BUILDLOGIQ

A private local circle for owner-led contractors

Builder Intelligence Series

BI Operations 02

The Problem You See May Not Be the Problem You Have

Critical Thinking Begins When the Owner Stops Solving the First Explanation

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THE TRAP

Contractors are trained to act quickly.

Schedules move, crews wait, customers call, and delay costs money. A decision made in ten minutes is often worth more than a decision made in ten days. That decisiveness is one of the reasons owner-led shops survive.

It becomes dangerous when speed replaces diagnosis.

The visible problem is real. The first explanation may not be.

A solution applied to the wrong problem becomes a new problem. The company gets busy addressing the wrong lever. The underlying issue keeps producing the same symptoms. Trust erodes. Money leaks. The team learns that action is what leadership rewards, whether or not the action helped.

A company that solves symptoms gets very efficient at having the same problems.

THE FIRST STORY

The first explanation arrives disguised as fact.

Every problem has a story that comes with it.

The project is behind, so the superintendent is failing. Margin dropped, so the field is inefficient. Cash is tight, so sales need to close more. An employee is struggling, so they don't care.

Each story sounds like an explanation. Most of them are assumptions dressed as conclusions.

The gap between "the project is late" and "the superintendent failed" is often invisible to the owner making the leap. The observation is a fact. The conclusion is a hypothesis. The two get treated the same.

Facts tell you what happened. Assumptions tell you why. Confusing the two is expensive.

The best owners don't refuse to conclude. They notice the gap. They know when they're moving from what they saw to what they think it means, and they hold the second one a little more loosely than the first.

SYMPTOMS

Symptoms are persuasive.

The strongest evidence of the trap is what happens when a real symptom shows up and the company pressures the wrong lever.

The slipping schedule.

Observation. The project is three weeks behind.

First explanation. The superintendent has lost control.

Other possibilities:

- The original schedule was unrealistic.
- Owner decisions arrived late.
- Long-lead materials were released too slowly.
- Change orders disrupted the critical path.
- The superintendent lacks authority to enforce commitments.

Each cause requires a different response. Firing the superintendent doesn't fix a bad sequence.

The bad margin.

Observation. Projected gross margin fell from 18 percent to 11 percent.

First explanation. The field is inefficient.

Other possibilities:

- Scope was missed during estimating.
- Labor burden was priced incorrectly.
- Material escalation wasn't captured.
- Change-order work is being performed but not recognized.
- Cost coding is inaccurate.
- The project was bought below the company's required margin.
- The schedule is creating additional supervision and general-condition costs.

Pressuring the crew won't correct an estimating problem.

The cash shortage.

Observation. The company is borrowing to make payroll.

First explanation. We need more revenue.

Other possibilities:

- Growth is consuming cash faster than it's producing profit.
- Billing is late.
- The schedule of values is poorly structured.
- Retention is accumulating across multiple projects.
- Change orders remain unapproved.
- Project cash peaks are overlapping.
- The company is distributing money it needs for working capital.

Winning another project may make the problem worse.

The struggling employee.

Observation. An employee's performance has dropped over the last six months.

First explanation. The person doesn't care.

Other possibilities:

- The role has no clear authority or definition of success.
- The person's manager stopped giving useful feedback.
- The workload doubled without support.
- Something in their life has shifted.
- They were promoted without training for the new work.

Discipline applied to the wrong cause creates a new problem while leaving the original one in place.

THE THREE COLUMNS

Separate what is known from what is assumed.

The habit that prevents most bad decisions is small.

Before deciding, split the situation into three columns.

Known. Things that can be observed or measured. The date, the number, the missed milestone, the pay app, the written commitment, the recorded fact.

Assumed. The explanations attached to those facts. Why we think the project is late. Why we think the margin fell. Why we think the person is disengaged.

Still unknown. What we haven't looked at yet, but should. Information that would confirm or contradict the current explanation. Perspectives we haven't heard.

Most bad decisions come from treating column two as column one and skipping column three entirely.

The owner doesn't need to know everything. The owner needs to know the difference between what is known, what is assumed, and what remains unknown.

DISPROVE YOURSELF

Try to disprove yourself.

The strongest thinker doesn't defend the preferred explanation. The strongest thinker tests it.

Before committing to a response, ask what evidence would prove the current explanation wrong. Then go look for that evidence, not just the evidence that confirms it.

If the answer is that no evidence could change the conclusion, the company isn't evaluating a decision. It's defending one.

Experience should produce better questions, not faster certainty.

This isn't hesitation. It isn't hand-wringing. It's the discipline of holding a hypothesis loosely enough to notice when reality contradicts it.

Decisiveness after diagnosis is leadership. Decisiveness without it is a coin flip in a hurry.

SECOND-ORDER EFFECTS

Consider the second consequence.

Every response has a first-order effect and a set of second-order effects. Owners often see the first and miss the second.

Firing the superintendent may appear to solve the immediate problem while weakening three other projects and teaching the team to hide bad news.

Pressuring the field to hit margin may recover a few points on the current job while training estimators to bid tighter and setting up a bigger loss on the next one.

Chasing more revenue to fix cash may bring in projects that make the cash worse before they make it better.

Disciplining the struggling employee may protect the standard on paper while losing the person who was quietly holding a piece of the operation together.

The right question isn't only "will this fix the immediate problem?" It's "what happens next if this becomes the pattern the company follows?"

SMALL TESTS

Test before committing.

When the stakes are large, test the explanation before committing the entire company to a response.

- Run a small audit on one project before applying a new billing process to all of them.
- Trace one recurring change-order problem from estimate through collection before restructuring the estimating team.
- Have a specific conversation with the struggling employee before deciding what the pattern actually is.
- Set a defined review window and specific evidence you'll look for before making the permanent call.

Small tests preserve options. Big responses to the wrong explanation don't.

Critical thinking isn't hesitation. It's disciplined doubt in service of action.

THE TOOL

The Critical Decision Card.

Use this before acting on a consequential operating problem. The card runs in two stages, so it works both before you decide and before you commit.

BEFORE ACTING

1. **What happened?** *State only what can be observed or measured.*
2. **What do we believe it means?** *Name the current explanation without presenting it as fact.*
3. **What are we assuming?** *List what must be true for the explanation to be correct.*
4. **What else could explain the same facts?** *Require at least three credible alternatives.*
5. **What evidence would prove us wrong?** *Don't ask only for confirming evidence.*
6. **Who sees something we don't?** *Include the person closest to the work and someone unaffected by the preferred answer.*
7. **What is the smallest responsible test?** *When possible, test the explanation before committing the entire company.*

BEFORE CLOSING THE DECISION

8. **What must be true for the solution to work?** *Expose the assumptions inside the response.*
9. **What will happen next if we are right?** *Define the expected improvement.*
10. **What damage could we cause if we are wrong?** *Consider second-order consequences.*
11. **When will we review the result?** *Record the expected result and compare it with what actually happened.*

THE DEFINING QUESTION

Are we solving the problem, or reacting to our first explanation of it?

And beneath it: which assumption, if proven false, would change this decision?

If you can't identify one, you may not be evaluating a decision. You may be defending a preference the company is about to pay for.

THE CLOSE

Better questions produce better companies.

The owner's job isn't to be certain.

It's to keep the company from becoming very efficient at solving the wrong problems.

That takes a small set of habits. Separate observation from explanation. Test the first story before committing to it. Ask who sees something you don't. Consider the second consequence. Test small before betting the company. Record what you decided and why, and compare it later against what actually happened.

It may slow the first reaction. It speeds the path to the right response. It produces sharper responses when speed is genuinely required.

Decisiveness without diagnosis is just speed.

Better questions produce better decisions.

Better decisions build better companies.

NEXT

Bring this to the room.

Most owners don't lack judgment. They lack a reliable place to test their first explanation before they act on it.

In the Circuit, members can bring the problem they're about to solve and hear how a room full of peers reads the same facts. Someone at the table will spot the assumption you're treating as a conclusion. Someone else will name the second consequence you haven't considered yet.

Bring the observation. Bring your explanation. Bring the Critical Decision Card. The room won't tell you what to do. It will help you see whether you're solving the right problem.

ABOUT BUILDLOGIQ

BuildLogIQ is a private local circle for owner-led contractors doing $2M to $10M. Members meet monthly to solve operating problems, make better decisions, and build companies that depend less on them.

The room begins over dinner at the Builder's Table, runs monthly in the Circuit, and goes deeper in the 3-Deep. Align, our back-office service, runs alongside members whose books need the same operating discipline.

IN THIS SERIES

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