



Smart Built Cultures  
We Solve People Problems  
SmartBuiltCultures.com

## Creating Smart Built Cultures

### Smart Cultures Value Trust

Success lies downstream in trust based cultures. Such cultures breed success while contempt and failure flourish in mistrustful cultures. Elite fighting forces, championship sports teams and successful project teams operate in cultures that value trust and in which individuals often sacrifice to protect others. Teams operating in smart cultures that value trust overcome challenges more easily and deliver better results than mistrustful teams. As a precious commodity in commerce trust drives success where other resources fail. So what happens when trust is broken?

### The Scorpion & the Frog

The fable of the scorpion and the frog tells the story of trust broken. For those unfamiliar with the fable the scorpion approaches the frog and says, "Frog, can I hitch a ride across the lake?"



The frog, relaxing along the shore line says, "Not no, but hell no! Why would I carry a scorpion across the lake? You'd sting me and I'd die."



The scorpion responds, "Frog, why would I do that? You are right. If I sting you you'd die. But I cannot swim so I would drown and die too. So why would I sting you if that means I'll die with you?"

The frog, after thinking it over, says "Ok, load up. I'll carry you across the lake."

The scorpion climbs on the frog's back saying, "Thanks frog, I really appreciate your help. You won't regret it!" The frog slides into the lake and starts the long swim to the far shore.

Halfway across the scorpion's stinger begins to quiver, .... and suddenly, he strikes, driving the stinger deep into the frog's back!

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The frog screamed, "ARRRGGGH, YOU FOOOOL! YOU'VE KILLED US BOTH! YOU IDIOT! WHAT WERE YOU THINKING?"

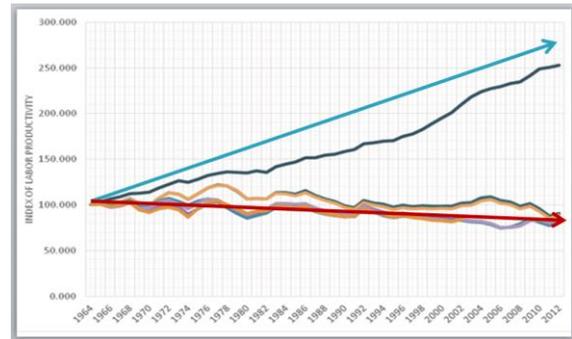


The scorpion gazes across the broad calm waters of the lake. Winking at the frog, the scorpion says, "It's in my nature." Then the scorpion and the frog sink beneath the water.

### Mistrust in Construction

Burdened with a fragmented, adversarial and mistrustful culture the construction industry acts, too often, on base instincts, as did the scorpion. In fact, scorpions abound in the industry, fostering mistrust and other ills. That broken culture manifests itself in many ways.

For example, the industry wastes 57% of the labor it consumes and as a result the productivity rate in construction has been flat or declining for 50+ years.<sup>1</sup> The bottom arrow on the graph reflects labor productivity in construction from 1960 through 2012 while the top arrow reflects labor productivity in all other non-farm sectors of the economy.



While flat to declining labor productivity is one measure of failure in construction there are others.

In 2004 the US construction industry wasted \$15.8 billion due to a lack of interoperability among digital platforms used in capital facilities<sup>2</sup>. The value “added” by the construction sector in 2007 was, purportedly, \$1.2 trillion but 50% of that “value” was waste.<sup>3</sup> In other words, the industry wasted \$600 billion dollars in 2007! Nor have these numbers improved in the past 10 years.<sup>4</sup>

Waste manifests as labor inefficiencies at a rate of 30%, as material waste at 30% and re-work at 10%, while 5% arises from poor planning and management. Together the foregoing account for \$450 billion of the \$600 billion wasted in 2007.<sup>5</sup> Further, 72% of construction projects run over schedule, and 70% run over budget.<sup>6</sup>

Not fully reflected above, additional failure manifests itself as injuries to workers, broken equipment, design defects, energy loss, inefficient operations and undue maintenance costs. These factors contribute billions more in red ink. The industry embraces business models



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that extract profits from waste while shunning those that earn profits by adding value.<sup>7</sup>

In a sane world replacing this broken culture would be the overarching goal of the industry. But the construction industry isn't sane because it does the same thing over and over while expecting different results. BYH intends to stop the insanity and build trust based cultures that support value added business models.

### **Converting an Abundant Resource into a Precious Commodity**

Everyone experiences the pain of the frog from time to time. We desperately want to trust one another. It's human nature. Conversely, it is also human nature to whip out our stingers when threatened. Smart Built Cultures converts belief in the Golden Rule into trust. Leveraging new legal frameworks, we enable clients to manage scorpions in the industry.

### **Root Cause Analysis**

Defective legal agreements reinforce the mistrust that lies at the root of failure in construction. Existing contracts fragment teams, mandate adversarial relationships and foster mistrust.

A legal framework reaps what it sows. If it sows fragmentation, adversarial relationships and mistrust then it reaps fragmented teams, adversarial relationships and mistrust.

### **A Smart Culture Built on Respectful Collaboration**

We strive to create smart built cultures in construction that enable like-minded professionals to build trust effectively. We help create the legal framework that supports that vision. Contact James L. Salmon today about creating smart built culture for you!

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<sup>1</sup> AECbytes Viewpoint #67 (March 14, 2013) Labor-Productivity Declines in the Construction Industry: Causes and Remedies, Paul Teicholz, Professor Emeritus, Dept. of Civil and Env. Eng. Stanford University

<sup>2</sup> Cost Analysis of Inadequate Interoperability in the U.S. Capital Facilities Industry, Gallaher, M. P.; O'Connor, A. C.; Dettbarn, J. L., Jr.; Gilday, L. T. NIST GCR 04-867; 194 p. August 2004.

<sup>3</sup> Rex Miller, Dean Strombom, Mark Iammarino, and Bill Black, "The Commercial Real Estate Revolutions," John Wiley & Sons, Inc. 2009 at pg. 3.

<sup>4</sup> Martin Fischer, Howard Ashcraft, Dean Reed and Atul Khanzode, "Transitioning to Integrated Project Delivery: The Owner's Experience" Wiley & Sons, Inc. 2017

<sup>5</sup> Rex Miller, Dean Strombom, Mark Iammarino, and Bill Black, "The Commercial Real Estate Revolutions," John Wiley & Sons, Inc. 2009 at pg. 3.

<sup>6</sup> Id.

<sup>7</sup> The Built Industry's Backwards Bicycle, Blog Post on the Collaborative Construction Blog, accessed 4-4-2017, <http://collaborativeconstruction.blogspot.com/2015/08/the-built-industrys-backwards-bicycle.html>