Executive summary | September 7, 2023

Wipfli Construction CFO Exchange

Host: Reed Sellers | Wipfli

SME: Ryan Rademann | Wipfli

Facilitator: Austin Evans | Profitable Ideas Exchange

Introduction

Twenty chief financial officers (CFOs) from the construction industry met virtually to share leading practices and discuss topics of mutual interest based on an agenda created through a series of pre-interviews. Reed Sellers, partner at Wipfli, hosted the exchange and Austin Evans of Profitable Ideas Exchange facilitated.

Ryan Rademann, senior manager of construction and real estate technology consulting at Wipfli, joined to provide subject matter expertise. The focus of the discussion covered the following topics over the course of the hour:

- Data management
- The use of dashboards
- Operational excellence and construction excellence teams
- Leveraging AI in the construction industry

Data management

Organizations often encounter significant challenges during the migration of legacy data as they transition to new data management systems.

- Dashboards have surfaced as a solution, as they provide data to managerial personnel while also accommodating customization.
- One CFO described their organization's recent implementation of an ERP system enhanced with dashboards. This strategy has enabled them to calibrate data utilization reports to align with their specific requirements. It also increased flexibility and accessibility, helping improve decision-making processes within the organization.

Data management

The integration of heterogeneous data silos into a cohesive system and the enhancement of cross-platform communication are substantial challenges for construction enterprises.

- The challenges are such that one participant is leveraging an external vendor to streamline the integration of these data silos. Another officer mentioned concerns surrounding their organization's persistent difficulties in achieving seamless communication between two discrete construction management systems.
- Incompatibility between tools also leads to firms having high spend on software licensing as they are forced to carry many different systems.
- These challenges underscore the complexities inherent in data management within the construction sector.

Leveraging APIs does not consistently result in an efficient data transfer solution between divergent systems.

- Consequently, organizations often face the task of duplicating data entry.
- A member of the group highlighted their organization's ongoing struggles in establishing the seamless transfer of change order information between systems via API integration.
- Construction firms need more effective data integration strategies within organizational ecosystems.

The use of dashboards

Accounts receivable dashboards have evolved into pivotal instruments, providing project managers with live updates on payment receipts while helping them seamlessly integrate comments into the system.

- This advancement substantially reduces the dependence on fragmented spreadsheet applications for different tasks.
- Dashboards also empower organizations to institute data filtration mechanisms, facilitating streamlined access to relevant data that meets the specific requirements of diverse staff members.

The use of dashboards

Dashboards are powerful tools for organizations to gain insights into their operational performance.

- With dashboards, CFOs can conduct in-depth comparative analyses across diverse projects through categorical filters.
- One executive explained how they used dashboards to build leading indicators that helped them gain a deeper insight into on-site performance for their projects. The organization leverages dashboards for the generation of tailored and refined reports, which are derived from field logs and real-time data inputs.
- Dashboards also enable comprehensive project assessments and support data-centric decision-making processes.

Organizations are harnessing the expertise of both their internal workforce and external consultants to construct and advance dashboard systems tailored for intuitive data analysis.

- In situations involving the engagement of external consultants, it is crucial for organizations to cultivate internal champions who support the requirement for external expertise within the organizational framework.
- This internal-external synergy helps ensure a cohesive and effective approach to dashboard development, ultimately enhancing the organization's analytical capabilities.

Operational excellence and construction excellence teams

In the construction industry, the establishment of operational excellence and construction excellence teams has become increasingly prevalent.

- Construction firms are adopting this approach to address the challenge of catering to the diverse and specific requirements of multiple specialty contractors.
- One member emphasized the significance of these teams and shared insights into how their organization has used an operational excellence team. Their team was dedicated to efficiently managing smaller projects and meeting the unique demands of individual client companies, helping optimize operational performance and client satisfaction.

Traditional IT teams within construction firms often encounter limitations in aligning with the organization's broader business objectives.

- Construction and operational excellence teams play a critical role in mitigating the shortcomings associated with traditional IT teams in construction firms.
- They provide strategic guidance, establish well-defined workflows and orchestrate planning prior to implementing new systems within the organization. This proactive approach helps ensure that technology investments align with the organization's overarching goals and operational efficiency.

Leveraging AI in the construction industry

AI helps enable construction firms to project and analyze revenue growth, thereby providing valuable directional insights for the organization.

- A participant described their firm's use of Power BI, which has helped them enhance decision-making by predicting the organization's prospective revenue.
- The software can also be used to track historical data, particularly regarding past clients with whom the firm has engaged in bidding activities.

Establishing a robust foundational data infrastructure is crucial for organizations seeking to harness the full potential of AI.

- Wipfli's Ryan Rademann emphasized critical concepts such as data lakes, which go a step beyond data warehouses in being able to accommodate unstructured data, such as Word docs, phone call recordings and emails.
- Data lakes are instrumental in aggregating and organizing data, a fundamental step in the development of conversational AI agents (or other AI applications) designed to enhance the operational capabilities of construction firms.
- A well-structured data foundation serves as the backbone for effective AI implementation and data-driven decision-making.


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