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Future Strategies: Part 3 — Execute the Plan

A well-run firm takes a holistic approach to strategic planning and its execution. Ideally, these are not special events, but everyday practices.

By Steven J. Isaacs and Karen L. Newcombe

A strong organization is based on many areas that must come together in a holistic way: a clear vision and direction, good decision making, delegation, collaboration, fully engaged staff, professional development, leadership succession plans, a healthy corporate culture, the diversity of ideas to remain innovative and the agreement on direction to move forward.

In spite of best intentions, difficulty with executing the strategic plan is common. Many executives at design or construction firms find it exciting and creative to brainstorm the strategic plan, but when it comes to execution, the plan is sidelined by the demands of daily routine. “We changed our process after our strategic planning facilitator told us, “You have great ideas, but your firm isn’t handling the execution well,”” said one CEO in FMI’s 2011 A/E/C Executive Survey.

Researchers at Booz & Company reported in the June 2008 Harvard Business Review that executives and staff at three out of five companies surveyed said their organization is weak at execution. When asked whether they agreed with the statement, “Important strategic and operational decisions are quickly translated into action,” most answered “No.”

Brian Lassiter, president of the Minnesota Council for Quality, presented equally discouraging numbers in his online article “Why is Executing Strategy So



Hard?” He described a survey conducted of 65 business leaders from various industries in Minnesota, of whom 69% were not confident in their organization’s ability to execute its strategy. When asked to identify the primary barrier that stood in the way of successful execution, 66% of the survey participants identified “past habits” as the main obstacle. These executives listed additional hindrances similar to those identified in numerous other studies, such as unclear accountability, organizational inertia or internal resistance to change, and a lack of buy-in on critical actions needed. Adherence to habit and the need to address regular workloads

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HOW TO BREAK THROUGH THE INERTIA BARRIER

One of the best methods for overcoming inertia when confronted with something new is to address it with methods that are more comfortable — move it into familiar territory to make it accessible and actionable. For architects, engineers and constructors, nothing is more familiar than “the project.”

Putting the execution of the strategic plan with the familiar methods of project management makes it more likely that action will be taken on a daily basis. Assigning a project manager the responsibility for a given area, with goals and timeframe laid out, puts a familiar face on the abstraction of the

strategic plan. Like a design or construction project, many groups contribute to the strategic plan’s success, and it takes a team to make it successful. With a project manager in charge, and everyone in the firm clear about his or her responsibility in implementing the plan, execution can be given the same level of priority as client projects. By giving the elements of the strategic plan a familiar format for execution, they gain the necessary priority to ensure action is taken on a regular basis.

The project manager responsible for implementation of any given area has the same responsibilities that he or she does on client projects. If a project manager has to watch what changes on a project every day, then whoever is in charge of implementation also has to be on top of ongoing actions to keep the plan moving forward.

Accountability and regular reporting help project managers keep client projects and teams on track, and these practices are equally useful in executing strategic plans. Freese and Nichols, the Ft. Worth-based engineering, environmental and

architecture firm, has a detailed strategy accountability and reporting process available online.¹ As a winner of the Baldrige Award, the firm has developed a rigorous cyclical process that runs through a 12-month period. Strategic deployment uses both short-term and long-term action plans, with different teams assigned to take responsibility for various efforts, and individual goals spread across the organization.

Each group is responsible for planning how best to achieve its goals, and every team gets a weekly action plan that shows tasks, assignments and due dates. A strong reporting process documents progress on actions and strategic measures are determined for each area, so that both performance and impact on the firm can be tracked.²

“Our strategic plan can include subset plans for developing new or emerging areas of business, using a new business plan template,” said Gordon Wells, COO at Freese and Nichols. “One of several emerging areas we have done this for is levee work, where we design, inspect, rehabilitate and so forth. We identified specific areas where we felt we could effectively get involved and further identified the qualifications needed for a person to serve as a champion. Frankly, we didn’t expect to find anyone right way, but about six months into development of our ‘Levee Business Plan’ a gentleman we had worked with for years became available, and we began discussing the possibility of his joining us to be our ‘Levee Champion.’ With our business template already prepared, we were able to demonstrate to him what we were planning, and he accepted a position. Since then, he has used the plan as a starting point and successfully built this new area of business into an already-profitable and rapidly growing unit.”

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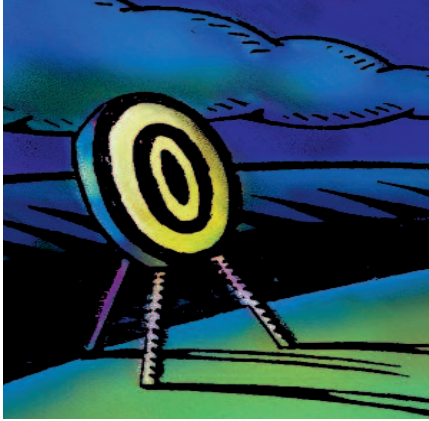
DECISION RIGHTS AND INFORMATION SHARING ARE TOP FACTORS IN SUCCESSFUL EXECUTION

A project manager would be unable to function if he or she did not have the authority to make day-to-day decisions about the project. Most projects would never get finished if every decision had to be passed back up the line to the firm’s CEO, or if the project manager was so concerned about being second-guessed that he or she deferred making any decisions at all.

Yet many firms that routinely give project managers wide-ranging authority to make project decisions seem not to grant clear decision rights when it comes to implementing the strategic plan. The lack of clarity about decision rights is one of the top factors in stalling the implementation of strategic plans. The Booz Allen study cited previously also showed a marked difference in approach to decision rights between firms that are strong on execution, earning high marks for clarity about what decisions and actions each person was responsible for. Those firms that were weak on execution had low marks for clarity about actions and decision making.

However, decision rights as the top factor in successful execution does not stand alone; a strong and fast communication and information sharing system is the complimentary component of this dynamic duo.

“There is a difference between how quickly information gets to headquarters in good and bad organizations (77% to 45%),” says the Science of Strategy Institute



in its online article, “Executing Strategy,” that reports on a study done at equipment maker Caterpillar.³ “Research found that the higher decisions were made in the hierarchy, the poorer the quality of the decision was ... in a fast-changing world. The bureaucracy is always behind the information curve ... the more decision making was moved down in the organization, the better the information passed to headquarters became. They [the researchers] came to the conclusion that ‘the way to

ensure that the right information flowed to headquarters was to make sure the right decisions were made much further down the organization. By delegating operational responsibility to the people closer to the action, top executives were free to focus on more global strategic issues.”

These processes of delegating decision rights and setting up an appropriate information flow tend to occur naturally for client projects. The familiarity of this format gives design and construction firms an advantage in implementing these same processes for the strategic plan.

The firm’s leaders and those chosen to be the project managers for the strategic plan have to become librarians of information, actively disseminating the information through the firm.

In the same way that project meetings are designed to bring everyone up-to-date, setting up regular project meetings for the strategic plan will help keep everyone involved in execution informed and initiatives on track. This is also the opportunity for the leader to monitor individual progress and address new thoughts on direction. This free flow of information also helps familiarize young managers and future firm leaders with the varied aspects of the firm’s operations.

Other processes and tools that are used regularly in any client project can be brought to bear on the strategic plan project, such as the plan/do/check/act cycle of quality control.

MAKING EXECUTION A PRIORITY

Another characteristic of design or construction projects is that they have priority: there is a contribution from the company of time, dollars and energy as well as contributions from the individuals on that project of time and energy. Successful execution of the strategy requires the same.

Martha LaGace, in her introduction to a Q&A session with Robert Kaplan, creator of the Balanced Scorecard, said, “Companies often manage strategy in fits

and starts. Though executives may formulate an excellent strategy, it easily fades from memory as the organization tackles day-to-day operations issues, doing what Harvard Business School professor Robert S. Kaplan calls ‘fighting fires.’”⁴ In other words, a strategy that is pushed to the back burner by daily issues will never be accomplished.

A strategic plan cannot be successfully executed in short spurts. It must be given the same thoughtful time that is given to design work, and it requires the same creativity that a project requires in developing good solutions and innovating ways to solve challenges.

Seven years ago, we worked with SERA Architects, headquartered in Portland, Ore., to create a new strategic plan. The firm had 45 staff members at the time and a local focus. During the planning session, it set the ambitious strategic goal of becoming one of the most prominent sustainable-focused firms in the nation.

“We decided to take the approach of all green, all the time,” said Bing Sheldon, chairman and principal of SERA. “A majority of our projects are now aimed at achieving LEED certification, and we begin incorporating this very early in the design, looking at the full range of elements involved, from building orientation to building financing, from energy modeling to the chemical composition of materials used, and whether those materials can be recycled in the future.”

The firm learned that to make the case for green building to clients as diverse as universities and developers, it needed to be able to advocate with a full body of knowledge on top of the design thinking and practices taught at the university. Gaining this knowledge required the commitment of everyone on staff to learn, participate in public policy work and personally commit to sustainability. Staff members sought out public transportation alternatives and have changed their use of energy and resources.

Within five years of setting its strategic goal, SERA was named No. 3 on Architecture Magazine’s 2010 list of the 50 most sustainable architecture firms in the U.S. It accomplished this through leadership with passion — but that leadership and passion extended throughout the firm. Employees gave of themselves and devoted massive amounts of creative energy to strategic execution — they gave execution of the strategy equal weight to the firm’s projects.

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The satisfaction the firm and its staff derived from this accomplishment has given it the impetus to form a new strategic plan for the future, with even larger far-reaching goals.

STAYING UP TO SPEED KEEPS EXECUTION MOVING FORWARD

The opening session of our Project Management program for architects and engineers starts with a simple exercise: The young project managers are handed a copy of the newspaper and asked to find one thing in the news that will affect their current project and one that will affect their firm. The students typically have been so busy working on the latest project that they have often lost track of current events and are surprised when they invariably find a news item with an impact on their project or firm. This “heads-down” approach to project management brings with it the risk of being blindsided when something happens that affects a project or, for firm leaders, when something occurs in the business, economic or regulatory environment that the firm cannot respond to immediately.

One of the primary challenges firms face now in executing their strategic plans is the tremendous pace of change in market, technological and economic

conditions. Firms must stay up to speed on current conditions and be prepared to respond creatively when changes or challenges appear, regardless of size, age or market focus. The economy may be slow-moving now, but that has not reduced the pace of technological change, the drive towards sustainable design and construction, or the great demographic and political shifts going on worldwide.

Consider appointing a “Trends Scan” team, who is assigned to monitor and report regularly on market conditions, client needs, technology and economic trends as well as additional areas specific to the firm. Design and construction firms are full of creative, intelligent people with a wide range of interests. Leverage these interests on behalf of the firm.

For example, the firm’s biggest “first adapter” of new technology is a good choice to report on new developments that could make the firm more efficient or might even be game changers: New work at MIT promises to result in giant construction printers that will “print” an entire building, including fenestration and conduit space for utilities.

The board should include a regular review of trends that affect the firm in every board meeting, and everyone in the firm should be encouraged to bring trends to the attention of firm leaders. Again, strong information sharing across the firm has a direct correlation with the success of strategic plans.

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Using a scenario planning process as described in part one of this series (*FMI Quarterly* Issue 1, 2011) to analyze the trends and arrive at a strategic plan can give the firm a creative foundation of alternative approaches and ideas that can be called upon to address unexpected changes. Scenarios can help create clarity from complex data, trends and opinions and give planning teams a way to look at possible futures.⁵

EXECUTION IS PART OF EVERYDAY OPERATIONS

To give plans the best chance of being implemented, take creative steps to place execution within the scope of everyday operations, such as making execution itself a project with the same level of priority, staff time and resources as a client's project. Ensure that decision rights are clearly delineated and that information sharing and communication have strong methods for the flow of information. Stay on top of changes going on both in the larger world and your client communities to avoid being caught off guard, and be prepared to adapt as conditions change. A strong organization with a holistic approach has the clarity of accountability, forward momentum and adaptability to change that make execution possible. ■



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¹ The Freese and Nichols Baldrige Award Application is available for download at:

http://www.baldrige.nist.gov/PDF_files/2010_Freese_and_Nichols_Award_Application_Summary.pdf

² For more on Freese and Nichols' Baldrige Quality Award, see *FMI Quarterly* Issue 3, 2011, "Firmwide Quality: Pursuing the Highest Standards."

³ Science of Strategy Institute, "Executing Strategy," Website: Sun Tzu's The Art of War and its Rules for Winning Without Conflict. <http://www.scienceofstrategy.com/main/content/executing-strategy>.

⁴ LaGace, Martha. Harvard Business School Executive Education, "The Execution Premium: Linking Strategy to Operations for Competitive Advantage." <http://www.exed.hbs.edu/assets/Documents/operations-strategy.pdf>.

⁵ Isaacs, S. & Newcombe, K. Future Strategies: Part 2 — Research and Idea Generation. *FMI Quarterly* (2011 #3).