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Poised for Productivity: Three Tips to Bolster Workforce Efficiency

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The U.S. construction sector is at a crossroads, balancing surging infrastructure demands with stagnant processes and persistent headwinds that diminish profitability.

Perhaps most prominently, infrastructure projects are still reeling from rising financing costs and inflationary pressures. Since most construction projects are financed at least in part by loans, rising interest rates mean higher costs and more expensive projects.

At the same time, the construction sector is experiencing a severe staffing issue.

According to Associated Builders and Contractors, the construction industry now has approximately 350,000 job openings, the lowest amount since March of last year, but it is still not near keeping pace with the demand for labor in the built environment. Forbes estimates that replacing an employee costs 33% of their salary, adding to already-bloated budgets.

When it's difficult to attract and retain talent, projects suffer from delays, declining quality, and productivity.

Since the 1970s, construction productivity has plummeted compared to the economy more broadly. According to one analysis, a construction worker in 2020 was less productive than a construction worker in 1970.

Put differently, while general employee output has increased by 290% since 1970, construction-sector productivity hasn't.



When considering the historic demand for housing, continued investments into sustainable building practices, and necessary upgrades to aging infrastructure, it isn't hard to see the construction industry has ample opportunities for improved productivity — here are ways to take advantage of them.

1. ATTRACT GEN-Z TALENT

The construction sector depends on its workers, many of whom, today, are closing out their careers. Nearly one-quarter of construction workers are over 55, making an imminent retirement wave a threat to several priorities, including expanding access to affordable housing and community development.

Identifying and equipping a new generation of workers to fill this impending gap is critical to cultivating a thriving construction sector, but that's easier said than done. As recently as 2017, nearly three-quarters of young adults knew the field they wanted to pursue as a career, but just 3% are interested in the trades. There are some good ways to increase that percentage.

First, the construction industry is increasingly tech-driven, helping to attract a generation of workers who have never known a world that wasn't dominated by ubiquitous internet access, highly capable and accessible hardware, and app-driven experiences.

Additionally, many younger workers are disillusioned to expensive four-year college degrees and other barriers to entry to their careers, and they are interested in alternative career paths.

Collaborations with educational institutions to offer workshops, internships, and apprenticeship programs can demystify the construction trades and highlight the potential for growth, creativity, and achievement.

2. OPERATE MORE EFFICIENTLY

There is no way around it. The construction industry has to become more efficient. It must do a better job of maximizing the use and skill of everyone on the team, from administrators and engineers to trade partners and laborers, and combining that skill with modern technology. Of course, this doesn't mean build lower-quality products or create unsafe conditions by rushing workers or cutting corners. In 2024, it means integrating the latest technologies to create construction workflows that allow projects to operate more smoothly, efficiently, and effectively.

3. PREVENT ERRORS FROM ERODING OUTCOMES

Errors erode financial and operational outcomes across the construction industry, costing as much as \$1.6 trillion globally every year. Documentation errors or changes related to the scope of work, incorrect design, contract interpretation issues, incomplete documents, and administration failure are the leading causes of this erosion. In some ways, this can be attributed to the increasingly expansive software suites used by construction teams to aggregate, analyze, and implement

data across teams, projects, and even companies.

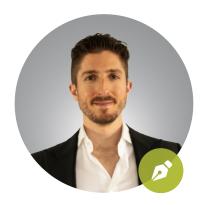
Developing a single source of truth can help combat this effect. For example, when JEL Developments, a commercial real estate development firm, needed to reduce manual processes and minimize the chances that human error would disrupt or diminish project outcomes, they adopted a single platform that could be leveraged for all project needs and was accessible across its multi-company, interdisciplinary team.

As a result, communications, file sharing, project-drawing updates, approvals, meetings, schedules, payment applications, and more features were consolidated, structured, and organized into a single data repository, ensuring that every stakeholder had access to all project information, all the time.

IT'S TIME TO CHANGE

The construction sector is at a crossroads. On the one hand, soaring demand for new construction projects presents immense opportunities for companies looking to grow and scale their operations. On the other hand, lagging productivity, a transitioning workforce, and rising costs make it more difficult for construction leaders to meet the moment.

While no single solution will completely address this challenge, strategies exist — and are already being implemented — that will yield positive results.



About the Author

Adam Stark is the co-founder and COO of <u>Jet.Build</u>, a leading cloud-based solution for real estate development and construction management, emphasizing collaboration, intuitive design, and data-driven insights to streamline and enhance every phase of construction. Adam is also the host and creator of The Veterans Who Build Show, available on Apple, Spotify, and YouTube. He is a business operations leader with more than 15 years of experience leading and executing strategic planning for high-complexity projects and organizations.

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