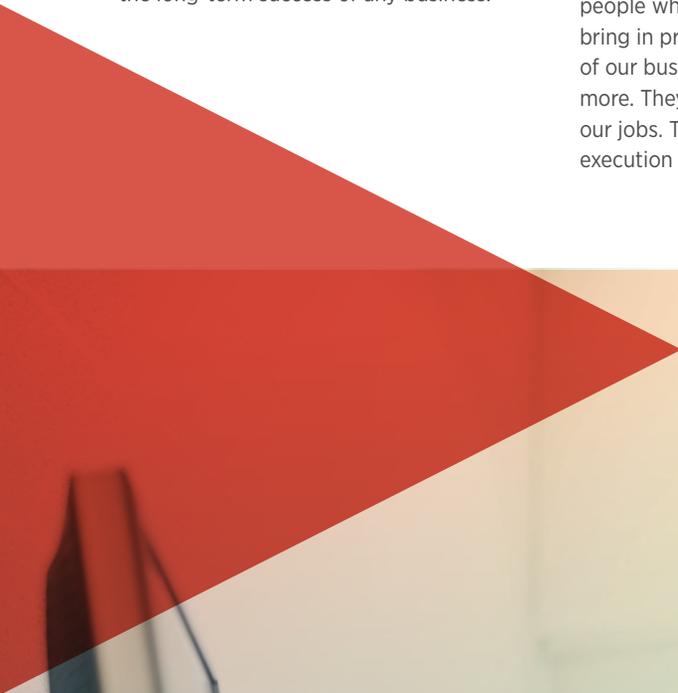
There are three shifts that occur within our industry that are signaling the existence of the current event. The first is Industrialization. Industrialization of construction® occurs when the basic elements of how we manage our labor and our work begin to change. Our management practices can no longer be dependent on simply having good people who we trust to do their best and bring in profitable results. The customers of our business are beginning to expect more. They expect consistency on all our jobs. They depend on planning and execution that is perfectly engineered

to provide predictable daily work for everyone on the job site. They also expect significantly improved communication, with no surprises, and it’s our job to ensure that result.

To meet these increasing demands, contractors are forced to understand the principles of Lean Operations and implement true Agile Construction® business models by using ASTM’s industry-standard work scheduling and productivity measurement methods, such as SIS® and JPAC®.

The second shift that occurs during a change event is Disruption. The Disruption is simply the result of early adopters having recognized the current event making changes to their businesses. In this way, the early adopters will begin to implement means and methods that fuel the customers’ expectations and start to establish a competitive advantage. When there are enough of these progressive competitors in the market place then we begin to see the third shift.

The third shift that occurs to cause the event is a Market Shift. The Market



Shift is real when there are sufficient progressive contractors in the market that the overall industry results begin to show changing trends. These trends are most likely occurring in the form of increased productivity, rapid growth within the industry, and shifts in the types of work as what was once specialty begins to become commodity.

Because all three shifts are already occurring, our industry is at an inflection point. We have reached the point where it is time for those businesses that are going to survive to make the needed changes. Business models must change. It is no longer acceptable to trust the best project managers and foremen to simply work autonomously and deliver results. Their skills and talents must be understood and leveraged. We must learn these best practices and make them our standard practices, for all project teams. To achieve this requires implementing the latest planning and tracking tools that allow the company to ask questions and learn from every project. These tools and this learning are what enable us to quickly detect issues and correct them before they derail the project and erode our profitability.

## ► THE EVENT HORIZON

Based on what we learn from our planning and tracking systems, we must be able to question our current culture and create a new one. The new culture will need to be based on Agile Construction® principles, and deliver a wide variety of results in a standardized fashion while ensuring profitability in spite of how much job site installation activity is not within our control. The successful culture for the future contractor is one that is based on mutual management accountability with less emphasis on after-the-fact litigation.

This is a change from the current practices for nearly all contractors. Making this change requires an effective transformation. This transformation can't be made independently; it must be made with collaboration between the owners, construction managers, general contractors, and all subcontractors. More importantly, this transformation

## Industrialization in Construction Can Only Happen Through:



1. Management of Labor



2. Management of Work



3. Lean Operations



4. Modeling and Simulation



5. Feedback from the Source

Figure 1: The 5 critical requirements for industrialization to occur

must occur in tight synchronization with advancing technology. The advent of new tools and technology will drive fundamental changes, but only for those contractors that have a culture aligned to benefit from the effective implementation of these.

The Event Horizon for this current change is one where many of our current specialty services will become commodities. Adapting to this future requires an immediate recognition of the existing Industrialization, the current Disruption and the Market Shift that is underway. In our next article, "**Industrialization of Construction®**," we will dive into the industrialization shift in greater detail. We will look at management practices and technology adaptation as it is being tested and implemented by progressive electrical contractors using the principles of Agile Construction® and explore the necessity of these to fuel the industrialization of electrical construction. "**Industrialization of Construction®**" will specifically address all five of the critical requirements (figure 1) for industrialization to occur. These Lean and Agile principles are the management of labor, the management of work, Lean operations, use of modeling and simulation technologies, and effective

use of feedback from the source. In addition to a discussion of these five critical requirements, we will provide some samples of what this looks like; some that you may already be seeing gaining widespread use on your job sites.

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