

The Power of Peer Groups

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The demands of the construction industry continue to increase. Projects are more complex, delivery methods continue to evolve, schedules are increasingly tighter, and pressure on margins continue. Success in this environment requires a plan that will secure adequate work with reasonable margins that can be delivered in a consistent, predictable manner.



Business owners and high-level executives have a lot of people offering advice, but need to ensure the information that they are receiving is of substance. Executives carry the burden of having to know all the answers, but very few business leaders have a consistent, structured forum for unbiased feedback. Even fewer still have a confidential environment to work out concerns and plans, challenges and opportunities. They need guidance they can trust from people with a large depth of experience that they respect.

Contractor peer groups are formed specifically for owners and executives to exchange ideas, best practices and continuous learning with a group of comparable contracting firms. Some of the most effective peer groups not only share being in the construction industry, but should be trade

specific and matched by revenue. Peer groups offer an environment conducive to sharing ideas and discussing business opportunities and challenges – all with the goal of expediting the learning curve in order to deliver better results more quickly. The group will help you identify issues, assist with ideas for suggested solutions and, most importantly, will hold you accountable to the actionable steps you choose to take.

The value of the peer group process is maximized when the group itself dictates the content of the meetings, based on the individual needs of the members. It is further accelerated if facilitated by an industry expert to provide educational content, enable the sharing of critical information, conduct benchmarking and analysis, and drive accountability of deliverables from the group.

EXECUTIVE LEARNING AND SHARING

All owners and executives have spent years learning and doing during the course of their careers. Sharing your experience with people who know what it takes to be a CEO, and them sharing their experience with you, creates an executive learning platform that is second to none. Peer groups can provide valuable sounding boards for your important decisions, allowing others to bring a wealth of prior experience and advice from people who have “been there.”

Participation in a facilitated peer group provides a variety of analysis tools specifically designed to provide comparative analysis between member firms, as well as industry comparative analysis. These types of studies are highly effective ways to evaluate your business and to identify opportunities for valuable improvement. Some examples of these analyses include: corporate financial performance, overhead studies, compensation analysis, strategic planning, leadership evaluations, G&A comparisons, insurance evaluations or project execution reviews. Benchmarking allows you to easily identify variances and focus your efforts on those activities with the highest opportunity to improve performance and maximize profit. By utilizing these tools and tracking the trends over time, risk mitigation and improvement initiatives become much more transparent and significantly easier to manage.

Successful peer groups have also mastered the art of accountability. Groups of executives hold each other responsible for identified business opportunities and defined financial improvements made during the meetings. In addition, they hold each other accountable for the commitments and timelines that they make during the sessions. Members commit to attending and being “present,” in order to best serve the others in the group. Peer groups support and prove the concept that time away to work on both the business and professional growth pays tremendous dividends.

Participation in a peer group is one of the best, most efficient and cost-effective ways for a construction executive to continue their critical learning journey.

PEER “FRIENDS” WITH EDUCATIONAL BENEFITS

One of the greatest benefits of peer groups is the development of a team of trusted advisors, who also may become great friends. In this type of environment, business leaders exchange information and ideas. They network to make deals and build partnerships. Some have even

formed joint ventures to pursue projects that they, individually, would not do. They work together to optimize best practices, becoming both coach and cheerleader for their fellow members. CEOs and business leaders provide value to one another that they would struggle to find in any other environment. Peer groups provide CEOs with the trustworthy guidance they need, within the group's community of support.

Your peer group will have a collective amount of years — some will have decades of executive experience while another peer might have just a few years. Your peer group's collective knowledge will provide you with resources and insight to help make solid decisions for your company. Simply put, you will gain valuable insight by listening to the successes and failures of your peers, giving you invaluable insight.

EDUCATIONAL OPPORTUNITIES

Facilitated peer groups are a vehicle for members to get involved and participate in information sharing. It also provides excellent educational opportunities, providing the opportunity to learn from other top performers and construction industry leaders. Additionally, you have the opportunity to contribute to others' success and expand your own influence in the industry.

Problem solving and brainstorming within a peer group is one of the most valuable tools available. You and your peer group can examine several potential solutions and you can decide on the best one to apply to your organization.

Facilitated peer groups allow for expert, industry-specific speakers to provide educational content delivered at the executive level. The topics are chosen by the members, based on their particular needs and priorities.

Some sample educational topics could include:

- Profit-enhancing strategies
- Strategy and differentiation
- Business development
- Lean transformation
- CFO best practices
- Field productivity
- BIM & IPD
- Organizational development
- Technology integration
- Prefabrication initiatives
- Member audits
- Ownership transition
- Succession planning
- Wealth management

Peer group gives you access to valuable insights from other business leaders that you can implement and utilize for your own benefit. As a result, you may be able to scale your business

at a much faster rate while mitigating risk far more effectively than you could have ever done on your own. The statistics tell the story:

- Members of peer groups experienced average revenue growth rate just above 5 percent in 2018 compared to an industry average of only 1.62 percent — more than 200 percent faster growth.
- Members of peer groups enjoyed operating margins of 22.6 percent in 2018 vs. an industry average of only 10.26 percent — more than twice the profitability.
- Executives who set aside the time to attend industry-specific meetings in order to exchange best practices and work on their businesses experienced dramatically superior operating results.

The best CEO peer groups allow the free exchange of ideas in a critical but non-judgmental environment. That balance is key, as you need to have the freedom to share your thoughts, knowing you'll receive honest, useful feedback, given in a positive, learning environment with people you trust.

Multiple minds are almost always better than one. — A safe, confidential and trusting peer group can be a truly powerful platform for innovation, expediting the path to growth, innovation, and, ultimately, higher profitability.

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