PROTIV

THE CONSTRUCTION INDUSTRY'S
$2.8T ~~PRODUCTIVITY~~
CULTURE PROBLEM

$2.8 TRILLION

is what the construction industry is estimated to have lost each year because of low productivity.*

While manufacturing, agriculture, professional services, and other adjacent industries continue to increase production levels year over year, the construction industry remains somewhat flat. And every other day we see a new report speculating about why the productivity numbers are failing to improve in a meaningful way. You know what this looks like.

"Low productivity" might manifest as:

- ✅ Overbudget projects
- ✅ Jobs, phases or tasks that run over schedule
- ✅ Callbacks due to quality issues
- ✅ Challenges in worker retention
- ✅ Apathy, lack of motivation, and poor morale

McKinsey estimates that 98% of megaprojects go over budget by 30% with 77% being at least 40% late.

Supervisors, PMs, owners, and workers are all blaming one another, which is just a symptom of an underlying cause. See, the productivity crisis is about much more than workers who are not efficient, managers who don't communicate, or a continuous shortage of skilled labor. And solving for productivity is not about working harder or just hiring more workers...

The biggest opportunity to improve productivity comes from developing better company cultures.

*University of Chicago, 2024

The Problem

Some blame productivity challenges on the labor shortage, but...

Here's the thing: companies aren't getting the most out of the workers they have. And it's not because the workers are lazy. It's because their company culture is failing them.

Most of those workers are stuck in an hourly pay structure that does not change based on project quality or efficiency.

In fact:

Only 15% of hourly workers receive goal based bonuses – even though they are doing most of the hardest work.

Yet, managers seem to all get bonuses... Seriously, WTF.

Differences in priorities can cause friction (and resentment) between workers and their managers. As a result, everyone loses.

Linking performance to higher compensation, on the other hand, can begin to build a better company culture. But it's not just about the money...

The best places to work are built on pillars like Authenticity, People-First Leadership, Communication, and Growth. These are the elements that build trust between employees and managers and make for a thriving company culture. And a thriving company culture is most productive.

So, What IS Company Culture?

Even if you don't know it, you have a company culture. Everyone does. But if you haven't invested in it, your culture won't necessarily be a positive force for success.

So, let's back up a second. How is company culture defined?

COMPANY CULTURE DEFINITION

Company culture is the shared values, attitudes, behaviors, and standards that make up a work environment.

Think of it as your company's personality.

As you might expect, culture is powerful at driving business growth across your organization. This might look like:

- ▶ Getting the best people to work for you and retaining them longer
- ▶ Safety as a team mindset, not a certificate or wallet card
- ▶ Open communication that drives job efficiency
- ▶ Engaged workers with an interest in company growth
- ▶ Delivering industry leading quality and productivity

Achieving a strong company culture takes constant commitment from leadership, but the results will pay off. Just take a look at these stats:

More than **75%** of job seekers **consider a company's culture** before applying for a job with them. - Glassdoor	**56%** of respondents said **culture is more important than salary**. - Glassdoor	**62%** of workers that want to quit name **"toxic culture" as the primary reason**. - Flex Jobs

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Company Culture Self-Assesment

Take this test and get your company's culture score.

You lead with Authenticity

No.
I like to keep my workers guessing. It keeps them on their toes.

Yeah.
No bullshit here. What you see in our company is what you get.

Your culture score is 0%

You put People-First

Always.
I care about my worker's safety, well-being, and happiness.

Lol. No.
My people come and go, getting to know them is a waste of time.

Your culture score is 25%

You have effective Communication

Not yet.
No one seems to talk to each other.

Yes.
My workers communicate actively and are engaged in problem solving.

Your culture score is 50%

You invest in Worker Growth

Absolutely.
I measure my success by the success of my team.

Holiday Fruitcake.
I can't just give them my profits every month.

Your culture score is 75%

How did you do? If you can honestly say you hit 100%, skip to the last page! But if you need a little help, let's review each step and see if we can begin building the foundations of a stronger company culture.

4 Steps to Building the Foundations of a Strong Company Culture

Here are four steps to improving your company culture score:

01

Authentic Leadership

The first step to creating the right company culture is leading in an authentic manner. Be honest with yourself and your team about who you are as a company.

"A great place to work" means different things to different people. Authenticity is about being transparent with your team about what matters most to your business, so they can make decisions based on the same criteria as you would.

No company can fake being a great place to work for very long. You can say it on your website or job seeker ads. You can put up posters about it. But your turnover rates, morale, communication and employee reviews show the real answer.

Bottom line: don't pretend to be something you're not.

> "Authenticity is a collection of choices that we have to make every day. It's about the choice to show up and be real. The choice to be honest. The choice to let our true selves be seen."
>
> **- Brene Brown**

Authentic Leadership in Action:
Your employees know what to expect from you and what you expect from them. Once they start their job, they find the reality of how your company operates matches expectations. Your team members make the same decisions you would, because they understand what is important to the company.

Starter Questions:

1. If it is a choice between "right" and "on-time," what would your team do? Is that what you would want done?

2. Is it more important to finish a job on-time, to keep a customer happy, or to make sure a worker sees his kid's school play?

3. When team members provide feedback, how is it treated? If an incredible new applicant asked about that point, would you have said something different?

4. If a customer is not happy and a worker can spend more money/time to solve it, what would they do? What should they do?

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02 People-First Leadership

Safety posters adorn the walls of most of our shops and job sites, yet putting people-first isn't just about safety. It's about caring for the whole person.

A lot of your folks feel like their supervisors care about their "safety" because they don't want their workers' comp to go up, or because they don't want the job to get behind. This understandably does not make them feel valued.

Putting people first in your leadership is about understanding your employees' lives and genuinely caring about them <u>beyond</u> your business goals.

If there is an accident, your workers need to understand that you actually care about their safety because you care about them as a person. They are more than just injury issues.

What if a worker has an important event in their life, like their kid's baseball game or graduation? Do you know about it? Do you make sure they leave in time? Do you let a job get behind because you <u>insist</u> they go? No right or wrong answers specifically, but you need to know where your culture stands on these issues. Then you have to continuously build what you want your culture to be.

People-First Leadership in Action

You and/or your managers (depending on the size of your company) actively get to know each team member. You understand and care about what is important to them, and look for ways to support them. You are willing for a job to go over-budget to keep folks safe. You treat safety as a foundational element instead of a poster. Your team feels like they are personally valued.

Starter Questions:

1. Do you invest proper focus, time and money into safety training?

2. Do you and/or your managers know your workers' families and lives?

3. Do you understand what is valuable/important to your workers?

4. Do they feel you are here to help them, beyond just as a boss?

03 Communication

Communication is a broad concept. There's verbal, non-verbal, written, passive, inferred, visual, and a lot of other means or descriptions of communication. So, your "communication" is a complex set of layers. And hopefully, you're communicating what you think you are communicating.

It makes sense that from the top down, your company leadership should clearly and effectively communicate company objectives. Conversely, from the bottom up, workers should be encouraged to communicate inefficiencies in processes and be able to share what they need to perform their job better. This is a functional example of good teamwork.

> "86% of executives and employees say lack of team communication skills causes failed projects."
>
> **- Salesforce Survey**

Feedback and solutions come from all perspectives. As a leader, you need to decide how you want information to move through the organization. Having direct, empathetic and transparent communications between managers and workers not only builds a trusting relationship, but also produces better business results.

Communication in Action

You have built a communication culture, which includes regular meetings, that have an agenda. Your managers encourage workers to speak up, give feedback, and offer solutions about how a job could be done better. And here's the kicker: everyone respects one another by listening and incorporating feedback.

There is a feeling of teamwork and solutions come even faster than problems. If you ask a worker "how the company is doing" they can provide accurate details related to parts of the company in which they do not directly work.

Starter Questions:

1. Does your team communicate their needs and concerns?
2. Are your regular team meetings productive, with an agenda?
3. Is there a feeling of being "one team" around the shop?
4. How open is your company about the performance of your business?

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04 Growth

Now, foundationally, if you are leading authentically, putting your people first, and communicating clearly, you have an opportunity to grow your business and grow your profits…

But this step is not about that. This step is about intentionally growing your people.

You and your managers need to understand how each of your workers want to grow in your company. Maybe a laborer wants to grow into a carpenter. Maybe a PM wants to be the SVP of Operations someday. Maybe another team member isn't as concerned about career growth, but wants to master their role so they have more work/life balance. And what about the person who really wants to have their own company? How can you help each of these folks to achieve their growth goals?

It's been said many times, many ways: help enough people get what they want and you can get anything you want. So, help your team grow.

Growth in Action

You and your leadership team created a culture focused on growing each one individually. You lead on this issue every day. You know what each of their goals are and you talk with them about those goals. You are tracking performance towards those goals. Your workers are incredibly invested into the company, as they feel the company is invested into them. Your team is systematically rewarded when they achieve goals. Your turnover rate is best in the market, with team members staying for the long haul.

Starter Questions

1. How do your employees want to advance in their careers? Do you know?

2. Which of your employees want a specific type of work/life balance?

3. Are your team members rewarded for success?

4. If your team all starts growing, how will it help your company grow?

Making a Commitment to Culture

If you're reading this and feeling like you're way behind on your company culture, don't give up. Creating a company culture takes leadership, thoughtful planning, and consistent effort, but pays off in company growth.

Protiv Can Help

At Protiv, we've built a pay-per-performance bonus platform for hourly workers which has increased company productivity 10-15% across a range of trades and markets. While we can't build your company culture for you, our program can support your efforts in each of the four foundations we have discussed.

Authentic Leadership

Protiv's bonus program promotes transparency. Workers see the labor budgets for each job and what bonus they'll get if they beat the budget. They know what to expect and that they will get paid for performing well.

People-First Leadership

Companies that use Protiv are making a strong statement that they care about the lives of their workers. Namely, their financial well-being. When the company does better, the whole team does better. Linking KPIs like quality, safety, and production to incentives gets everyone on the same page.

Communication

Workers using Protiv receive bonuses for job performance. So, if something is stopping them from beating their deadlines, like getting the wrong supplies, they are more likely to proactively communicate about what they need. Once everyone cares, the communication improves as a result.

Growth

Protiv helps hourly workers reach their full potential by adding an opportunity to evolve forward from the hourly pay structure, rewarding them when they do their best work.

In the past year, Protiv clients:

Paid **$1.125 million** in worker bonuses	Saved over **50,000 hours**
Increased worker pay by **$8.35 per hour**	Produced jobs an average of **17.98% times** faster

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If you'd like to learn more about Protiv,
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