



Construction Quarterly

Value Drivers: Focus Where It Matters

April 2026

forv/s
mazars

Grow enterprise value by chasing the right drivers.

In the construction industry, it's remarkably easy to mistake growth for success. Winning that next job often feels great, but if you don't have the resources to meet those expectations, a new job might actually erode the value of your business.

There's a huge difference between keeping busy and building genuine value. Chasing the next big contract or successfully staffing a complex job are important tasks, but leaders may miss opportunities to foster a more profitable future when they are caught in a cycle of managing only what's immediately in front of them.

The key to increasing your firm's worth isn't about focusing less on the day-to-day; those tasks still matter and need to be completed. But in the background, there is plenty more we can do. In this quarter's update, we want to introduce the concept of value drivers. If we can pinpoint the individual variables that drive value for your business, then your team can understand where to focus their strategic efforts.



What Are Value Drivers?

Value drivers are activities you perform and systems you establish that enhance your company's valuation. These drivers typically support an increase in your enterprise's valuation in one of three ways:

1 By Increasing Margins

Taking steps to raise current profit margins, and doing so consistently, can increase the trajectory of overall worth.

2 By Increasing Efficiencies

Efficient operations make it easier to convert sales into actual profits, helping you eke out as much profit from your jobs as possible.

3 By Increasing Market Value

If you boost your position in the marketplace, you'll be seen as more appealing and trustworthy to clients, and as more scalable and secure to potential buyers (all of which can lead to higher valuations).

Instinctually, we all know about value drivers. In the field, we might hear it as the need to "streamline jobs," to "queue up the workforce," or to "diversify." All these are great examples of value drivers in construction. But taking the time to truly understand the concept will pay dividends. If we understand not only what value drivers are, but also how they help drive value, we'll know which ones to prioritize.

Furthermore, think of your business as a cargo ship on a long voyage.



What Are Value Drivers?

What Doesn't Drive Value

The “value” of the ship isn't:

How fast it's moving right now (current revenue)

A fast-moving ship isn't necessarily a bad thing. But if you push faster than your ship is built to handle, you risk running out of fuel or overloading your engines, jeopardizing the entire journey. Similarly, earning lots of revenue isn't a bad thing. But chasing short-term earnings above all else could upset your workforce, overcommit your equipment, or leave you without resources to finish jobs.

How clear the next day's path is (staffing current jobs)

Clear skies make for smooth sailing. But what's beyond the horizon? Without looking ahead, you may steer directly into a storm. In the same way, staffing your current job is critical, though inefficient workforce planning could cost you future earnings if doing so makes them unavailable for the next project.

How much cargo is on board (unbilled revenue)

The cargo you carry is the purpose of the journey. But if the ship never reaches the destination, that cargo has no value. Likewise, unbilled revenue looks promising, but if the job never gets completed, those revenues will never be realized.

What Does Drive Value

The “value” of your ship is its ability to transport its cargo safely to the destination. To do this, we'll need:

A good navigation system (strategic direction)

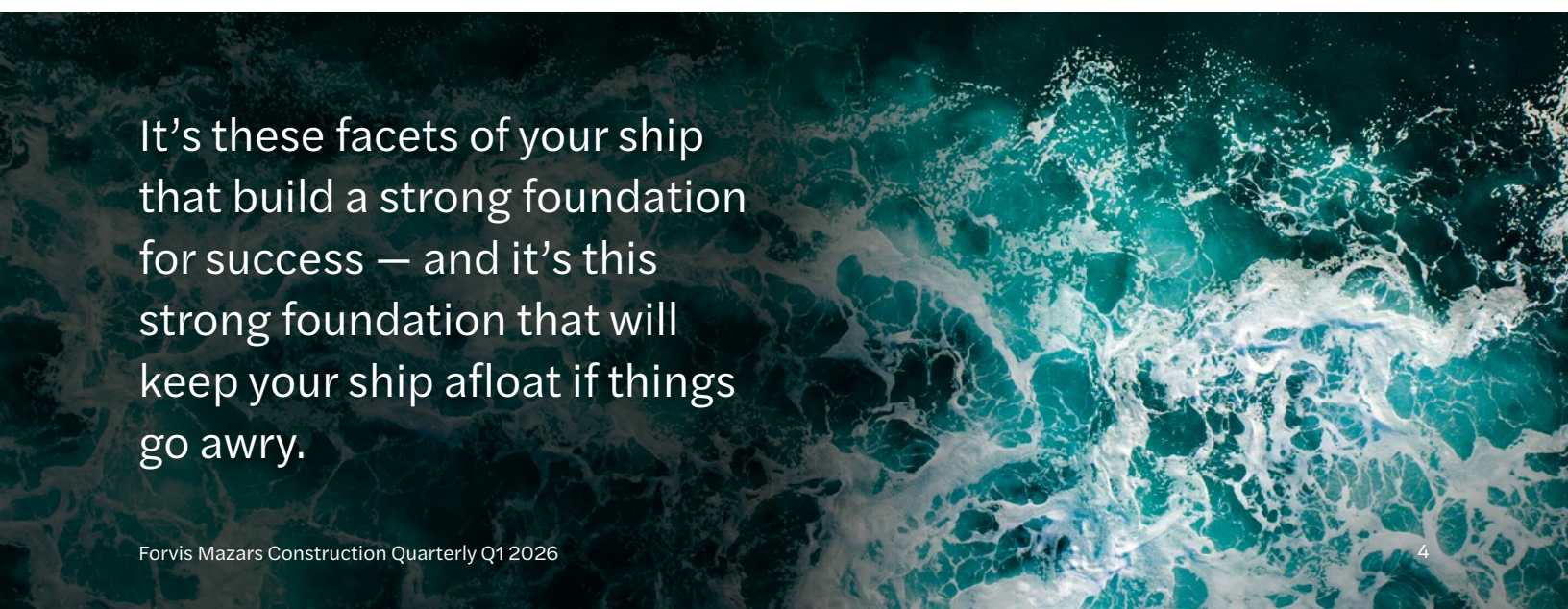
A good navigation system charts the best course for the entire journey, not just the next nautical mile. Strategic direction does the same for your business, guiding decisions that move you toward long-term goals, even when the path isn't perfectly linear.

A ballast to provide stability (risk mitigation)

A ship's ballast provides stability in rough waters. In business, risk mitigation serves the same purpose. It helps you anticipate challenges and remain resilient, even when conditions inevitably change.

A high-quality hull to reduce drag (operational efficiency)

A well-built hull allows a ship to move smoothly and efficiently through open water. Efficient systems like payroll, hiring practices, and inventory management play the same role, enabling your business to execute the work efficiently.



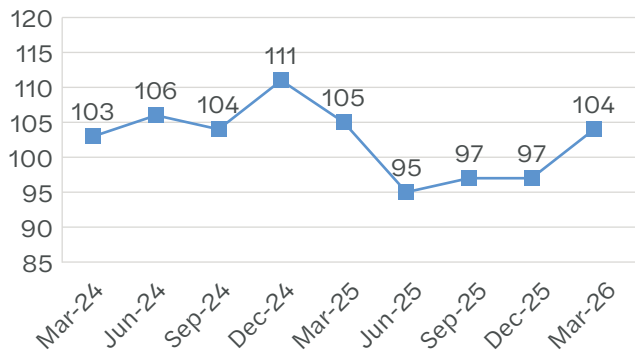
It's these facets of your ship that build a strong foundation for success — and it's this strong foundation that will keep your ship afloat if things go awry.

How Do You Determine Your Entity's Value Drivers?

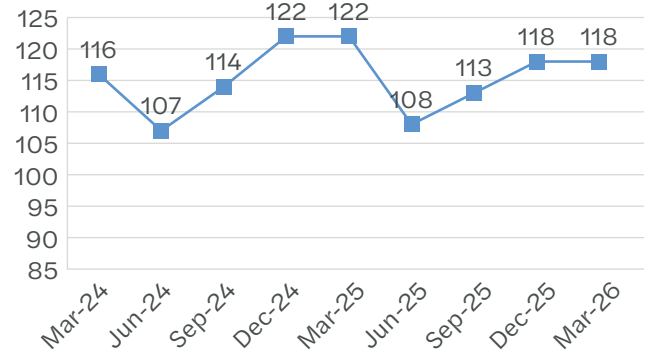
Each quarter, the Construction Financial Management Association (CFMA) releases its CONFINDEX report, which captures sentiment from construction leaders across the industry.

In the most recent report, leaders expressed increased confidence in current conditions, but their outlook for the year ahead, while still positive, has begun to level off.

Current Confidence Index



The Year Ahead Outlook Index



If this sounds like you, where your immediate runway is clear, but long-term visibility is less certain, what can you do to increase confidence in your ability to succeed long term?

One effective approach is to place greater emphasis on your value drivers.

This may raise the question of how to determine which value drivers matter most for your business.

A great first step is to follow the pain points.

The most high-impact value drivers are often the ones that address your biggest challenges. By identifying where your business is most vulnerable, you can prioritize the drivers that will have the greatest impact.

Using insights from the CONFINDEX survey, here are a few examples of how common industry concerns can connect to specific value drivers:

Pain Point	Value Driver
What are construction leaders worried about?	What area should we focus on to alleviate those concerns?
“Although we have good backlog, the overall market seems to be uncertain.”	Project Mix: Not all markets are created equal; some perform well while others struggle. Be intentional about the projects that you choose and consider differentiating your project mix to reduce exposure to any one segment.
“Labor is a HUGE concern. Trying to get a new generation interested in trades continues to be a huge problem.”	Workforce Pipeline Development: Building a strong workforce pipeline through recruiting, training, and retention initiatives will make labor availability more predictable.
“Work seems to be slow coming out to bid and owners are slow to approve projects.”	Relationship Development: When projects are slow to bid or slow to be approved, firms that have minimal deep relationships suffer the most. If you can develop strong connections with owners, developers, and investors, there's a higher likelihood you'll get repeat work or that you'll be able to negotiate.

How Do Value Drivers Boost Your Business Valuation?

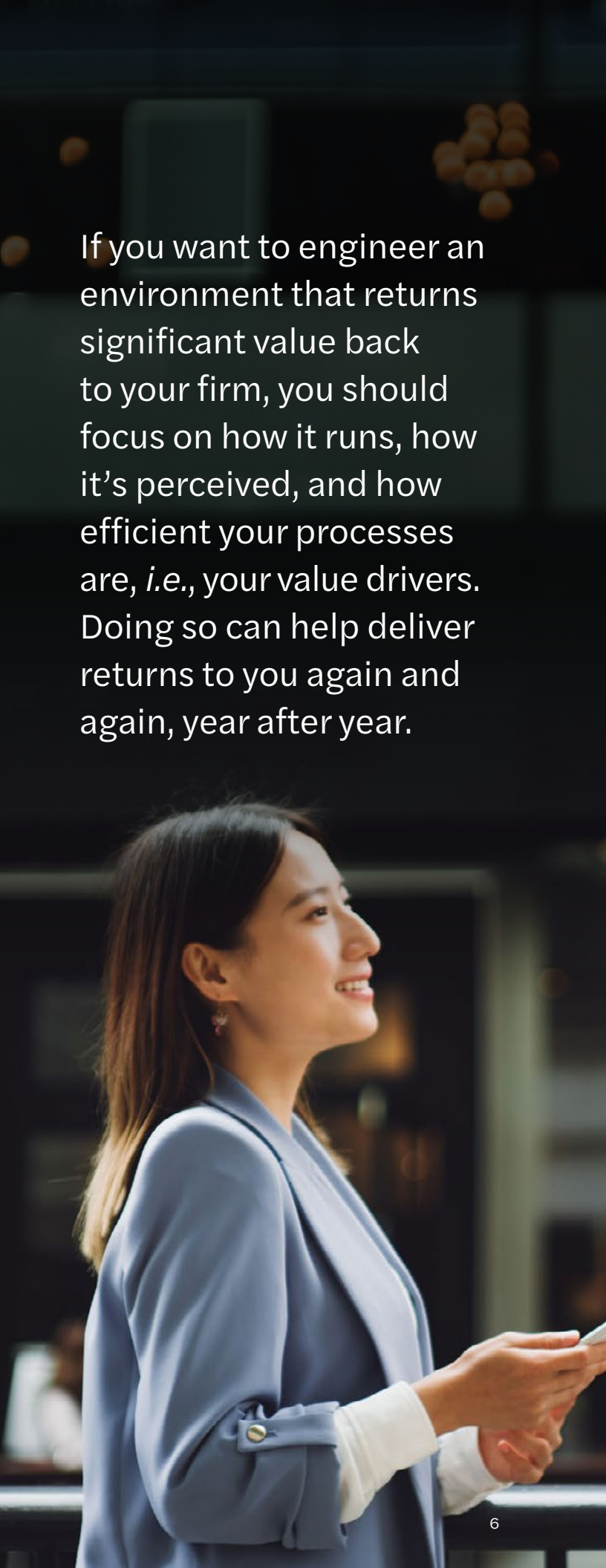
Each value driver adds worth to the business. Some of these results are tangible, meaning in a perfect world, you should see your revenue and profitability numbers grow over time. But others are less tangible. Consider business differentiation: when you successfully differentiate your company, you establish a competitive advantage. Your bids are seen as more qualified and reliable than those of your competitors, which ultimately helps you win more bids.

Companies should consider how they differentiate (through expertise, cost, time to market, etc.) and communicate these differentiating factors to the owners or general contractors. Over time, this can add intangible value to your business. In addition, your business can have a stronger presence and demand a bigger buyout when it's time to sell. This is key depending upon whether you are looking to sell your business to a strategic buyer or management, or increase the value of the business for the current ownership group (whether it be the closely held owners, ESOP participants, or a private equity (PE) sponsor).

How else do value drivers raise your firm's valuation?

- **Making operations more efficient:** Value drivers streamline the way work gets done so that more revenue reaches your bottom line.
- **Managing risk:** Value drivers create buffers against obstacles that could throw off the trajectory of a project.
- **Improving scalability:** Value drivers help you handle more volume without a proportional strain on overhead.
- **Increasing predictability:** Value drivers bring consistency to operations such as the bidding process, the job cycle, workforce readiness, materials accessibility, and subcontractor availability, which helps to reduce waste or misuse of resources.
- **Strengthening transferability:** Value drivers help to ensure that the firm can continue to operate even during leadership transitions.
- **Establishing strategic vision:** Value drivers help with long-term decision making rather than simply optimizing the next few bids in front of you.

If you want to engineer an environment that returns significant value back to your firm, you should focus on how it runs, how it's perceived, and how efficient your processes are, *i.e.*, your value drivers. Doing so can help deliver returns to you again and again, year after year.



Building a Road Map for Long-Term Value

Driving long-term value is quite simple if you know where to look. It may not be easy to do. However, shifting focus from day-to-day noise to underlying business drivers can help you build a more resilient, attractive, and transferable business.

Beginning next quarter, our quarterly reports will spotlight individual value drivers, starting with an in-depth review of HR and labor management. Together, these reports will provide practical insights to help you navigate ongoing industry challenges and build a more sustainable future.

“Construction companies need to balance that entrepreneurial spirit with discipline around strategic planning to make sure that what they’re doing today is going to put them in the spot they want to be in the next 12 months, 18 months, or five years down the road.”

Aprille Bell, CPA
National Sector Leader for Infrastructure



Contributors



Daniel Gaston
Partner & Construction Leader
daniel.gaston@us.forvismazars.com



Ryan Kaulzlick
Director
ryan.kaulzlick@us.forvismazars.com



Aprille Bell
Partner & National Sector Leader
aprille.bell@us.forvismazars.com



Sarah Windham
Assistant Managing Partner
sarah.windham@us.forvismazars.com



Scott Yandle
Partner
scott.yandle@us.forvismazars.com



Mark Wilkerson
Partner
mark.wilkerson@us.forvismazars.com



Kathryn Schneider
Director
kathryn.schneider@us.forvismazars.com



Brian Baker
Managing Director
brian.baker@us.forvismazars.com

For more information and construction industry insight, visit forvismazars.us/construction.

© 2026 Forvis Mazars, LLP. All rights reserved.