

LEADERSHIP SUMMIT & INDUSTRY EXPO

RIA's 66th ANNUAL CONVENTION

An Industry In Turmoil: Trends to a Restoration Turnaround

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**MARCH 8-11, 2011
THE BROADMOOR
COLORADO SPRINGS, CO**

Where Are We?

How many of you think the restoration business is better today than say, 10 or 15 years ago?

Whose fault is that?

You!

In reality its not about fault, but accountability!

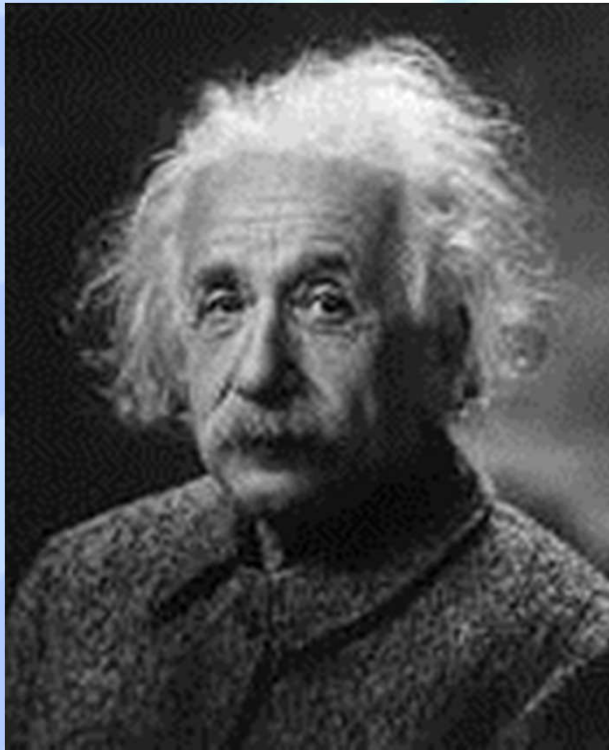
Be Accountable

“In many industries, what some call hyper competition is a self-inflicted wound. The root of the problem is failure to distinguish between operational effectiveness and strategy. Operational effectiveness is necessary but not sufficient. A company can outperform rivals only if it can establish a difference that it can preserve.”

Michael Porter

Too Many People In Restoration Are Insane!

Albert Einstein



Insanity

- ***“Doing the same thing over and over and expecting to get different results.”***
- ***Therefore, you need to get out of the restoration business.***

Competing for the Future

“If a top management team cannot clearly articulate the five or six fundamental industry trends that most threaten its firm’s continued success, it is not in control of the firm’s destiny.”

Gary Hamel and C. K. Prahalad
Competing for the Future

- **Left-brained capabilities according to Daniel Pink *“are necessary, but no longer sufficient.” “The right-brained qualities of inventiveness, empathy, joyfulness, and meaning – increasingly will determine who flourishes and who flounders.”***

The Challenges

- **Improve your ability to compete in the hypercompetitive marketplace**
- **Build an organization that attracts top people & clients**
- **Boost profitability by removing the obstacles to that goal**
- **Position your company as a problem-solver, not a peddler, so you never have to compete on price again**
- ***The challenge is how?***

9 Principles of Construction 3.0™

1. Effective Leadership

- Effective leadership is about looking ahead (perception)
- Jim Collins – *“Get the right people on the bus in the right seats.”*

2. Strategic Perspective

- Strategy is about looking ahead – at both corporate & project level
- Contractors with a strategic plan are 35% more profitable
- Preplanning – contractors that preplan projects are more profitable
- Focus on where you can solve problems – not just clean up
- Critical questions to ask yourself over & over:
 - What are we selling?
 - Who are our customers?
 - How do we differentiate ourselves from our competition?

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3. Value-driven company

- **Define the project**
 - What are we doing this for?
 - Why are we involved in this project?
 - #1 reason why projects fail – not a clear definition
- **Begin with the end in mind**
- **Need to focus on educating the customers**
- **Value = on time, on budget with good workmanship**
- **Peter Drucker – Every business needs two skills – marketing & innovation**

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4. Increase Innovation

- The purpose of outsourcing is for innovation – experts provide better solutions
- Expertise will increase innovation
- **Stay on top of equipment & product innovations**
- Throw away the box

5. Increase Collaboration

- The more complex a system the greater the need for collaboration
- Involve the people doing the work in the process

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6. Effective Risk Management

- Starts with preplanning
- Manage risk with a risk assessment plan & contingency
- Risk should only be assigned to the person or individual best capable of managing that risk

7. More Efficient Operations (Lean)

- Contractors without systems are less efficient & find it harder to train their new supervisors – **poor management bigger problem than low efficiency in the field**
- Most lost efficiency occurs between the tasks – not in performing the tasks themselves – **avoid starts & stops**
- Better manage logistics
- Greater emphasis on preplanning – **it takes foresight & planning**

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8. Better Use of Technology

- Jim Collins in *Good to Great* – ***Technology never solves the problem, but it can be a great asset in implementing the solution***
- All kinds of software can be helpful in all areas of the business – but keep it as simple as possible

9. Measurement

- Measure what is important
- New Environment
 - Financial perspective – backward looking
 - Customer perspective - current
 - Internal perspective (operations) - current
 - Innovation & learning perspective – forward looking

Final Thoughts

- It's not the economy – but it certainly did shine a bright light on the problems
- There is no one size that fits all – it's your job to create the right strategy to ***out-think*** the competition instead of trying to out-muscle them
- To do that you need to implement the 9 principles throughout your organization
- You can do it; it's not easy, ***but it's worth it!***

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