



Brains over brawn: leading construction firms are winning in the office, not on the job site

KPMG Future-Ready Index reveals that only 20 percent of the surveyed industry is prepared to meet the needs of a changing industry

NAIROBI May 23, 2019 – Construction and engineering firms are building the world of tomorrow yet only a small number of firms have the ability to lead the industry, according to a new KPMG survey. The market demand for firms with expertise to build climate-aware, data-driven smart cities is growing and capable firms are demonstrating leadership miles from the job site. They are rationalising governance, investing in technology, building culture, hiring diverse skillsets, and tracking results across all aspects of the business. The KPMG Future-Ready Index reveals that of the executives surveyed, only 20 percent are prioritising and benefiting from these back-office competencies.

“In the two short years since we last surveyed the market we’ve seen a particular jump in attitudes of construction executives toward the implementation and use of technology in their businesses,” said James Woodward, Sector Head for Transport & Infrastructure, KPMG in East Africa. “In 2017 few organisations were making technology investments, and even fewer were reaping those benefits. We are now hearing from leaders who declare themselves to be technology companies building construction projects. The stark contrast highlights the widening gulf between the leaders in the industry and everyone else. This is particularly relevant in the East African market where we are seeing a shift in local government policy towards morphing our sprawling urban centres into smart cities of the future”.

The survey interviewed 223 global construction and engineering executives, including 46 responses from Africa, scoring responses under three pillars to determine a benchmark of the industry. The benchmark index is comprised of Innovative Leaders (20 percent), Followers (60 percent) and those organisations considered to be Behind the Curve (20 percent). The research reveals an imbalance in the industry, with those in the bottom 20 percent facing a critical challenge to adapt quickly, lest they face consolidation or takeover bids.

Additional key findings from the Future-Ready Index include:

- Invest time and effort to strengthen governance and controls: 66 percent of leader organisations who have done so finish projects on time while 0 percent of those behind the curve do the same.
- Leaders are far more likely to deploy pilot programs on new technologies, to have organisation-wide labs to test new innovations, and to actively recruit new talent with specific technology skills
- Future-ready organisations rate attracting talent as the second most important challenge for the entire industry – all other respondents rank talent in fifth place
- Diversity doesn’t stop at hiring: the majority of the bottom 80 percent believe a diverse workforce is important, but only the top 20 percent prioritise the tracking of diversity at all levels of the business
- For those in the bottom 20 percent, the majority of effort is spent on short-term revenue growth and there is little to no investment in technology

James Woodward adds, “We know the construction industry has been slow to realise the immense opportunity that technology and digitalisation present, but now we can quantify how



few companies are leading the rest of the industry. Unsurprisingly, the bulk of the industry exists in the middle of the pack, while twenty percent are quite a ways behind. The good news is that those in the middle can begin to make real strides toward leadership in the industry by putting in place a strategic road map. In the affordable housing space with hundreds of thousands of houses forecast to be constructed over the next few years, technology and digitisation presents us with one of the most tangible opportunities to further reduce the cost of construction for those that need it most.”

For the complete results of the study, details about the methodology and to use the self-test tool, please visit the [Future-Ready Index website](#).

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KPMG East Africa has 28 partners and over 1000 professional staff. The Nairobi office serves as the regional coordinating office providing the required networking and support to facilitate delivery of services on a timely basis to meet and exceed our clients' expectation.