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Does the House Always Win?

Recognizing the Difference Between Being Data Driven and Data Actionable

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I must have been feeling unloved by the Las Vegas casinos. In addition to getting the small room facing the parking garage, I paid full price at the restaurants. My cathartic moment came as I lay in my room at 8:30 p.m. — don't judge, I live on the East Coast — watching reruns of "Seinfeld." Maybe it was me imagining the facility manager of the casino sitting in some control room reminiscent of a scene from "Ocean's Eleven" or simply knowing that Las Vegas is pretty smart about who the high rollers are; but suffice it to say, they knew me better than I knew myself. They have algorithms upon algorithms examining those customers who will extricate themselves from the "Seinfeld" marathon to the roulette wheel. More importantly, they read the data.

Sitting on the flight home counting winnings (or at least counting the unspent dollars), I opened my laptop to search for a much-needed new vehicle. No sooner did I enter my phone number to access pricing in my area did my phone begin to ring at 35,000 feet. Apparently, clicking the "Don't Contact Me" button means "Call Me Immediately." In the span of 15 minutes, I had 15 missed calls from dealers in my area who had offers on the exact model of vehicle I was looking at. Much to my chagrin, those calls persisted for about two weeks. Every so often, I get a text or email for good measure. In the span of 24 hours, I was not only reminded of the power of data but, more importantly, the power of actionable data. Neither situation was new or breathtaking. In fact, both probably fell to the side of creepy. To me, the interesting thing was not the data collection but the data follow-up and the way these industries

actually use the data — they don't just sit on a mound of bits and bytes.

Now, consider the construction industry: Organizations have treasure troves of data but don't use it. For instance, consider a firm that is awarded a large construction contract. How much due diligence is applied to awarding various contracts to trade partners to ensure contracts are not given to trade contractors on the verge of bankruptcy? There are undoubtedly plenty of indicators available — financial reviews, bonding, risk registers, reference checks, site visits, interviews, etc. What about repeatedly working with a client who is a slow payer? How often do we chalk it up to just being "normal" or something we are willing to accept if we want the work? The better question is: Why can a casino or car dealership maximize their data actionability, but the construction industry seems content to simply have the data but not use it?

Ask the Question

Construction organizations have the gold, but the challenge is mining it effectively. The abundance of information in the construction industry is amazing — job cost data, submittals, requests for information, change orders, productivity rates, production rates, takeoffs, purchase orders, safety information, etc. The only thing missing is the person sitting behind the massive stacks of monitors as if they were a mastermind in a Vegas casino. While that interface may not exist, best-in-class firms need to ask the following questions to ensure their strategy and data create real actions:

SEASONALITY

When working in summer/winter months, what factors do you apply to your productivity rates?

What about your overall schedules? What about float?

DESIGN/ENGINEERING

When working with specific designers, what is the propensity for design omissions and errors?

Of these potential errors/omissions, what is the cost impact or productivity impact?

TRADE PARTNERS, VENDORS & SUPPLIERS

What metrics are you using to provide balance to the supply chain downstream? Put another way, what adequately creates a balance of risk to the firm?

Are you measuring partners and vendors religiously and providing timely, positive, and critical feedback?

DAILY PRODUCTIVITY

Are you simply looking at profitability and believing all is well?

Are you using gold standards like earned value to examine daily productivity for all things?

Are you also measuring the right behavioral triggers to drive the right performance? Put another way, are you enabling the right amount of planning on projects for your crews and teams to be productive?

CUSTOMER MANAGEMENT

Do you "price discriminate" or apply specific metrics to your markup to account for late payers?

On the opposite perspective, why do you consider a customer a great customer? Is it because they give all their work to you? Is that really a good metric? We'll come back to this one.

There will naturally be a comment about things like seasonality and subcontractor management.

What if we price in things like seasonality and adjust our sub numbers but our competition doesn't? We'll lose the project. This is true. On the other hand, there is also the risk that you get the project and put the business at risk.

Ask most organizations about measuring data and you often get the big two — profit and safety. There is no doubt that these are two very important measures of performance. But many elements factor into success that must be considered. Additionally, organizations can stumble around trying to find a great customer.

Consider a contractor who identifies a great customer simply because they do all the owner's work, only to find out they are barely covering their own overhead. No wonder they are the favorite choice — they are doing it for free.

Think about the casino comping me nice rooms and giving me the super prime rib dinner. We know that isn't going to happen because they read the tea leaves. They know who their best customers are, and the best customer isn't in his room watching "Seinfeld."

About the Author

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