

Owners Need to Stop Expecting Filet Mignon on a Hamburger Budget

Executive Summary: An August 19th, 2017 cover page headline in The Economist magazine reads *Construction: the least efficient industry*. Their general position on our industry's efficiency I didn't think was far off, but the blame was misplaced. Owners need to help turn this industry. For their own sake, not just for contractors.

Owners get what they pay for. The general observation naming the globe's "least inefficient industry" as construction may not be incorrect; however, the August 19th *Construction* articles in The Economist magazine (see pages 8-9 and 53-54) misplaced responsibility, and did not offer solutions which will directly affect positive change in construction efficiency and technology.



Cash is King is the truest of clichés in our industry and there are plenty of obstacles preventing the stockpiling of this most precious asset type. But, there exists one common variable in our cash challenges and that is the customer.

There are additional and more powerful ways to improve our industry beyond "smoothing out spending" and "harmonizing building codes". **Project owners can:**

- loosen retention amounts
- improve their contract documents, and
- manage changes better.

In my twenty-five year career it has been **more often than not that:**

- my job was occupied and in use before I was fully paid, or
- plans for construction were issued in a "close enough, I guess, for bidding purposes" status, or
- change orders were negotiated in an untimely fashion and paid at a near criminally slow pace.

An increase in profitability obviously helps, but improved timeliness in payment would be a great start in creating free cash which would allow more implementation of new technology.

Stating that "the trade as a whole is reluctant to spend money" to grow technology is misplaced. This can only be fixed by better cash flow and/or owners mandating cutting edge technology – and paying for it. Owners need to stop demanding filet mignon project delivery on a low-price-wins hamburger budget.



My story. Ten years ago when I did it and even today it costs tens of thousands of dollars, per machine, to furnish and install non-machine control GPS equipment. This cost is out of reach for smaller to medium contractors. We were able to outfit our machines I only had this technology because the owner required it – I was "paid" for this implementation.