

THE GREAT IDEA SWAP

Transformation Journey
of a Successful Contractor

>>> *By Dr. Perry Daneshgari & Dr. Heather Moore*



Over one hundred attendees from twenty-two companies were represented at MCA's annual symposium (Fig 1). Attendees included owners, general contractors, subcontractors, and distributors. Contractors in attendance varied from electrical to mechanical, and included all stakeholders from executive management to foremen. They all collaborated on topics on increasing productivity and profitability within the construction industry. The group addressed three core concepts during the symposium: >>>

1. Risk reduction in the industrialized construction market
2. Externalizing Work[®] - the costs and benefits
3. Real world application of Agile Construction[®]

Among industry leaders was the CEO of Loyal Electric (fictitious name) who attended symposiums in the previous years when he first recognized that something needed to be transformed in order for his company to sustain and grow. Communicating this to his employees was a challenge, and providing all employees with educational opportunities in order to understand that there are better, more productive ways to work was a must. He knew that if he did not figure out a better way to do the work, then someone else would. He also saw that the available workforce to support the industry was diminishing and that he had to ensure the current talent worked to their fullest potential. A pledge to make a fundamental change in the way workers thought about their jobs was made.

Implementation of Agile Construction® relies heavily on employee participation on process design and lead indicators controlled by employees, leading to a better financial performance and market share. Full employee involvement throughout the system design is the basis of this methodology, which relies on the application of Toyota Production System (TPS) in various industries, including service and soft industries.

For a company to change, the leader has to change; for a leader to change, "The Operation Theory" of learning has to change. What led a company to success in its old markets may no longer apply nor be relevant in today's - and future - markets. Continuing to play the game with brute force will only exhaust the people and resources when the fundamental rules of the game shift. Transformation can only happen when the new theory is adhered to by all participants.

When a company embarks on a journey of transformation, the journey is as much a reward as the destination. Once a company crosses the transformation bridge, continuous improvement becomes the overall goal.

This fundamental change pushed Loyal Electric to be more proactive and completely change its culture.



Fig 1: 2015 MCA Fall Symposium

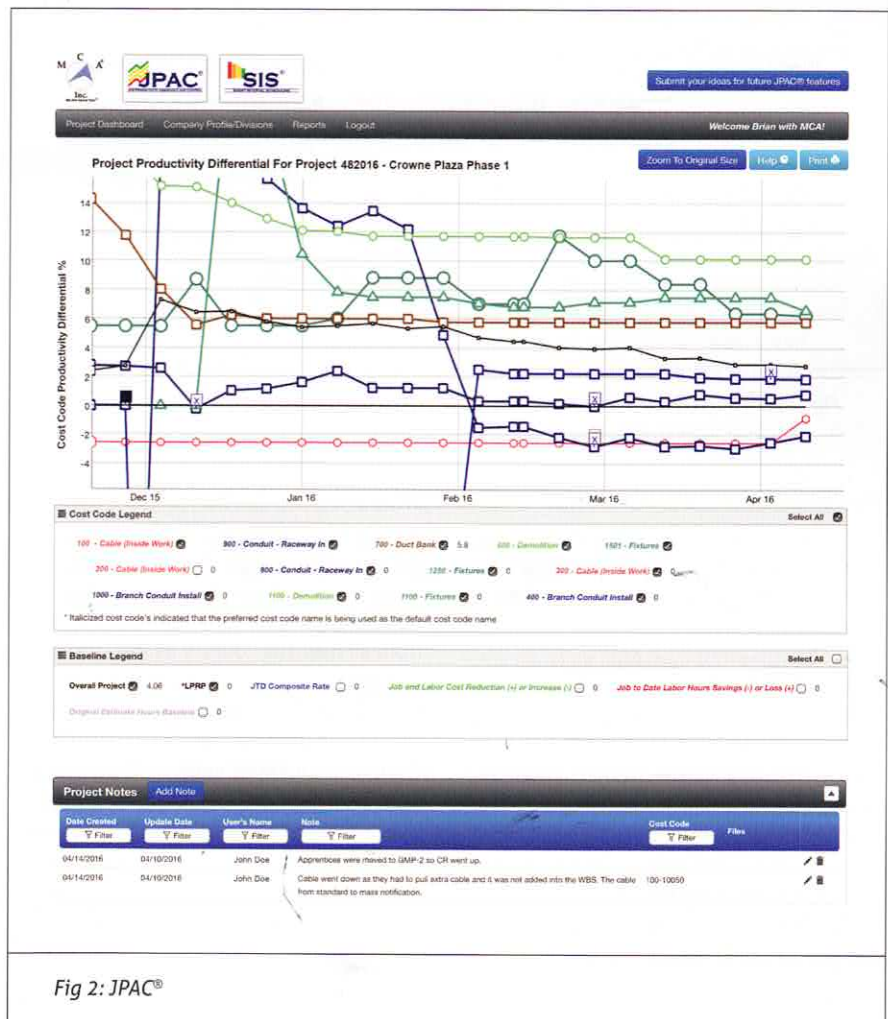


Fig 2: JPAC®

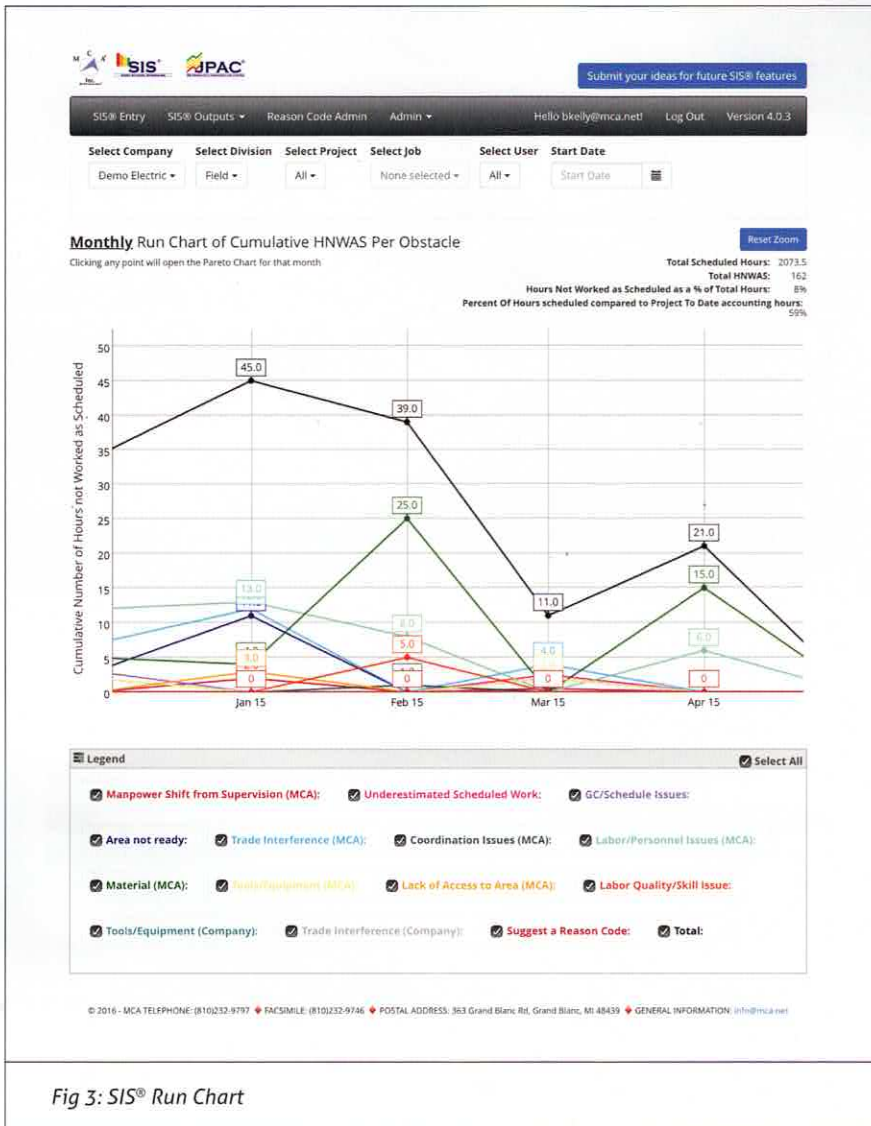


Fig 3: SIS® Run Chart

The company's transformation was a difficult one, but in the end has allowed it to compete in larger markets, while maintaining its relationships with longtime customers.

Calling it emotional would be an understatement, when the CEO of Loyal Electric stood in front of over one hundred construction executives, workers, project managers, and office staff announcing and celebrating his company's graduation from a long journey of transformation through the application of Agile Construction®. This year the CEO of Loyal Electric was not just an attendee, but was the

invited keynote speaker to share the company's journey of transformation in becoming an Agile company.

The CEO was joined by Agile Practitioners from all over the country as they too contributed their insight into how applying principles of Agile Construction® have had breakthrough results in their companies: increasing their productivity and profits by 30%. Participants worked through specific and applicable methods for the attendees to take back to the office and apply immediately following their experience at the symposium.

CEO's Lessons Learned:

- 1) It is much easier to change someone who hasn't had great success than someone who has had a lot of success doing work a certain way.
- 2) It is important to get involved in networking opportunities and share ideas with peers in order to learn from other companies involved in all types of work.
- 3) Don't get hung up on the tools (including IT) and procedures! A good employee has to understand the concepts of how the business transfers its resources into outcomes for its customers, the processes that support that transfer, and then consider ways in which the tool can be used best. However, it isn't about the tool; it is about the process.
- 4) Be committed! Look at whatever transformation needs to be made, decide if it is good for the company, and be committed. If you are not 100% committed, then the transformation will not be successful.

Lessons Learned From Loyal Electric

The Loyal Electric employees discussed what they had to do to get their transformation started. A variety of project managers, general managers, and field workers summarized their responses as follow:

- Recognize the need to transform and use outside involvement to get the process underway.
- Always put the customer first.
- Get all levels of people involved in the process to improve all aspects of what is at hand.
- Preplan and continue to have meetings between field workers and foreman as the project progresses.
- Be transparent and keep open lines of communication between the project manager and supervision.

- Give the employees the best software and tools to move the business forward.
- Build trust between the field and the office.

Symposium participants unanimously agreed that the one thing common about all the Agile Practitioners was passion: every one of their employees was passionate about their position within the company and their day to day work. This is because the structure put in place at their firms allowed every employee to touch the work and the customer. There were no “departments” or “jobs” that were more than one step removed from the field worksite in the transformed organization.

Symposium participants also discussed and commented on:

- Job Productivity Assurance and Control (JPAC®) (Fig 2) breakdown into very small tasks.

- Recognizing obstacles and scheduling daily tasks with Short Interval Scheduling (SIS®) (Fig 3 & 4).
- Sharing of “secrets” and visibility of the work.
- Constantly improving the process.
- Interest in improving themselves as well as the industry.

The Journey Continues

The symposium closed with insights from the group and expressed that the session was well worth the travel; the ideas shared and the concept of company transformation is exciting. The difficulties of transformation were also acknowledged, and clearly require effort and paradigm shifts to achieve.

However, Loyal Electric gave “proof” to the concept that working as a team with

a bottom-up approach of learning and process design leads to outcomes like:

- Increased sales
- Improved profitability
- Expanded market shares in existing and new markets
- Engaged employees and strengthened loyalty to the company
- Improvement in the communities that Loyal Electric serves, by offering lower cost, faster service, and higher quality construction projects than were available before.

With a win-win goal in mind, transformation requires commitment and trust on all levels. Once the CEO made the hard decision of seeing the need for change, it was his team that led the mission by using the proven practices of Agile Construction®. It took a lot of sweat and dedication, but it has paid off for the employees and their families who have a better place to work and a better community.

Dr. Perry Daneshgari is the President / CEO of MCA Inc. MCA Inc. is a research and implementation company that focuses on implementing process and product development; waste reduction; and productivity improvement of labor, project management, estimation, accounting, and customer care. He has also published four books and an ASTM Standard for Job Productivity Measurement.

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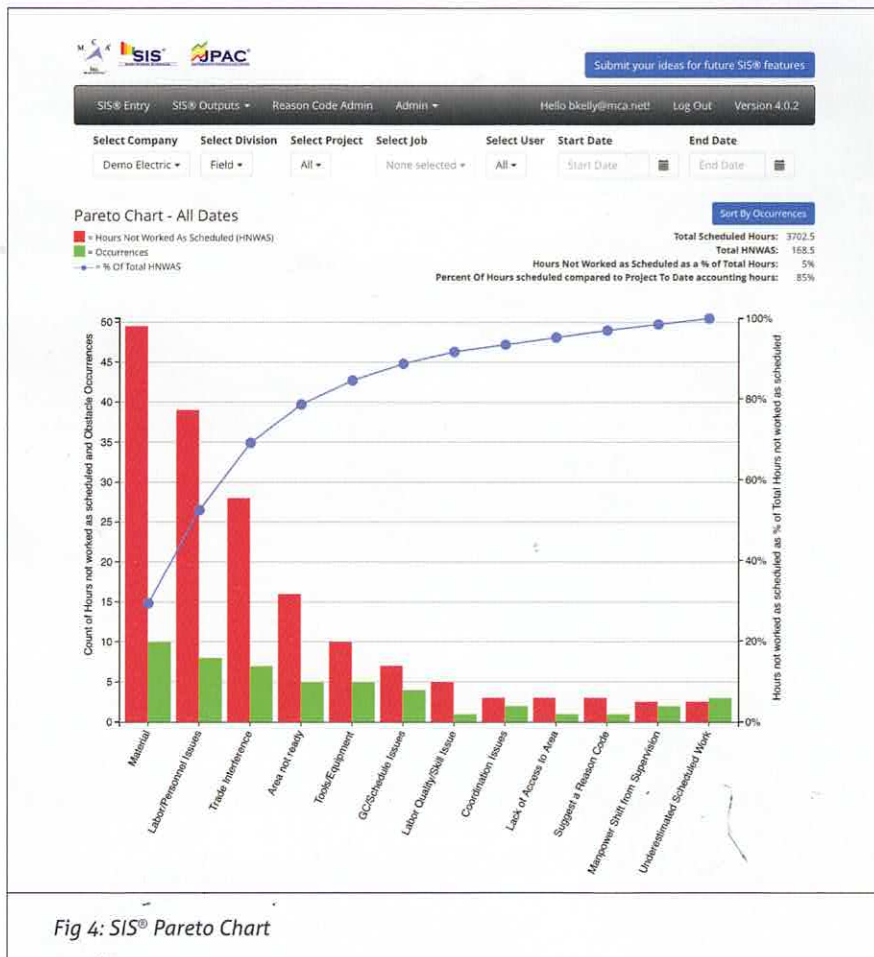


Fig 4: SIS® Pareto Chart