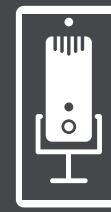


Episode: 89

Bobby Rios



THE
**MOBILE
WORKFORCE**
PODCAST

Mike Merrill:

Hello, and welcome to the Mobile Workforce Podcast. I'm your host, Mike Merrill. And today we are sitting down with the Bobby Rios. How are you doing, Bobby?

Bobby Rios:

Great.

Mike Merrill:

Awesome. Well, Bobby is with Bartlett Cocke, and he is the chief financial officer. So we appreciate you joining us today.

Bobby Rios:

You bet. Glad to be here.

Mike Merrill:

So you've been with Bartlett Cocke for about 15 years now.

Bobby Rios:

Correct.

Mike Merrill:

So that's been a little while. What have you seen change over that period of time with the organization, the industry? What's been interesting to you?

Bobby Rios:

Well, ton of changes actually. And I say that only because when I joined the company, did not have construction background, so this was new to me. But it was intentional. The CEO, who was instrumental in bringing me there, really wanted to find somebody from outside the industry. That pretty much everybody had gone there or had been there had come up

through the industry, So he was looking for fresh ideas just outside of, again, the industry standards. And I felt extremely fortunate. I mean, I'm going to tell you a little bit of background just to get-

Mike Merrill:

Sure. Yeah, share. Yeah. Sounds good.

Bobby Rios:

So I went there, I was actually talking to a recruiter. A recruiter reached out to me and all this. And we were having breakfast. Towards the end of our breakfast, they indicated that, "Oh, by the way, we've got an exclusive for Bartlett Cocke General Contractors, who are looking for a CFO." I was working. I had no interest. That didn't even pique my interest at all. I didn't really know who Bartlett Cocke was. But they said one thing. They said they're looking for somebody to retire. And I had been with several companies where they were startups or they were turnaround situations, where you're working really hard to-

Mike Merrill:

Short-term, yeah.

Bobby Rios:

You go in and spending a lot of hours. So I was ready for that. I mean, I actually thought my previous, where I was currently working, was going to be that place. And within a few months of being there, I realized that it was going to be sold, was being geared up to be sold to a larger company, which it did. So I found myself out there again. So I was doing some work with another company. And again, I was meeting with this recruiter. And the recruiter, just mentioned, "Hey, they're looking for somebody to retire." Never thought I would have a serious opportunity to become their CFO, but I asked her, "Okay, can you put me in front of them and just let me see what happens?" So long story short, they did.

I was told that I was their lead candidate at that point, but they were going to go national. So I pretty much checked the box and said, "Okay, well that was a good interview, and I'm just going to continue to do what I'm doing."

Mike Merrill:

Right, yeah, moving on down the road.

Bobby Rios:

And sure enough, 30 or so days later they came back and the recruiter says, "Look, I'd like to put you in front of them again." They did. And again, I walked away thinking, "Okay, well, that was a good interview. But I mean, they've talked to a lot of people. I don't know if that was something she was doing for me or they actually were looking to really interview me again to find out a little bit more information." And again, long story short, I ended up getting the offer and rest is history. So I've been there for almost 15 years and looking to retire at the end of this year.

Mike Merrill:

Wow. Okay, so that's quite a haul.

Bobby Rios:

So some of the changes that you mentioned. I guess being from the outside, I'd been exposed to a lot of different things. My one and only criticism and I qualify it a criticism because it's not a major criticism because I love the company and love my experience there, is they do things the way they've always done them. Because it's been passed on from generation to generation, even though it's not a family-owned business. And it was a little frustrating for me in that I just felt like I was always one of those "let's go in and fix it." So I said, "Well, not that there was anything wrong, but I'm always looking for things to improve." There's improvements to be made. I want to bring those improvements to the group and see whether we can implement some of those things. So it was a slow process. It's probably taken me 15 years to actually make some of the changes that we have made.

But I mean, we've certainly automated a lot of processes and that just hadn't been me. That's just

been a part of it is the industry, where it's gone through. But I think as a contractor, we've been on the forefront of that. And again, I'm not taking the credit for that because we've got a lot of good people that have certainly grasped that and made it a passion for them to do that.

But we've had a lot of relationships that... I'll go back to insurance brokers, to benefits brokers, to surety brokers, to 401k providers, to banks-

Mike Merrill:

Bankers, yeah.

Bobby Rios:

... et cetera, et cetera, that we just started saying, "Hey, let's go put out an RFP. Let's see where that takes us and see what happens." And what we learned is every time that we did make a change, it was a positive thing. We did realize some of the things that we weren't being provided with. So that was good. It ended up being a good thing. So again, a lot of changes, a lot have been good changes, certainly in my opinion. And I feel like I've been a part of that, so that's been a good thing. You want to leave a little bit of a legacy. And I think that's been a big part.

We've grown a lot. When I was there, we were about a \$350 million GC. We do all our business in Texas. We have four offices. We're in San Antonio. We were founded in San Antonio. We have an office in Austin, Houston, and then Baytown. And Baytown handles some of our industrial work that we do. And now we'll finish the year over \$800 million. So pretty tremendous growth.

So I think I mentioned earlier in our discussions that I was planning to retire at the end of this year. One of the things that I wanted to do is certainly hit the billion dollar mark. We went through a recession, pretty serious recession in 2008, so that set us back a little bit. Then we had certainly COVID that interrupted things a little bit. And now we're going through a little bit of a slow down, but it hadn't impacted us this year. Next year looks real promising as well. I don't think they'll head a billion, but there may be a billion but it's not going to cost me to delay my retirement.

Mike Merrill:

Yeah. You're not going to wait around to make sure.

Bobby Rios:

Not going to wait around so.

Mike Merrill:

Well, good for you. Well, that's awesome. Yeah. I know your company's reputation in the industry. I mean, you're viewed as a major player and have a great reputation. And obviously the state of Texas you guys represent very well. So what type of projects do you, as an organization, really like to take on? Is there one area you really put your stamp on? Or that you-

Bobby Rios:

Yeah, I mean, K through 12 has been our bread and butter. I mean, I hear stories. I didn't get it. I wasn't there when we made our move to K through 12, but there was some hesitancy into getting into K through 12 because margins are relatively pretty thin.

Mike Merrill:

Yeah. Different.

Bobby Rios:

So you better know what you're doing because if you don't, you can fail pretty quickly. But we did and we stuck to our plan. I think we usually first and second in school builders actually in the state of Texas for a second. So wouldn't say that's where we started, but that's where we grew.

Mike Merrill:

Bread and butter, right?

Bobby Rios:

Yeah. It was bread butter. We can do those well. We know them well. We've got good relationships with subs that work on the K through 12 projects. We know a lot of the owners and like you said, we have a good reputation with a lot of the owners and all that, so that's good. So that was probably when I started, it was

80% of our work, where now it's probably more like 50% of our work.

Mike Merrill:

Oh, okay. Interesting.

Bobby Rios:

So we do higher Ed. We do healthcare. We've gotten more into the private multi-family, multi-use type buildings. A lot of that happening in Austin. Austin is booming, as you probably will know. So that's been where that part of it has grown. So we're now about 25% is private work. And we don't want to give up. We don't want the K through 12 number to go down. The percentage may go down, but it's just going to be because we're going to grow in all of the areas.

Mike Merrill:

More of other things. Yeah. Right.

Bobby Rios:

Right Yeah. And we do about, yeah, I don't know, about 5%, 10% in industrial. And the industrial is not necessarily plants or anything like that. It's more buildings of which we're very accustomed to doing inside an industrial fence or the industrial complex.

Mike Merrill:

Sure. So do you self-perform much of that work as well?

Bobby Rios:

We do a little bit, which is beneficial. We do probably about 10% of our work is self-perform so.

Mike Merrill:

Great. And is that in more the concrete trades?

Bobby Rios:

We do some concrete. That's probably our biggest one. And we've got some great superintendents that that's their passion. We've got some great in estimators that

know how to bid it and all that. So that's the biggest. And then, yeah, we'll do some finish out. We'll do some earthwork and all that, but predominantly the concrete.

Mike Merrill:

Awesome. So in 15 years, what have you seen, maybe not just in your own organization, but in the industry? What are some of the most surprising changes that you've seen and witnessed?

Bobby Rios:

I don't know if this is a good thing, but this is the first thing that came to my mind. So [inaudible 00:10:24].

Mike Merrill:

Okay. Let's hear it. Let's hear it.

Bobby Rios:

There's been a lot of pre-construction has been something that, I think, at one time was taken a lot more lightly, I guess, is the right term. That's become a much larger part of our, I guess, I'll say our GNA. And that's not something that's necessarily charged out to our jobs, but that's just something that we felt was necessary in order to help our clients on the front-end and not wait till they're ready to build and then go in and say, "Well, there's some things here that you may have wanted to think about doing this and that." So that's been a big one. We've added BIM technology.

Mike Merrill:

So I was just going to ask, is it related? Yeah.

Bobby Rios:

A bit huge. I mean that. And I think, especially in San Antonio, I wouldn't say probably in Texas, we were on the forefront of that. We got a guy who, not going to say who he worked for, but that we were able to attract to our team and who really knew the industry extremely well or knew that whole process very, very well. So he's well-thought of, well-known. And he's really put our program, again, in place that I think has been real, real beneficial. Anytime we add something, we're always wondering, "Hey, is this helping us build,

not sooner, quicker? I mean, is this helping us in the process of building?" Because that's really what we do. Right. I mean that we're builders. So sometimes we question before we make a move. Is this really going to help us? We talked a little bit about drone and drone technology. And there's a lot there that happens, man. It's not just flying over a building. There's-

Mike Merrill:

They take some pictures.

Bobby Rios:

They do some mapping. They do just some 3D imaging and all that. I did some drone flying inside buildings as well now to dig and capture some of the pictures and stuff.

Mike Merrill:

Finish out on how it's going.

Bobby Rios:

Exactly. So that's another thing. And you're going, "Well, it does help us." But with the thin margins, you're always questioning some of those things. But we understand. Everybody's changing. I think if you don't have that, I think there's a lot of owners now that ask for BIM. There's a lot of owners that expect more than just what we used to do in the past. So it's a necessary thing for us to change. And again, I think we've been in the forefront of some of that change, which has been good.

Mike Merrill:

Yeah. Yeah. It's not like you're turning over the keys to a new car. It's "Here you go, drive it off." It's a process. Right. So that experience of going through that whole, like you mentioned, a preconstruction all the way to handover and delivery, right, of the project.

So with the economy, with the market, with the labor shortages, with the challenge of supply, I mean, I know all of those things impact large companies like yours to a different degree than maybe the small guy because you need larger quantities of things because you've got

so much going on. How are you finding ways to work around the challenge?

Bobby Rios:

I mean, it's a huge challenge. I mean, it's really, really tough. We are having record of backlog. I'm not afraid to mention this. We're a private company, but we share a lot of information. We're over a billion in backlog. The largest backlog in the history of the company. That's backlog that's actually being worked on right now. I mean, that's projects that are on the ground. We've got people there. We're doing things. We have backlog that is not being worked on yet, but we've been awarded the work, but we don't have a start date necessarily. So it's not being included in this backlog and that's over a billion. Again, that's record for us.

So back to your question is, okay, we've got all this backlog. We're being poached. Employees are being poached. We have material shortages that are... it's randomly occurring. You never know. And lumber went up significantly. It dropped, it went up. It's back down again. I think it's more where it was probably before the crisis occurred. But more than anything it's just scheduling, both people and materials and all that.

Mike Merrill:

Resources.

Bobby Rios:

Right. So I think, I don't know if I mentioned this or not, but we've probably lost more people than we've hired just from people... you hear about the great resignation. You hear, certainly I mentioned earlier, poaching of people. And I say that. That sounds rough or-

Mike Merrill:

That's [inaudible 00:14:50].

Bobby Rios:

... a little strong, but I mean fair is fair.

Mike Merrill:

Fair it is. Right.

Bobby Rios:

It's really recruiters. It's not necessarily competitors. They're in San Antonio or Texas, the GCs that know each other. There's an-

Mike Merrill:

Unwritten rule.

Bobby Rios:

... unwritten rule that we don't really want to poach each other's employees.

Mike Merrill:

Professional courtesy.

Bobby Rios:

Yeah. Professional. That's better saying. Professional courtesy. We don't really want to poach each other's employees. But it happens through recruiters. I mean, it's a loophole.

Mike Merrill:

It's part of the deal. Yeah. Right.

Bobby Rios:

So you just have to contend with that. So that's been a struggle for us. And especially when you lose superintendents. We've had a lot of seasoned superintendents and project managers. Others can argue this. But the people who build it is the superintendent. And when you lose those guys and lose the experience that they have, plus the mentoring that they can provide to some of our newer guys, that's a huge loss. So we've had quite a bit of turnover in that area and it's been for various reasons. I mean, some of it has been, I think again with pandemic and all that other people, it changed the way we do work. They would like to have some time off. They would like to have some flexibility. You can't be a superintendent or supervise a job from home.

Mike Merrill:

You're not there. Yeah.

Bobby Rios:

It doesn't work. So it's tough. I mean, and I think part of it's just burnout. And I think they've seen people change careers during this time, so they... So I'll share this with you. Had a guy, who superintendent, had been there for quite some time. And his brother-in-law was making apparently 2, 300,000 selling cars. And he goes, "I'm going to go sell cars. I'm resigning. I'm done. I don't want the pressures of building. I'm going to go sell cars." I'm going, "Well, okay. Well, good luck." I mean, what do you say?

Mike Merrill:

What do you say? Yeah. Well, and it there's that perception that maybe that grass is greener. But it's like you don't roll out of bed fresh out of never selling cars before and go sell 2 or 300 grand of commissions. Right.

Bobby Rios:

So one of the things we do, and we've been fortunate, I guess, in some respects in this area, is we've stay in touch with those people. We've had a lot of people that have left, not recently, but in the history of the company. And a lot of them come back. As you said, they think the grass is greener, other side. They may get more money to go work a project that's far away from their home or whatever. And then that the job is done. And it's like, "You can go somewhere else or we're done with you." So they find themselves going, "That's not really our culture." We have four offices, so we can have people close to home. We try to get them not to travel. We only do work in Texas. And that's intentional only because we feel like there's so much more work that we can attain without having to go out of state.

Mike Merrill:

Yeah. Why? Why go?

Bobby Rios:

but our culture is to try to keep people close to their

family, so they don't have to travel and be away from them. It's not always possible. And obviously we always ask for volunteers, but you got to have the right team. And the right team doesn't step up, you do have to incent some of those people to travel. But we try to make it worth their while, so that they don't feel as bad as being away from family and stuff.

Mike Merrill:

Right. So speaking of culture, so how important has that been? And again, you're running a large organization, lots of employees. I mean, how has culture played a role in doing what you've been able to accomplish?

Bobby Rios:

So one of the biggest things for us is family. I mean, it really is. And starts with safety. I mean, we had a safety director there many, many, many years ago. And I don't know whether he coined this phrase or not, but he wanted people, employees to come to work and to be able to go home in the same condition, maybe a little more tired from the day's work, but to go back home safely.

Mike Merrill:

As good as they can. Yeah.

Bobby Rios:

Exactly. So family has played a big, big part. And I mean, we talk to a lot of folks just in performance reviews and all that. And one of the things that almost everybody brings up is how family-oriented.

Mike Merrill:

Oh, cool.

Bobby Rios:

... that the culture is there. I know that when I was interviewing, I sensed that. We're also employee-owned. So that even added to it even further, how much care the people that were there cared about every dollar, every penny that was being spent because

they felt like it was theirs. I mean, I think it plays a big factor for us in our company.

Mike Merrill:

Yeah. So within the industry, you've got your specialty areas and the areas that you've focused on. You've got technologies that are coming in. You've got economic pressures. You've got supply chain things. You got all this stuff that you're balancing. As a company, how do you feel like you've done to keep pointing north and grow in the right direction to where you... I mean, obviously to grow from the percentage of revenue you're at before, when you started right, to where it is now, I mean, you're doing a bunch of things right. Right. So tell us a little bit more about that.

Bobby Rios:

I think it's just taking them on head on. I mean, like for materials, if we know that something is not going to get delivered, something's delayed three months, six months, it could be longer than that, nine months, we will look for an alternative, whether it's a temporary alternative or a permanent. Obviously you want to look for a permanent. And hopefully it's in the price range of what the product that didn't come in. So certainly try to do that. We've been successful in doing that. Some of the delays we work around them. You may start somewhere that you wouldn't have necessarily started, but you just try to work as best you can with that.

The labor shortages. I mean, it's just we're constantly hiring. We know we've got to hire probably even more before we put jobs in place because we can't wait to hire people. So we put some in the budget, some costs aside to know that we're going to carry some people that aren't necessarily going to be very busy, but if we can put them to work on another job to help out there. We'll charge it to some other place. We won't charge the job, but still just have them out there.

Mike Merrill:

Some overhead costs that you're just going to-

Bobby Rios:

Correct. That we've already budgeted.

Mike Merrill:

... shoulder. Yeah.

Bobby Rios:

So again, I just think just meeting them head on. Inflation, obviously costs have gone up. And that's probably been something that's impacted us this year. On the revenue side, we're probably 50 million over our budget. We're trailing a little bit on profit, but it's been more just price escalations that we hadn't planned for. And you can't just go back-

Mike Merrill:

You got to absorb some of that. Yeah.

Bobby Rios:

Right. So if you absorb that So again, you can't plan for that, but you can just try going forward on everything that you're doing. Just watching every pain real careful.

Mike Merrill:

Incremental adjustments as you go. Yeah.

Bobby Rios:

That's exactly right.

Mike Merrill:

Wow. Well, you're a CFO. So I mean that's your whole role is to keep a finger on that pulse as you're [inaudible 00:22:10].

Bobby Rios:

But, yeah. Everybody does, man. I can certainly keep it on the pulse from an overall. But each project manager, each job has to watch their part of it very, very carefully. I mean, it-

Mike Merrill:

That's a great nugget there. So how do you do that? How do you keep them aware of those costs?

Bobby Rios:

We are very open, especially with our shareholder group. I mean we share financials on a monthly basis, so they know. If things happen, we try to keep them.... If there's some issues that have come up, we try to spread the word quickly, communicate that out as quickly as possible. Even if you're not a shareholder. I mean, there's information that, lessons learned or just things that are upcoming that we know of that are going to be issues or somebody on a similar job had these issues that are going to-

Mike Merrill:

They're going to impact them.

Bobby Rios:

... you're going to probably have those same issues or could potentially have those same issues there. So try to just communicate that as soon as possible. So people don't reinvent the wheel. They can just go ahead and hopefully go to the solution a lot quicker, and hopefully save us some money in doing so.

Mike Merrill:

Wow. Yeah. I like that. So extreme transparency and really communicating ahead of time as things are unfolding to prevent other issues. Right.

Bobby Rios:

Right. So what we've learned is when you don't communicate, people start assuming. We call them tailgate discussions. Where somebody's having a beer and next thing you know they've theorized or there's some conspiracy going on.

Mike Merrill:

Clear off their ass.

Bobby Rios:

And you're like, "Oh my God, just come talk to us, please. Don't go there." Yeah. So we feel like rather communicate than people think or hear that they heard something. And they hear something and if they think it's... I've often said this, if it's somewhat bad

news, it spreads like wildfire and it gets escalated and it gets embellished. When it's great news and you want to pass something, it's like, Nope, it's crickets. Nobody passes it along. It's like nothing happens. Go figure.

Mike Merrill:

Yeah. You got a bunch of fiction writers instead of construction workers.

Bobby Rios:

Yes. Yes. That's exactly right.

Mike Merrill:

That's A joke I always say. We're writing a bunch of fiction here, but it's entertaining but...

Bobby Rios:

Yeah. It is. Scary though.

Mike Merrill:

Yes.

Bobby Rios:

Because people believe it.

Mike Merrill:

Wrong kind of fiction.

Bobby Rios:

Yeah. Yeah. They believe it.

Mike Merrill:

Yeah. Stranger than fiction. Well, so again, growing through all the ebbs and flows of the market since the 2008 real downturn, you're saying they're trending towards a billion, you got a billion in backlog that's already started, you got a billion in backlog that's contracted. Where do you think Bartlett Cocke heads in the future as far as, I mean, you mentioned growth in all these other areas? Do you think it's just continued to expand more in the Texas market? Or what's the pull?

Bobby Rios:

Yeah. Well, definitely Houston's probably a market that probably should be our biggest and it's not.

Mike Merrill:

It's not. Yeah.

Bobby Rios:

So there's a ton of opportunity. There's a ton of competition. It's much more competitive, so that makes it tougher. But we feel like we've got a lot of room for growth there. We exited the Dallas market probably about two or three years ago. Again, highly competitive. We didn't have the leadership that we wanted. We never put the right person there. We thought we did, but it just ended up not being the right person. So from a growth standpoint, we've got Texas, they never skipped a beat through any of the recessions, quite honestly. I mean, people are moving into Texas day in and day out. I don't know how many families or people that are moving in, even just the Austin on a daily basis or weekly. It's like a thousand a week or something. Some crazy number. I mean, that may not be it. I mean, don't quote me on that, but it's crazy. So obviously from a school standpoint and all that, that plays right into what we do. So as population grows, they need more schools and we're right there.

Mike Merrill:

Opportunities.

Bobby Rios:

So one thing we've learned, I think over the last probably couple of years since COVID is, and we're going through it right now, we're going through some growing pains, is you can get a lot of work that may not necessarily make you more profitable because if you don't have the right people to do it and if there's some mistakes that are made, that can be a detriment. It can help you. So we want to, I think, control that a little bit more, be a little more selective, work with the right districts, work with the right owners. Be a little bit more selective in the jobs that we do, the ones that we feel comfortable with. Let's not go undertake something that maybe we don't... Again, we feel very

confident we can build anything. But if you don't have the right team to do it, that may not be a-

Mike Merrill:

Doesn't mean you can build it profitably.

Bobby Rios:

That's correct. That's correct. So, Will, I think what.

Mike Merrill:

Yeah. Makes sense.

Bobby Rios:

So it's one thing to say you're a billion dollar company and if you're making what you're making when you were a \$600 million company that's just a \$600 million company.

Mike Merrill:

Should have stayed at 600 million.

Bobby Rios:

And that puts the stress-

Mike Merrill:

Call it a day.

Bobby Rios:

... on the people, on the company, et cetera so.

Mike Merrill:

Yeah. So tell me this, what role has technology played in this last 15 years since you joined the team?

Bobby Rios:

Well, in my opinion, I think because the construction industry is probably lags in technology and I think there's been a lot of advancements, yeah, certainly from an ERP systems and all that, we've got much more integrated systems there. We've got reports that

we can... KPIs and all that. We've got dashboards that help our project managers identify issues hopefully a little bit earlier than they would, they just been on a Excel spreadsheet or whatever. And it's just nice to have all the data integrated, where they don't have to re-key a lot of information. And reports are not the job reviews that we do now. They used to have to put a big notebook together and that's pretty much all automated, comes off the system because all the data's there. So I think that's been good. And as far as just a lot of the paperwork and mundane things that they had to do. We talked about BIM. We talked about-

Mike Merrill:

Drones.

Bobby Rios:

... drones and all that. I mean, there's been a lot of things there that hopefully avoid us from having to redo things, catches things, not conflicts, but issues that we don't see and maybe the architect didn't see either. And then all of a sudden you're in the middle of a, whoa, there's a pipe there where their-

Mike Merrill:

Clashes and collisions.

Bobby Rios:

... are not supposed to be. And then you've got some things delays and all that need to happen.

Again, I think I'll quote a former CEO of ours who just said, "All this technology, is it helping us build quicker? Is it helping us build better?" And I think it's avoiding some things from occurring, but I'm not sure whether from a profitability standpoint, if you look at our margins, you haven't seen a great increase in our margins. And actually they probably have remained relatively flat. So I think we always look at that is how can we become more profitable versus you can put a lot of technology in, but if it doesn't help you with your profitability... I mean, you can always argue it helps you avoid some things that could have impacted your profits negatively, but you always want to hopefully enhance your productivity and hopefully your profit so.

Mike Merrill:

Yeah. And I think some of what you're doing is helping by raising that awareness and having that communication for sure. Certainly those things help, technology tools that provide that visibility daily and real-time as quickly as possible, so they can make those decisions. Right. Obviously any of those things would help. What mobile solutions are you finding that are helpful right now? Is there anything you guys are utilizing that are helpful?

Bobby Rios:

Well, the biggest thing that changed, and this has probably been a while. I mean, it's funny because I was just talking to someone and it was an assistant project manager and then he became a project manager. Then he moved into our IT department to build understanding what goes on out on the field. You build a lot of power BI reports, dashboards and all that. So that was a big, big boost.

Mike Merrill:

It's great tool, right? Yeah. Power BI is great.

Bobby Rios:

I went out there, that other day at a job site. And I was going to go out there. And I said, "I'm just going to be a fly on the wall. You all ignore me. You don't have to tend to me. Just ignore me." He goes, "There's not a set of plans out there anymore." There used to be plans everywhere. And then every time they updated them, they'd bring out all these huge rolls-

Mike Merrill:

Roll them out. Yeah.

Bobby Rios:

... of plans. Everybody's on iPads.

Mike Merrill:

Yeah. cool.

Bobby Rios:

And all the changes are happening immediately. He goes, "There's no one in the trailers anymore." He goes, "They're all out there on the job site. And they're able to do everything that they can out there without having to come back into the office and look at things or..." Even some of the meetings were just held out, some of them are held virtually just because that technology is there.

Mike Merrill:

You can now.

Bobby Rios:

Yeah, you can. So that's been, I think, a huge, huge change and...

Mike Merrill:

Well, fantastic. Well, so you got technology changes. Again, you're communicating. And you talked about culture. What other things, as far your employee base have you seen different lately? I mean, obviously there's a younger workforce coming in. Are you noticing that they want technology more? They're more ready? I hear a lot that some of the older management teams are a little more resilient and resistant to those types of changes. Are you seeing that tied shift yet?

Bobby Rios:

Yeah. No, no. I think we have. Again, I mentioned the gentleman we brought over for BIM, who's super young. He was probably in his late twenties. He's actually a VP. He's in his late thirties. And he is been a VP for probably-

Mike Merrill:

He moved up.

Bobby Rios:

... four years. Four or five. Yeah. So again, I think as a result of him coming on, I think, and again, I see it as exactly what you just said there, the youth is looking for technology they're not looking for paper. And I was surprised by some of the older superintendents, who embraced again the iPad, and they embraced

it relatively quickly. Definitely the older folks, like myself, I think I won't exclude myself from that group from a technology standpoint because I do embrace technology. I think it's important. I think I'd rather if we can automate it, I'd rather do it that way than... And then certainly when I started, we did not have computers. We didn't have laptops. We did a lot of things on ledger paper. I mean, I'm really aging myself here.

Mike Merrill:

Way old school.

Bobby Rios:

Yeah. Way, way old school. Yeah. Mechanical pencil, big erasers. Because you couldn't just clear it or anything. You have to redo it. But now, I mean, I think the youth, certainly. They look for that. I mean, anything that they can do to use technology versus the old fashioned way, they certainly embrace it and bring it. And it's probably there's a lot more things that we could be doing. But at the same time it's like, "Okay. Well, let's just slow down a little bit. Let's make sure what we're using, what we've got, we're mastering, we're doing everything we can with that before we go and jump to something else." But yeah. Definitely their big technology proponents.

Mike Merrill:

So from an ERP and a office system, technology accounting, are you still on premise-based? Or have you moved into the cloud? Are you looking at the cloud? Where are you at in that cycle?

Bobby Rios:

So we got some things in the cloud and some things we don't. We just had a cyber incident security incident. We were extremely fortunate. I'll give credit to our IT department for having a lot of the right things in place-

Mike Merrill:

Backups.

Bobby Rios:

... and backups, which actually set us back about a week. We did not pay a ransom.

Mike Merrill:

Oh cool. Good for you.

Bobby Rios:

So we were able to recover. And well, one, it kept us from paying the ransom and we were able to recover without really no loss data-

Mike Merrill:

Incident.

Bobby Rios:

... no incident, no anything. We did have cyber insurance and a lot of the costs were covered, so that was good.

Mike Merrill:

So that's an important point, not to be overlooked for companies that don't have cyber insurance-

Bobby Rios:

That's correct.

Mike Merrill:

... you need to get that because I've heard this story a lot of times recently. Right. So.

Bobby Rios:

Yeah. I would say our brokers had recommended, suggested that we get it. And you always think it's not going to happen to you, until you walk in that one day and-

Mike Merrill:

It does.

Bobby Rios:

... it does. And then have no clue what impact it's going to be.

Mike Merrill:

Now hearing the story.

Bobby Rios:

Yeah. So for us, again, we've beefed up our security. I always look at it as statistically. Okay. we've gotten hit. What are the chances of us getting hit again?

Mike Merrill:

Again. Yeah.

Bobby Rios:

We don't want to find out what that means. So we're even further invested in some additional security. We are now looking at moving completely to the cloud. There are some benefits in doing that. Probably a little bit more cost, but if it prevents this from occurring and you've got somebody watching everything-

Mike Merrill:

Risk aversion.

Bobby Rios:

Exactly. Yeah. You've got people instead of you having to go out and update servers every four or five years or whatever the term is. You've got somebody who does that all for you. So, yeah, there's some trade offs, but for the most part, there's no negative on our part. I mean, so we have some things off our ERP system is not on the cloud. But that's one of the things that got attacked. So that's one of the things that we're looking to move probably within the next six months to a year, if not sooner.

Mike Merrill:

Okay. Well, I mean, again, I'm always curious with larger organizations because they're using one camp or another. And it sounds like you guys are headed

in probably the better direction overall, right, from a technology standpoint.

Bobby Rios:

Yeah. So we were moving. We're going to go do that. We were going to go look at making that happen next year.

Mike Merrill:

Already.

Bobby Rios:

So now it's just been accelerated by the little scare that we had.

Mike Merrill:

Wow. Wow. I'm glad it wasn't more severe.

Bobby Rios:

Yeah, Yeah. Yeah. Me too. Me too. You have no idea. I tell people-

Mike Merrill:

Sleepless nights.

Bobby Rios:

... you don't want me in your CMIC, doing entries or doing anything like that. So I don't. And I mean, there's some workflow and things that I approve on CMSC since that's an automation that's really nice. You don't have to sign on papers or anything like that. But from my standpoint, I would've never known we had an attack because it just that the recovery was that quick. And we had some people that were able to get on that we let on accounting from an accounting standpoint. Payroll was never missed. Payroll was accurate. We were able to capture time sheets via another method.

Mike Merrill:

Great.

Bobby Rios:

So accounting folks, our controller, sys controller, our payroll manager, they all just jumped on it. We didn't skip a payment. And it was just great. It was amazing. It was really amazing.

Mike Merrill:

So good for you and credit to you and your team, right?

Bobby Rios:

Yeah. Great team.

Mike Merrill:

The guys behind that, obviously nuts.

Bobby Rios:

I was just watching them.

Mike Merrill:

Well, Hey.

Bobby Rios:

I was just watching them. They did a great job.

Mike Merrill:

Even a coach on the sideline, wherever you are. Right. It's all on the field somewhere, right? So, well, it's been a lot of fun. I've enjoyed getting to know you and your organization a little bit better. I think there's some great takeaways for our listeners and appreciated having a conversation today.

Bobby Rios:

Well, same here. I enjoyed it. Thank you for having me.

Mike Merrill:

Yeah. Hopefully we can connect down the road, and I love seeing you around and appreciate your joining us today.