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**WINNING
STRATEGY**



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STRATEGY

Future Strategies: Part 1 — Defining the Questions

The majority of architecture, engineering and construction (A/E/C) firms have spent much of the past three years hunkered down in protective modes designed to get them safely through the economic crisis. As we move into recovery, the world is notably different than it was in 2007. Clients and their needs have changed and they are busily facing new challenges and opportunities. Technology, politics, environmental concerns and legislation, social demographics, and government needs and policies did not stop evolving either. Old strategies cannot just be brought out, put back in the traces and expected to drag the firm forward into the recovery — their time is over. Entrepreneurial spirit, creativity and the ability to innovate are needed to lead, and firms will need a strategy that fits the times.

During 2011, we will look at both traditional and alternative ways of creating a strategy, including how tools like scenario planning can help to create a robust, adaptable plan. We will also explore how to help each person in the firm understand his or her role in implementing the plan, and the best ways of facilitating those actions.

DESIGN THINKING IS YOUR BEST TOOL

Strategy creation is a rich, living process that needs to be infused with creative energy. If a great strategy is imaginative, innovative, responsive to change and expresses the passions of its creators, then the process for fashioning that strategy and the strategic plan that outlines how to implement it must also be creative and passionate.

Design professionals bring a unique toolbox to this process in the form of design thinking — the combination of rationality, empathy and creativity that they routinely bring to bear on the problems of how humankind lives and functions in, uses and preserves the world. Those same skills can be put to work on the firm's strategy:

- **Define** the problem from both the clients' and societal/community view.
- **Research** innovations both within and outside the industry.
- **Ideate** by developing creative options that will address a future state.

- **Prototype** through testing these options with staff, clients and others.
- **Choose** the strategies that could be most successful for the future.
- **Implement** the strategies. This is the most difficult stage in our industry. It should include buy-in from staff, commitment to make the investment and not allowing current events to knock the company off course.
- **Learn** from the implementation of strategies those that are most effective.

In its fullest expression, this process can be revolutionary, leading to completely new or emergent strategies. The process also can be scaled to build on what is already working, to evolve and fine-tune current strategies and explore the potential value of making incremental changes.

ASKING THE RIGHT QUESTIONS

There are many considerations to take into account when preparing to design a strategy and the implementation plans that result from it. In the more typical strategic planning process, the firm leaders meet, each one jumps on his favorite “horse,” and they ride off in all directions. These differing directions often end up harnessed together in some fashion, but the combination may not work any better than pairing Clydesdales with quarter horses. To forestall this problem, the various offices, business units, board of directors and other leaders must engage in ongoing discussions, where they make effective use of questions and critical thinking, often called the Socratic approach. These questions might include the following:

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- How will you decide on a strategy? Many firms follow a traditional strategic planning process. Others choose to let the vision of one strong leader, such as a Warren Buffett or Donald Trump, drive the strategy. Why would a firm choose one person instead of making a group decision? How are others in the firm engaged in that vision and educated in the strategy? How is buy-in obtained? What process would work best for your firm?
- Do you have the right leadership for the next stage in the firm’s history? What will an entrepreneurial leader bring? What will a management-focused leader bring?
- What is the role of the board in the firm’s planning process? Who will make the decisions and oversee them? When it comes to allocating modest resources, for example, who will allocate funds for investment?
- What is good about the current firm that must be preserved at all costs? Why?

- If some aspects of the firm — markets, clients, staff, principals — no longer serve their purpose, what is the willingness of the firm's leaders to remove them? How? And how will the resulting wounds be healed?
- What are the firm's vision, values and culture? Not the overused words found in many corporate tag lines, but the actual aspirations, passions and beliefs that the leaders bring to the table.

How can those aspirations, passions and beliefs be best expressed in the strategic plan and its implementation, so that real action and results embody the firm's vision better than any tag line?

- Why should a firm engage in preparatory research? What can happen if it does not? Where do you look for data and of what kind? How do you select and interpret the wealth of information available?
- How far will you cast your net in looking at the world? What does looking at the best- and worst-case futures tell you?
- What does looking at multiple future scenarios tell you? What will you do to prepare for different eventualities?
- What does your firm mean by growth? Is it a goal of your strategic plan? Why?
- How do you define success? What does that look like for the firm and your key individuals? The staff? Your clients?
- How do you assess and manage business, professional and personal risk? Where are the boundaries and why?
- What will you do to prepare leaders for divisions, business units, operations, projects and other key areas in the firm? What can future leaders learn from being included in discussing these provocative questions and in the strategic planning process itself?
- What does your firm's history say about the reliability of your current answers to these questions?

These kinds of questions are tough, but they lead to valuable discussions. Whether your firm is led by a board, a leadership team or a brilliant, charismatic leader who sets the direction, having these conversations is a necessary part of developing great strategy as well as plans for implementing it.

USE THE RIGHT TOOLS FOR THE JOB

Design thinking and provocative questions are two of the most useful tools for your strategy creation process. A third one, implied in the list of questions above, is the use of future scenarios. Future scenarios are created by determining a set of current trends that affect your firm's business

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conditions and projecting the different ways those trends may play out over time. Grouping similar/related possibilities into scenarios makes it easier to look at how future conditions may affect your firm, and what strategies and actions would be needed to respond to those conditions — whether the most likely or the least likely. The goal is not to know exactly what is going to happen but to prepare the firm for responding to eventualities.

Many design firms do not see scenario planning as a practical tool for them, due to the high, upfront cost of scenario development. To make scenario planning accessible to design firms, in 2009–2010 FMI created four future scenarios with the help of experts from A/E/C firms as well as academics and thought leaders from the industry. By adjusting these A/E/C scenarios to reflect the specifics of your firm's markets, a range of eventualities can be determined. One scenario usually stands out for each firm as the most likely future within its marketplace and receives the strongest focus and planning. The other, less

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HEWLETT AND PACKARD: THEIR STRATEGY? CONTRIBUTE TO SOCIETY.

The story is a famous one: two electrical engineers graduated from Stanford University in the depths of the Depression, and with encouragement from their professor, Frederick Terman, formed a small company in a garage. Through the force of their ability to create a collaborative culture, they forged a company that entered the Fortune 500 in 1962 and has remained there since.

Throughout the history of Hewlett-Packard, three things stand out: the commitment of the two partners to work together; the ability to constantly reinvent the business; and the development of a corporate culture that was highly social, objective-driven, creative and decentralized at a time when hierarchical organization was the dominant model in the U.S.

The goal that led to their success was simple: contribute to society. The way they accomplished it was simple: constantly reinvent. The two leaders combined technical know-how, curiosity and a willingness to learn from doing and from failure with a keen sense of what would work. Their contributions to American society and business would fill an encyclopedia.

"I think many people assume, wrongly, that a company exists simply to make money," Packard told an HP management training session in 1960. "While this is an important result of a company's existence, we have to go deeper to find our real reason for being. A group of people get together and exist as an institution that we call a company, to do something worthwhile — they make a contribution to society. The real reason for our existence is that we provide something which is unique."¹

What lessons does the story of Hewlett and Packard hold for architecture and engineering practices?

likely, scenarios are can be used for preparing contingency plans, so that the firm is not caught without a response when the inevitable economic and political shifts occur, unforeseen competition arises or disasters strike.

Using the best tools can help a company create a more robust, flexible strategy that reflects the passions of the firm's leaders and is resilient to change, creative and implementable.

COMING UP

Once you have defined your questions, what is the next step? Research and ideate. In our next article, we will explore pros and cons of the various strategy creation processes, how and where you research the information you need, and how ideation works to bring creativity into the process. ■

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¹ Retrieved from http://www.stanfordalumni.org/news/magazine/1998/julaug/articles/founding_fathers/founding_fathers.html