

## *An Insider's Perspective: Looking back and the evolving economics of an industry*

*By Stacey Vega*

To say that much has changed in the world in the last 15 years would be an understatement. Nearly every aspect of life has been impacted by shifts in business, politics, religion, culture, and the environmental landscape. The construction industry is no different. Since the early 2000s, we have seen the industry altered by a host of changes, some good, others not so much. JMC's Marketing Manager Laura Burch recently sat down with President Andy Coull to get his take on the current construction climate and how it has shifted in the last 15 years.

**LB:** "In a 2004 article interview with *Commercial Builder/Architect*, you emphasized the importance of bringing clients into the construction process early during the pre-design and design phases. Is this something you still feel strongly about and continue to do almost 15 years later?"

**AC:** "Without a doubt. Ensuring that all project stakeholders are identified and engaged in their project early on really is crucial and in everyone's best interest. In the past 15 years or so, the construction industry has made a significant shift toward the importance of the preconstruction phase as end-users have recognized the benefits of high-quality, upfront work to set their projects up for success. I can't tell you how many calls I've received in the past from customers asking for a quick, off-the-cuff budget for a meeting they had the next day to discuss a large capital expenditure on a construction project. I would hear things like, 'Don't worry, I won't hold you to it,' or 'Just get me in the ballpark, maybe plus or minus five percent,' or 'You must have a database you can just plug the square foot numbers into, right?' Those calls will probably never totally go away, but fortunately, they are becoming less and less frequent as clients have seen firsthand the value of preconstruction.

More than 10 years ago, JM Coull acknowledged that the construction industry, across all sectors, has traditionally not done a great job during preconstruction, and that poor early information ended dogging a project all the way through. A bad budget plus a bad schedule equals a bad project. This was often because there was not enough time and little or no money allocated to do a thorough job generating quality information that clients could rely upon to make important project decisions. So we decided to flip the script and developed a preconstruction approach that could be customized to each and every situation. This is now our StartSmart® program, and has proven to

be highly effective on both simple and complex projects. It really elevates the preconstruction phase to a whole new level. Clients have largely come to appreciate that, and their willingness to pay for quality preconstruction services has been a positive trend in the industry. There has been much more realization of the old adage, 'You get what you pay for.'



*Andy Coull  
JM Coull President*

**LB:** "Fast forward to 2018. In your mind, have there been substantial other shifts in construction as trends have continued to evolve over the years?"

**AC:** "I think one of the biggest changes we've seen is just how much competition has grown within the industry – the 'red ocean' has become bigger, while the 'blue ocean' continues to shrink (reference to *Blue Ocean Strategy* by Renee Mauborgne and W. Chan Kim). This can be seen as good news by clients who may think more competition will lead to better pricing. However, while in some cases that might be true, there is a lot more to evaluate than price. Take, for example, the regulatory environment and oversight of construction by OSHA and other agencies. JMC views this as a good thing because it results in less injuries and fatalities, but there are added costs for construction companies who choose to do the right thing. Unfortunately, there are many construction firms who do not value safety, and, likewise, many owners who do not emphasize its importance. It's easy to be the low-price bidder when you don't have the costs of proper training, safety oversight, and personal protective equipment, and are also willing to hire subcontractors who don't make the investment either. We have come to realize that it's okay *not* to bid against XYZ construction company because we know they won't be carrying "added" costs for proper safety measures, and the investment in bidding is not worth the return if we can't win the work. Instead, we focus on identifying clients who place an emphasis on safety, training, and quality when selecting their construction managers, and will respectfully pass on opportunities where low price is the main driver.

One particularly unsettling trend we have increasingly seen, especially from large corporations buying architectural, engineering, and construction services, are payment terms of 45 to 60 days. This is concerning, especially in a busy construction market where

our subcontractors and suppliers can pick and choose the jobs they want to invest their limited manpower resources on. As a result, we have been declining these opportunities unless there is a willingness to negotiate their terms to a more reasonable 20 to 30-day period.

BIM is also something that's become increasingly common and widely used in our industry, especially over the last several years. Before this technology, trying to virtually construct a space before any work was done in the field was pretty much impossible. Now with programs like Navisworks, we can realize designs as they actually are, not what they're perceived to be. This has been such a huge benefit for everyone involved in the construction process. We can detect any clashes among building systems in advance, which ultimately saves time and money (and the frustration of rework). At JMC, our BIM coordinator has used these programs on a range of projects, from those with relatively simple scopes, to those with extremely complex space requirements."

**LB:** "What about the 'people' side of the business? So much has been said about the generation gap in the workplace. Specifically, a lot of the focus has been on millennials. Any thoughts there?"

**AC:** "I will respond by saying, 'Yes, but...' Yes, I recognize that there are population trends that we, as owners and managers of people, do not control – trends that we can and must respond to. The 'but' is that I do not like the labels and the generalizations I have been hearing for the past couple of years. 'Millennial' has come to have a negative connotation and frankly, that annoys me. I've been to seminars and listened to experts, so I like to think I'm relatively in tune with this subject. At JMC, our response to the demographic shifts in the workforce have prompted us to adopt new ways of thinking so that we are capitalizing on the strengths and assets of all our employees regardless of their generation. Our approach has transformed to one of open, individual communication as we try to figure out what each person wants to do and what their needs are, both in the office and at home, and then match that up with our company's needs to be successful. We never held individual feedback sessions at such regular intervals like we do now (every three months). We have also been fairly flexible with people working remotely by investing in technology that enables our employees to work efficiently from places other than the office.

I will also add that I am concerned about young people who are entering the workforce and choosing *not* to pursue careers in construction, especially in the field trades. Mike Rowe, from the show 'Dirty Jobs,' was the keynote speaker at Procore's Ground Break Convention last year in Austin, Texas, and he articulated the problem better than anyone I've heard. Mike made the point that our society has promoted going to college after high school so intensely, that it has dissuaded young people from attending vocational and trade schools. The problem is twofold – it has created massive debt for individuals who did go to college, and has left a huge hole in the skilled labor pool. Unless something changes, it will be difficult to get projects done as our older workforce retires."

**LB:** "Any closing thoughts?"

**AC:** "Despite all of this, or perhaps because of it, I think the one thing that has not changed is the desire to provide value to customers and end-users. At JMC, our people apply our core values of integrity, unrelenting improvement, being solution driven, and empathy to everything we do, whether it's in the field or in the office. We place a tremendous importance on our people and ensuring a strong culture fit, for both them and JMC. It's all about getting the right people in the right places and leveraging expertise and aligning the company's needs with our people's talents and passions so we can be the best partners possible to our customers." ■

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JM Coull is a construction management, design-build, and general contracting firm specializing in new construction and renovations for the advanced technology, life sciences, commercial/industrial, healthcare, and education markets. The firm has been providing solutions to its clients building needs since 1984, bringing a focus on quality, safety, and partnership to each project.

