



Executive summary | Roundtable XVIII | March 1, 2023

Wipfli construction CFO exchange

Host: Brian Bohman | Wipfli

Subject matter experts: Tom Cox and Tony Smith | Wipfli

Facilitator: Austin Evans | Profitable Ideas Exchange (PIE)

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Introduction

Fourteen chief financial officers (CFOs) from the construction industry met by video to share leading practices and discuss topics of mutual interest based on an agenda created through a series of pre-interviews.

Brian Bohman, partner and national leader of the construction practice at Wipfli, hosted the exchange, and Austin Evans of PIE facilitated. Tom Cox, principal and certified executive coach at Wipfli, and Tony Smith, senior manager at Wipfli, joined to provide subject matter expertise. The focus of the discussion covered the following topic over the course of the hour: retaining, attracting and measuring successful developmental paths in the construction industry.

Shifting worker demographics and engagement

Wipfli's Brian Bohman, Tom Cox and Tony Smith helped facilitate a conversation around attracting and retaining talent in the construction industry.

- As the workforce shifts towards hybrid remote models, the construction industry is experiencing increased competition for talent, especially with healthcare and technology being the fastest growing industries.
- As baby boomers retire, businesses will face the reality of smaller talent pools and more competition for fewer workers.

Amidst higher competition for talent, engagement becomes crucial.

- To support this, Tom Cox referred to a [Gallup engagement study](#), which showed that organizations in the top 25th percentile, with the highest percentage of engagement, outperform their peers in areas like reduced turnover, increased productivity, customer satisfaction and profitability.

Shifting worker demographics and engagement

As baby boomers leave the workforce, CFOs in the construction industry are noticing more Gen Xers and younger individuals are turning down executive roles.

- Some believe the executive lifestyle is too demanding compared to their current positions, leading CFOs to prioritize building leadership pipelines.
- One organization accomplished this by allowing department heads to nominate individuals that should be fast-tracked based on attributes they felt made a strong leader.



Training and development

The group was interested in exploring how the construction industry approaches training and development as employee engagement remains at the forefront of retention strategies.

- With hiring agencies negotiating larger compensation packages, CFOs are curious to know whether organizations are creating dedicated training departments to take on the role of recruiter.
- While some firms have hired specialized talent directors to take ownership over recruitment, they have not yet formed dedicated training departments.
- Most organizations have designated training for department heads but would like to see a separate business function take control over training and development paths overall.

The group discussed strategies for examining career paths and leadership potential.

- Companies that have already examined career paths often use EQ intelligence and Patrick Lencioni's concept of the ideal team player as their prototypical model employee: Are they humble? Are they hungry? Are they smart?
- Tony Smith shared a metric called Predictive Index (PI), which uses a cohort approach for executive coaching or leadership development to measure where employees fit best in an organization. Smith noted that most leaders fall into two categories: very proficient technically but lacking people skills, or potential leaders with low experience.
- One CFO warned the group to be cautious when creating their PI, noting that it can be used incorrectly. For example, a lot of the skills that make an excellent project engineer don't always have overlap with skills that make a good project manager, even though it may look attractive on paper.

Training and development

Smith referenced a case study to highlight how designating a manager class could help create a congruent mindset and develop a common language around leadership and social realization.

- In the case study, a large, commercial construction firm was facing the retirement of many of its key leaders. It had maintained a transactional, impersonal culture that was focused on project execution instead of developing people, contributing to voluntary turnover in a tight labor market.
- To make better hiring decisions, the firm leveraged PI. This helped it match people to positions and improve performance.
- With new hires who were skilled technically but not interpersonally, they were still lacking in leadership readiness. The firm invested in leadership and team development, addressing readiness gaps, increasing productivity and helping limit voluntary turnover. By investing in people, the firm was able to add the depth it needed to support its ability to grow and adapt.
- Smith also noted that being a good leader requires the ability to delegate effectively, which may not come naturally to those in the industry, since most construction workers are doers.

Feedback and communication

Participants were curious about the feedback others were receiving from their initiatives, and whether the initiatives were generating engagement within their workforce.

- So far, many CFOs have taken an informal touch-base approach through monthly pod meetings or biannual group breakdowns where they go through questions and set intentions for the coming months.

Engagement is just as crucial at the executive level.

- With organizations facing changeover semi-regularly, one executive felt there needed to be a way to keep executive teams accountable across management change.

To measure the impact of initiatives, Tom Cox suggested a level of communication around the overall health of an organization and aligning under a common driving force to help demonstrate ROI.

- To create a deeper level of understanding, one company implemented a 10-10-10 approach, allowing 10 minutes for employees to ask questions, 10 minutes for a response and the last 10 minutes to focus on upcoming goals or struggles. The communication helped level-set the office and foster engagement.

Culture

The group discussed the higher need with today's workforce to create and foster an attractive culture.

- Having a good company culture is attractive to new talent and helps maintain existing talent. People want to feel valued, appreciated and part of a team.
- Tom Cox noted that leadership should take responsibility for culture in how they engage with, develop and care for their people.





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