



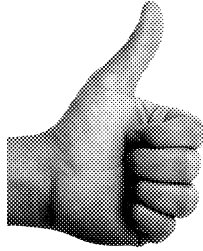
# I-85 Bridge Collapse: The Power of Incentives

By Aaron Hensley

*The Georgia Department of Transportation aligned a bridge construction contractor's incentives with the goals of city leadership and their stakeholders—250,000 drivers. The results were impressive.*

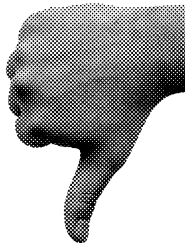
On the morning of March 31, 2017, Atlanta drivers awoke to a new reality. What had once been a massive 12-lane interstate connecting millions of drivers with their preferred route to work; to school; and to their family, friends, and entertainment was instead a pile of still-smoldering rubble.

That morning the water-cooler conversation was simple: When will the destroyed Interstate 85 overpass be rebuilt and open for traffic? People generally fell into one of two categories:



### The Realists

This group did its homework and sought to understand how long projects of a comparable size have taken nationwide in the recent past. They forecast a project completion date of early- to mid-summer.



### The Pessimists

This group weighed evidence of ongoing road construction projects around Atlanta and extrapolated that their perceived snail's pace would apply to this project as well. They surmised that a late-summer to early-autumn completion date would be a more conservative forecast.

Makeshift office pools popped up everywhere, with Atlanta's professionals betting on when the bridge would reopen. It was like the NCAA tournament. I am not a betting man—ever since a failed 1997 bet on Peyton Manning for the Heisman Trophy cost me \$50—but if I were, I would have taken the under.

Why? As competent as I'm sure the construction firm was, my bet wouldn't have been based on them. As skilled as the bridge workers were, I would not have bet on them alone. I would have taken the under, and

forecast a late May completion date, because I understand the power of incentives.

When the Georgia Department of Transportation wrote up the contract with the construction firm (C.W. Matthews Contracting Co.), it layered in some performance-based incentives. These incentives included a \$2 million payment for finishing the project by May 21—three-and-a-half weeks before the June 15 deadline—and if the company finished before May 21, an additional \$200,000 for each of those days.

Because of this, project planners, shift leaders, and workers showed up every day with a common goal: get their work for the day accomplished as quickly as possible. With big dollar signs in their heads, they set out to achieve their goal day after day. Then, on May 12, the unthinkable happened. The bridge reopened... a full month ahead of schedule.

This road construction project proved there is a force more powerful than data. Even today, decades after the first management book on driving productivity through incentives, incentives are still a powerful force. Having data is a great start, but data alone is not enough. The realists and the pessimists had data to back up their forecasted project completion date—but they were both wrong. It takes more than data to drive results. It takes properly aligned incentives.

The case of the I-85 bridge construction project has implications for your business as well. While it may not be making national news yet, you may be staring at your own “collapsed

bridge” and wondering what you can do to fix it. As you attempt to fix that problem, whatever it might be, remember that everyone who has a role in solving that problem—your employees, your customers, your investors, even your competitors—are all likely to respond to incentives.

In this case, it was easy to create aligned incentives. The goal was clear, the stakeholders agreed, the metrics were easily understood and easily tracked.

But your business problem is probably much more complicated. How can we drive 12 percent growth? How can we shift our customers to our next-generation product that is more profitable for our company? How can we reduce our expense base while still maintaining employees' confidence in our company and culture?

In these cases and many more, it makes sound strategic sense to revisit the incentives you have established. 🍀

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