

Success Can Bring Deadly Distractions

I recently have seen a number of construction company failures resulting from a lack of interest or attention on the part of a contractor that caused me to remember a great number of similar examples in the past.

While contemplating preventative actions, I realized that even predicting to whom this might happen is extremely difficult, if not impossible. I have seen it happen to those I would least expect.

Numerous construction businesses have failed after the contractor/owner was distracted or lost interest in the business. Common distractions include golf, sailing, affairs, mistresses, gambling, politics and other non-business related activities. One such instance involved a contractor who became so caught up in the Young President's Organization that he spent as much as 50% of his time at retreats



SCHLEIFER

and other activities with the organization in an almost a cult-like attraction.

The men observed (no women were observed) generally were self-made, hard-driving, Type A personalities who spent most of their time building their businesses at the expense or sacrifice of family and/or social activities. Most had little in the way of financial advantages early in life.

The distraction from the business as the center of their life seems to have started after they accumulated, usually for the first time in their lives, considerable disposable income but had little time to enjoy the fruits of their considerable labor. This happened for the most part when most were in their mid-

40s or older.

Hard-driving actions included, or began to include, hard-playing activities. Much like a mid-life-crisis, some activities (golf, politics, affairs, etc.) become addictive and begin to supplant the business as the primary focus of the contractor's life. Most don't seem to notice the obsession and/or don't believe it affects their effectiveness at work. Self-made success seems to convince the contractor/owner that he can do both activities exceptionally well.

Attention to Detail

Small and mid-size construction enterprises are a complex and high-risk business demanding a unique set of skills generally found in the successful entrepreneur/contractor. This is verified by the huge failure rate in the construction industry (second only to restaurants) where many; lacking the skills, drive or willingness to work around the clock and sacrifice everything for the business; are weeded out.

The even higher failure rate following an orderly, planned change in top management at succession emphasizes the critical importance of the key person—the contractor—to the success of a construction enterprise. In these cases, the presumably prepared and qualified successor apparently lacks one or more of the critical ingredients of skill, drive or commitment.

The obsession with other

diversions takes time away from the business. Time and attention directed toward the new activity also adversely affects concentration while working on business issues. Attention to detail appears to be affected and inadvertent or deliberate delegation too often generates inappropriate or unfavorable results.

If the detraction from the business comes about slowly, the impact is less noticeable and sometimes difficult to detect. But in the many cases where the distraction is rapid, massive and quite noticeable, it is not perceived by the contractor, who shuns the advice of subordinates concerning it. In my book, *Construction Contractors' Survival Guide*, this common element of construction business failure comes under the heading of "Lack of Managerial Maturity."

Prevention of this phenomenon is difficult because predicting who might be susceptible to such a dramatic change in interests and shift in emphasis is complex and challenging. Convincing strong-willed contractors that they are at risk from this is unlikely and intervention if the distraction occurs will be aggressively resisted. Altering the reality that small and mid-size contractors have little accountability to anyone by establishing a board of director or advisers may help. An independent board may be in a position to observe changes sooner and, if trusted and relied upon, may be in a position to affect the outcome.

Thomas C. Schleifer, is visiting eminent scholar at Arizona State University's Del E. Webb School of Construction, Scottsdale, Ariz. He can be reached at tschleifer@aol.com or 480-945-7680.

If you have an idea for a column, please contact Viewpoint editor William J. Angelo at william_angelo@mcgraw-hill.com