Episode: 90

Dennis Stejskal

THE MOBILE WORKFORCE PODCAST

Mike Merrill:
Hello and welcome to The Mobile Workforce Podcast. I am your host, Mike Merrill. And today, we are sitting down again with our good friend, Dennis Stejskal. Dennis is the director of strategy at Sage Construction and Real Estate and was also one of the original guests on episode number three all the way back at the beginning of The Mobile Workforce Podcast. So if you haven't heard that one, I encourage you to go back and take a listen. We always enjoy having Dennis on.

So today we're going to talk about having purpose-based software in your business and how important that can be on today's construction job sites. We'll also talk about the three large or four large events that Dennis has attended recently. We've got TUG, TheUserGroup conference, CFMA, ABC Tech Alliance and also the national Sage Partner Summit.

Thanks, Dennis, for joining us today. We're excited to have you back on the show.

Dennis Stejskal:
Thank you. Appreciate it, Mike. And looking forward to the conversation.

We all have been busy hitting the road a little bit so that's been fun and as we look towards the fall and the spring we got a number of shows lining up in the fall and spring as well. It's always good to be out in the market meeting with customers, meeting with prospects, meeting with other industry influences, other industry software developers. It's a great time to be out on the road.

Mike Merrill:
Yeah, it's been fun to see you again and enjoy catching up every time we get the opportunity.

Dennis Stejskal:
You bet. You bet.

Mike Merrill:
We were talking previously about a term, purpose-based software, and how important that could be in the field. When you hear that term or when you use that term, what does it make you think of?

Dennis Stejskal:
Yeah, probably the biggest... One of the bigger trends that I've seen over the last 10 years and even more over the last three years is that software is getting built more for specific roles and specific activities.

Long time ago, back in the minicomputers days, it was all generalist software. Now, it was a generalist from the construction space but it was still generalist. It really wasn't built for a role or a submarket like a general contractor compared to a roofing contractor.

But fast forward many, many years and fast forward over even the last five years, one of my observations is we're having to build software for the role.

Example of that might be from the 2000 to 2015, there was a lot of operational software being built, project management software. We called it project management software. But in the last five years, I've seen that get complimented now with what I just call superintendent-based software. So it's for a very specific role within the overall project team.

And the things that the superintendent does on a daily basis compared to a project manager, they're different. They're just different. And so we're finding that software is being developed for those individual roles in software terms we sometimes call personas. That's one part of this purpose-based software.

And then the other one is industry. The specific market. If I'm a roofing contractor compared to electrical contractor, some of the tools that I need to do my job and to do it effectively and efficiently are different than between a roofer and electrical guy. So you will see tools again in these different roles or different areas of work.

And again, I think that the type of trade contractor I am, the type of... If I'm a GC who does not self-perform compared to the GC who does self-perform, I've got different tools that I need to bring into my collection.

So again that purpose comes down to really get the tools finer and more granular in what they do based on the role and the market they sell that you're working in.

Mike Merrill:
Yeah. That makes sense. And thank you for that explanation. When you think of these different industry specific or role specific systems, are you seeing more of them coming out that are cloud-based or are they still in a hosted environment or what does that look like?

Dennis Stejskal:
Yeah. Good question. No doubt they're cloud-based. As we look at the billions with the B dollars spent in technology this year and last year and the year before that, I don't think I've seen one on-premise solution come on new to the market. And we have seen people who are very rich in developing on-premise software, do a level of 100% retooling to the cloud or some sort of migration of technology to the cloud.

But everything, from my perspective, I see... I'm not going to say 100%, I'm going to say 90%, but with that 90%, even that 10% that's left over, it's cloud connected. Even if it's not cloud-based, it's cloud connected.

And if I write an app, well, is that a cloud app? Well, it sits on my phone. It's a true piece of software. It's an application. It runs without being connected to the cloud. So is it really a cloud software? Yes and no but it is cloud connected, for sure. I'd be willing to say pretty much 100% it's cloud connected in some form or fashion, but 90% is true cloud software in some form of fashion.

Mike Merrill:
Great. Yeah. That's a great explanation. That definitely clears it up. I think there can be confusion in the marketplace from a marketing perspective. Companies want people to look at them a certain way and so maybe the way that it's explained is more leaning towards what they think customers want to see. But I think the way you explained it's perfect and I would completely agree with that.

Dennis Stejskal:
And there's a role for both. There's a role for both. There's no doubt.

Mike Merrill:
Yeah. That's a great point as well. There are purposes why you would go one way or the other but, yeah, I think the vast majority of everything coming off of the line today is cloud-based.

Dennis Stejskal:
Yep. I'd agree.

Mike Merrill:
Why do you think these types of specific software systems that are again role-based or industry-based are so important for how we do construction today?

Dennis Stejskal:
If you truly utilize a tool and you utilize it for the purpose it's built, I firmly believe you can be more productive. It can lead to productivity gains, it can lead to less errors if you have a much clearer picture of something based on the tool and you can read the data quicker, you can read the data more accurately, you're not reentering data. All those things will eventually lead to increased productivity and less gain or less waste. And the more the tool is built for what you do, I firmly believe you're going to be much more productive with it.

If you're a roofer sitting on a roof or doing takeoffs of a roof, it's different from doing takeoff of a drywall, of a wall, of whatever, it's different. And so if the tools are

built for what you do, efficiency and productivity and less waste.

Mike Merrill:
Yeah. That makes great sense. Tell me... You've been at a bunch of conferences lately. We talked in the intro about those. We've got specifically TUG, CFMA, the ABC Tech Alliance, and also the Sage Partner Summit. What did you see in common between all four of those events this last few months?

Dennis Stejskal:
Probably the biggest thing is the underlying theme with the cloud. There's no doubt that if I was to look through those, you got TUG and the TUG stands for TheUserGroup and basically, it's a collection of members that are customers of the Sage 300 Construction and Real Estate Timberline product or the Sage 100 Contractor product, the old master builder product.

The thing coming out of that group was, what do I need to do to truly get prepared for the cloud? Questions along, what's truly the difference between when someone says hosted and someone says true native cloud?

So we're seeing I think in the TUG, it was all around how do we get here not that I'm moving tomorrow and not that I have to move tomorrow? What I've got is working for me but I'm starting to see the value of not having my servers in the back office. I'm starting to see the value of the power that the AWSs, the Amazons, the Microsoft Azures can bring to the market. The security dollars that are being spent by these organizations much more dollars than I can spend on my on-premise.

So I think that TUG... I walked away with much more education, much more educated group of individuals and customers as well as much more inquisitive about the future.

As I look at CFMA, I'd probably mimic that. I'd say a lot of the same is tell me, show me your latest, show me your greatest, show me what's new. Much more talk about integration and the ability for one piece of software to talk to another piece of software.

And that the word that we're using earlier, purpose-based software, I've been racking my brain where I picked up that word because that's not a word I've used in the past, that phrase. I picked it up somewhere at one of these conferences and I can't quite remember which one.

Actually, I know which one it was now. It finally came back. It was at the ABC Conference. And one of the speakers that I was on a panel with, they wrote software, in their particular case it was custom software, but they wrote it because the companies needed a very specific set of functionality for their roles and their organization. Thus, they believed in purpose-based software.

And as I was listening to him, I extrapolated that to the bigger industry and said, "That's what's happening throughout the industry. We're seeing it everywhere." We're really focusing on personas and we're really focusing on the vertical market that these companies in. So it's happening more there.

The ABC Tech Conference that I was at, it was all about... The particular panel was about, how do we choose which technology to go after, how do we choose which one to think about first, second, and third.

So my point back to the very first one was, how do I make informed decisions? I'm going to make a decision, but how do I prioritize and make those decisions? And then it went into... And part of that was the realization that it's new technology.

And we had a lot of questions about how do we implement new technology for an older, aging superintendent product or foreman group of people because as we know our labor force is aging. How do we get them to use some of these newer tools?

And so again, focused on cloud, adopting newer technology, and then let's see...

The partner summit. So we had a partner event in Dallas three or four weeks ago and we had partners from all over the world, but specifically on the construction side, partners from North America and to listen to what we were working on. And again, I'd probably have to say the theme there was cloud and

just the underlying understanding of what are the tools and technologies that are evolving for the cloud.

Again, back to these point systems that are hit in the market. Do you integrate with this? Or do you integrate with that? A lot of questions around integration and making these distinct tools talk to each other because that's a critical piece.

Bottom line, cloud, implementation, or we'll call it, how do I change technologies is probably the more general way to say it. A lot of discussion about change.

Mike Merrill:
Wow. Lots of great themes and it sounds like a lot of alignment also. If you were going to boil it down to something you took away from maybe all four of those events, is there one thing that you got excited about or you thought, "Hey, this is going to be good this coming year as a takeaway?"

Dennis Stejskal:
Probably the biggest one is willingness to change. People are starting to see the bigger vision of connectivity, the bigger vision of a true... What's the word I want to use? There's probably a better word that I'm going to choose here. A smart job site, we'll call it, where things are wired together, they're hooked together. We're truly capturing data.

And so the willingness to step back and say, "Yeah, I can see how that could help us," and now is maybe a good time to start thinking about the advantages of the new cloud technology. That's probably the biggest takeaway is that acceptance. That acceptance.

Mike Merrill:
That's a great place to start. The conversations are starting to happen is what I'm hearing you say. That's great.

Dennis Stejskal:
Yes, sir. They are.

Mike Merrill:
One of the things... And looking back through your presentation material from the ABC Tech Summit that you went to, I know one of the topics was about the issue of low productivity rates and digitization levels in construction. What are some of the things that you could share about that and maybe your feelings on that topic?

Dennis Stejskal:
There's been all sorts of studies documented about the low adoption of technology in construction and the low productivity in construction. And one might say, "Do they go hand in hand?" And I'm not going to say, "Yeah, technology's going to make us all be that much more efficient," and so on. We got to use the technology right.

But first, if you think about construction and you think about other industries like health sciences or you think about banking and finance, well, they're all in a very controlled environment in a lot of respects. They're in a building, they're in four walls, they're in an office. Banking, there's offices or branches all over the place.

But if you start thinking about construction... And I think the other one that's really weak is agriculture and mining.

What's the similarities between construction, agriculture, and mining? They're out there, they're out there. They're not in the four walls of a building. They're building the four walls of the building. They don't know what they're going to run into.

Think about agriculture. Weather. Weather drastically affects agriculture. Weather drastically affects construction because it's out there.

But as I look towards where we're at and where we... Or I should better say where we were at. Back in the '80s and even '90s, we were in an analog world. Things weren't really digitized that much. If they were digitized, they were self-contained. Yeah, I had my payroll system digitized because I had it on some old PC or something like that. Yeah, I was electronic, but I still probably scan my time sheets. And is that really digital? No, not really.

But if you start thinking about it over the last 20 years dating back into the dot-com days, that's when we truly started seeing the internet enter into construction and we truly did see things start to become more digitized, more digital. And part of the reason is because we were able to extend out to the job sites. We had connectivity now to the job sites. So if we could gather data on the job sites and consume that back in the office in an efficient and productive manner, that's going to lead to increased productivity.

So I believe that the adoption of a digital environment is helping the productivity of construction. It is increasing it. And again, it shows up in all different places.

There's a lot of companies now writing point systems. Again, back to the point system, a very specialized purpose system. They're writing software strictly for material procurement in the field for subcontractors and trade contract. Very, very specific niche.

But if you think about the old days where we had to make five trips down to Lowe's to pick up something because we kept on forgetting to get it. Now you can just order it right from your phone and even have it delivered in many cases. Is that going to increase productivity? Of course, it is.

If that was electronic POs, if those POs can now flow back into the back office electronically rather than having to be faxed and scanned and then re-keyed in, is that going to increase productivity? You bet. Okay. And if we really don't believe that or see it, then I think we're putting on blinders a little bit.

But I will remind us all. We do have to truly engage in it. You have to commit to it.

I play a little bit of golf and I played... I've watched the tournament this weekend a little bit and I probably heard three or four different times, "You can tell he really committed to that shot." "Really committed to that shot."

But when I was playing, I was good. I heard three or four times, "You didn't commit to that shot. You didn't commit to that." And they were true. And the ones I hit well is truly where I committed to it. I had a plan and I executed.

And that goes back to that ABC Conference, is implementation of technology is not easy but you have to commit to it. We continually do see companies buy the technology but they don't put together a plan for truly implementing or committing to it. And that's a key is that commitment. And if you make a commitment to today's technology, I firmly believe it will increase efficiencies and productivity in the space.

Mike Merrill:

Yeah, I think that's a great point. We've heard that on the podcast quite a bit and it seems there's a common theme when software implementations are successful, quicker, when they go better when the ROI was realized sooner, nine times out of 10, there is great executive sponsorship and ownership behind these implementations that are really driving and making sure these projects actually get off the ground.

Dennis Stejskal:

And it is so critical and it goes from part of the ABC Conference discussion we had was about how do you choose which ones, which things to adopt. And truly getting people involved. Listen to many ideas. You could always listen, you don't have to choose. And then choose the ones that will bring you the biggest benefit.

Sometimes, it might not be total dollar benefit, but if you could say someone 10 hours a week, that's 10 hours a week, times 52 weeks. That's a lot of hours. And a lot of that turns into dollars. And so, now I got to think, "Well, how can I apply those 10 hours to something much more productive?" All of a sudden you get those savings.

So really picking the right one is always a challenge but just as important as that implementation plan to how are we going to get it in place, how are we going to change our company around it. And I think you have to be truly transparent with your staff. Sometimes, you say, "Guys, we got to do this. We just got to do this. We got to bite the bull. We got to do it." Other times, you maybe have to sell it a little bit. You got to convince a little bit, but you got to get that buy in. You got to get that commitment.

Mike Merrill:
Yeah. I love that. And I think really back to your point earlier on, of course, committing to those shots, so to speak, but also the four walls. In the ABC report that you shared and some of what you talked about, construction in the last two decades has only improved their production by 1% annually while other industries and just the mean of all industries is 2.8%. So almost three times more efficient with their four walls than we are when we're out remote.

So it begs a question. If we had better mobile technology out on the job site and we can create virtual walls by using systems that essentially give us that same impact, maybe we could get a lot closer and maybe double or triple our production and productivity rate.

Dennis Stejskal:
Yeah. And I firmly believe that that's going to happen.

I was on a call today with a tool manufacturer. It's interesting the manufacturing and service companies that are continuing to look at ways to improve productivity. You look at Hilti and Milwaukee tools about the technology of tracking the tool, the technology of measuring progress of the tools, variety of types of technology there. And they're really at their infancy stages of what they're going to do with that.

But the amount of data that they collect, number one. And then, just the idea of where is the tool and that's a pretty simple thing, but think of the thousands and millions of wastes on a job of, "Well, I need one of those. I'm going to go buy another one." And we hear that all the time. So just tracking those tools is very critical.

Another example you see happening with the rental companies. United Rentals, for example. It's interesting how these manufacturers and supplier of services, a tool rental is not a manufacturer, but they supply a lot of service to the industry, they're getting in the game. They're really seeing, "Well, how can I make it easier for that superintendent on that job to get that piece of equipment on the job when he needs it?"

And then the same thing, "Getting it off the job so I don't have to pay for it." So if I've got to have this thing sitting on the job site for three days because I keep forgetting to have someone pick it up, now it's dollars that are being washed down the drain.

So I think the contractors with software vendors like Sage and Timberline, but also other industry participants like suppliers, manufacturers, service providers are doing things that will continue to increase this productivity out on the job site and that's where we build the buildings.

Mike Merrill:
Yeah, that's a great point. So that's one side is the initial production and really getting things done in an efficient manner. But one of the other statistics that you shared in 2018 over 500 billion was spent on rework. So 52% of that work could have been eliminated or at least improved by better communication and a lack of miscommunication. So not only building it more efficiently the first time but also doing it correctly because we've got tools that ensure that we're building things properly. What can you tell us about that as well?

Dennis Stejskal:
Yeah. That continues to improve every day. You see a lot of that more on the operation side than the finance side. Drawing management. It's as simple as drawing management. We got to change the drawing, make sure everyone gets communicated about it. So the Procores of the world, the Autodesk of the world are working really hard, I think, to make sure that the specs and any changes in the specs are communicated and disseminated.

Also, as important is just the ability to get at it. You able to pull it down on a job site effectively and efficiently and that could show up on a simple 2D drawing or could show up on a model. We're seeing a lot more integration. Our ability for the BIM models to get distributed down to the job sites.

So over the last five years, we've seen major... What I would consider improvements in that area to just cut down on errors.

One of the whole premise of BIM is to see the building get built before you build it. Well, now, if you have to

think about moving a beam, just think about because it runs straight through where the HVC's coming through, it's probably going to be easier to move the HVC system. But if I don't have to rework something because I know I've got a clash detection already occurring, boy, it's going to save time and money. And so I think there's uses of it appearing every day. We're seeing it.

We're not seeing it on all jobs though. We're seeing it on some of the bigger projects because we haven't quite yet figured out how to get everyone trained on the technology, get it adopted.

If I'm building a Taco Bell, I could be wasting a lot of money building a Taco Bell especially if we're building 2000 of them in a year. Yeah. It's not a hospital, but the square footage of 2000 Taco Bells might be pretty close to a hospital. So it appears in different ways.

Think of a home builder. If I'm building something and I could detect... Maybe I've got a 500-home subdivision I'm putting in. I got four different models I'm building. If I can detect a problem on the first five times I build that model, just think of the savings that I could potentially find over the life of that subdivision, let alone future ones.

So I think that there's all sorts of examples where the technology is helping that communication, preventing rework in a lot of cases, and again I think rework on your existing projects as well as rework on new projects and again, depends on the type of work you're doing. But if you do a lot of repetitive work, every job think of it as a learning opportunity.

Mike Merrill:

Yeah. That's great. You talked in one of your tracks about the role of a CFM or a construction financial manager. What role or what impact can that role being executed properly have on having more successful projects?

Dennis Stejskal:

Yeah. The way I look at the role of the CFM, the construction financial manager, over the last, let's say, 30 years, 40 years is our access to data used to be always very historical. We could always detect that something went wrong but we weren't always sure why. We didn't have the detail that gave us.

So we were really good at, from a CFM perspective, being great historians. As we move and we started to get more data and consume this data, we were able to start better understanding why it happened. Well, that one north side of the building in this model, we keep having to redo it and we were finally able to measure why that model was running us higher. So we figured out, "That model was running us higher because of..." Whatever it was and we can help improve that in the future.

And then where we're getting better now is consuming even more data. If I put in... And something as simple and this is something that Sage Intacct has been working on is in the area of artificial intelligence being able to detect outliers. Things that just don't look normal. And if you have a bigger data set to continually analyze, you can then figure out what's not normal.

And so if I'm just doing something like keying an expense account from this vendor and it's the trash removal vendor and I've always put it to the trash account, whatever the trash account is, 650. So I always put it to the trash account. So now when I get and I key in an account number and I put it to 655, the entertainment one and it's the trash vendor, it should say, "Well, why the heck you're doing that?"

So we're able to make the software as well as the individuals with more data more of a visionary. "Here's what we anticipate can happen." And with that, you get into being able to make change sooner.

So you're seeing a lot of that construction financial manager role getting more involved with the data, getting a little bit more predictive in nature as compared to responsive. "Here's what we think could happen," versus why did something happen or just as important what happened. So times are changing there and I think it's all related to data. Just more data and the tools to analyze the data.

Mike Merrill:

Yeah. And I think when I hear you say that one of the systems or one of the software solution approaches that I think of is project management software systems

and that's a newer thing the last few years. It's gotten a lot more focus I think, and especially on large projects. And one of the things that you spoke about is 93% of the award winners in excellence in construction and their projects were using a project management tool or solution. What do you think has changed there? And how has that become so important?

Dennis Stejskal:

Yeah. And this was part of the study out of the ABC, Associated Builders and Contractors Group, and just for those that don't know, ABC's been doing a great job with this new initiative in their whole technology area and it's called the ABC Tech Alliance or the ABC. And with that ABC Tech Alliance and ABC Technology Group that they put in place, they're doing a lot of good things.

Number one, they did a survey last year and on that survey, there's a variety of different numbers and things that came out of that survey and definitely worth the read if you get the chance to go out there and find it.

The other thing that they do is they're really working really hard on bringing technology into the chapters and so they're working with the chapters to do technology... What they call them? Workdays or technology... I don't know the word they used. I can't think of it now.

But basically, they have a day of technology discussions going on. They typically bring in some technology leaders to talk about technology. They often bring in adopters of technology to talk about it. And I think this is a perfect example of their total excellence in construction projects nomination, 93% of them use the project management technology.

And I think really that's just proof that technology can help do the job and it's proof that adoption is occurring. Adoption is occurring. It would be interesting to see of the total projects... I think that is the total project submitted. So, again, I go back to it really shows that project management technology is in place and it's out there working.

But I also believe, going back to earlier about software built for doing different roles, we're seeing all sorts of things happening, even with project management technology. And we're seeing that happen in two different ways.

Number one, specialization. We're seeing project management software become more specialized to what I'm building. So if I've got a PM solution and I'm an asbestos in construction or asbestos and demolition contractor, there's a piece of software out there called FieldFlo built just for that market. Just for those guys. We all know Procore and their penetration into commercial construction. There's all sorts of project management software focused on residential construction, be it custom builder or be it production builder. So we're seeing a lot of specialization going on there.

But the other interesting thing is we're seeing how those systems now have to integrate with smaller systems and systems that have more finality in what they're supposed to do. So you see Procore has hundreds of partnerships with variety of different what I call point systems out there because in many cases, those point systems can just do it a little bit better and the market wants the best. And so they're using the PM systems as a hub to other technology which is potentially better suited for now the individual role or persona that's on-the-job site using it.

So it's been really fun for someone like myself to watch these changes in trends over 40 years of how it's evolved. And we're not even... I think that the changes occurring in the next 10 years and just like everything else with technology drastically are going to be faster than what took place over the last 40 years.

Mike Merrill:

Yeah. I would agree with that. I think... I appreciate learning from you, what you've taken away from some of these events. I know you and I both get to quite a few, might be 10 or a dozen or more, a year. And there's a lot of companies out there, a lot of our listeners maybe haven't been able to attend some of these so strongly encourage you all to check some of these out and participate. You'll have these takeaways that mean something more to your specific business like Dennis and I continue to find and as we talk with others.

Dennis, what do you think would be your recommended takeaway for the listeners today from the conversation we've had?

Dennis Stejskal:
Probably the best one is technology. I think I am totally comfortable it can help us become more effective, become more productive, drive stronger bottom lines.

But you got to commit to it. You got to do your homework, you got to do the research. There's a lot of technology out there. You got to prioritize, and so you just can't grab and try to use. Don't just grab and try to use. Put a little effort into it, put a little work into it. And find that tool that truly meets your needs and your requirements.

A lot of times I'll have conversation with some of the point folks and I'll say, "Is that really a need in the market or are you trying to build a need in the market?" And sometimes, it's a little bit of both. Why would I need myself something to do that?

One came across my desk a couple weeks ago, software to help track rebates. That's what the product was. It was software to help track rebates for primarily electrical contractors because there's a lot of rebates offered by the manufacturers and just to keep track of that. Why the heck have I ever thought I would've needed that?

So think about your needs a lot of times they're there and you got to understand your needs and go out, look for it. There's a lot of technology out there changing every day but be willing to accept change and commit to change because I think it definitely has been upon us and continues to be upon us.

Mike Merrill:
That's a great note to end on. Well, thank you so much for the conversation, Dennis. This has been a lot of fun and look forward to having another one down the road.

Dennis Stejskal:
Great. Thank you, sir. Mike, it was good talking with you again. Until next show. See you later.