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The Society for Marketing Professional Services represents a dynamic network of 7,000 marketing and business development professionals from architectural, engineering, planning, interior design, construction, and related specialty consulting firms located throughout the United States and Canada. The Society and its 50+ chapters benefit from the support of 3,250 design and building firms. SMPS's mission is to advocate for, educate, and connect leaders in the building industry.

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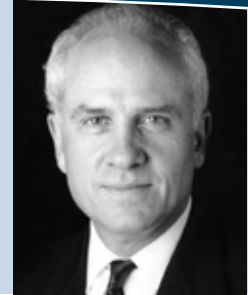
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The Way We Market Now

Just in time for fall, this is a big one—an incredible issue jam-packed with content from some of our most illustrious contributors (plus some new ones) as well as several *Marketer* exclusives. The spotlight is on owners, specifically on their role in driving innovation on their projects and in our industry. Listen up, marketers: There are valuable lessons here for you.

In our cover story, Barbara White Bryson of Rice University talks exclusively about the inefficiency of the design and construction industry, and about her recently published book *The Owner's Dilemma*—which is a call to action for owners and firms that work for them, directly or indirectly, like ours. In a role he pioneered (as interviewer for the first “Flying with Eagles” published in April 1998), Lee Slade returned to his alma mater to talk with Bryson and find out what “the owner's dilemma” is all about. A wide-ranging conversation that is full of insight and candid observation results, one we know you will savor for a long time to come. As an added bonus, we go behind the lines with Bryson's co-author, Canan Yetmen, for her first *Marketer* contribution.

There are many other treats in this issue. In two other exclusives: Anton Germishuizen and J. Rossi share excerpts from their book *10 Metrics: Toward an Integrated Approach on Design*. And Perkins+Will CEO Phil Harrison explains his “get loose” counter-approach to the traditional management-by-fear response employed by most firm leaders in economic times like these. But there is more: Marjanne Pearson and Nancy Egan present “Recession Strategies in a Disruptive Economy.” After a too-long absence, Greg Goodwin returns to these pages and identifies the essential strategic behaviors for the business developers among us.

In this issue we also kick off a new series, “The Build Business Interviews,” conducted by the intrepid Matt Handal during the recent national conference in Boston. In the first installment he poses questions for Geoff Webb of Graceworks. Stay tuned for Matt's one-on-ones with interesting individuals in the field and at the conference.

And lastly, we salute contributing editor Mike Reilly, recipient of the prestigious 2010 SMPS Marketing Achievement Award. As author of many outstanding *Marketer* articles and as one of the most talented and generous members of our editorial team (which includes five other MAA recipients), he richly deserves this special tribute. Bravo, Mike! 

EXECUTIVE BRIEFING:

Recession Strategies in a Disruptive Economy

BY MARJANNE PEARSON AND NANCY EGAN, FSMPS



In *Mapping the New World of Professional Practice* (Marketer, June 2008), we described an approach to strategy that links professional service practices to an intricate network of collaborators and resources, connecting the content of the work with the clients for whom we work, as well as the economic environments in which it occurs. At that time, there were “forces reshaping our economy,” as Richard Florida had pointed out in 2004, but we had no idea that, in just a few months, there would be a global financial crisis.

According to the Organisation for Economic Co-Operation and Development (OECD), at the end of 2007, the U.S. unemployment rate was 5%. It increased to just over 10% in 2009, then eased slightly to 9.5% in June 2010. Unfortunately, the OECD is predicting that U.S. unemployment is likely to recede slowly, and as a result it is expected to remain above 8% at the end of 2011.

This is Nancy’s fourth recession in the A/E/C industry and Marjanne’s fifth, and it is undoubtedly the worst. In previous recessions, there were waves that affected different markets and different geographic regions, so some areas were recovering almost before others were hit. In this recession, we have experienced systemic, global economic impact.

“No one is too big to fail, to die, to go bankrupt. Gliding on momentum can lead to a crash.”

— James Ogilvy, *Strategy+Business*

The Great Recession has affected and will continue to affect most of us in the A/E/C industry, although some firms are demonstrating that growth is possible. (Check out the accompanying piece on page 26 by Phil Harrison of Perkins+Will, where growth has been demonstrated.) What can we do to ensure success and sustainability for our firms and ourselves in the coming years?

Taking a Page from History

According to an article in *The New York Times* in July 2009, “Business cycles have four parts: an expansion, a slowdown, a downturn, and a recovery. An entire cycle generally lasts 2 to 10 years.”

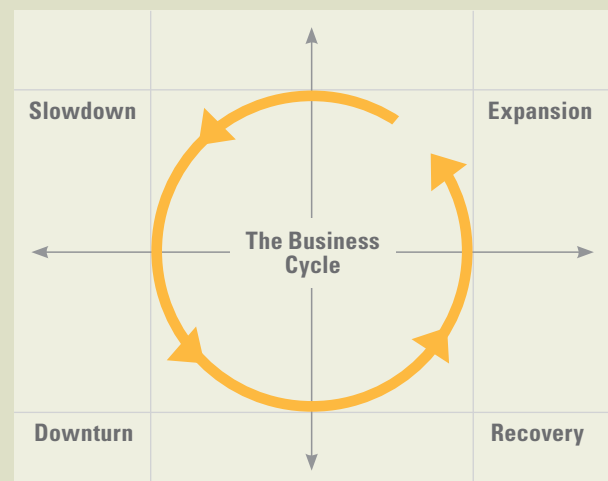
“In the 1970s, cycles were volatile, marked by wild swings. By the mid-1980s, ... cycles were mild, and recessions were shallow through the 1990s. In the early 2000s, growth was weak, but the economy appeared to be much more resilient. . . . In the last year [as of July 2009], however, industrial production has fallen 13%, [the economy’s] deepest downturn since the end of World War II.”

There is some good news: According to the OECD Business Cycle Clock, things are looking up: In the U.S., the composite leading indicators and business confidence are moving from recovery to expansion, although consumer confidence is lagging behind.

Why is this important to all of us in the A/E/C industry? There is a direct correlation between the Context of Professional Practice (see sidebar on page 22) and the economic business cycle, with specific practice activities that can be linked to the expansion, slowdown, downturn, and recovery periods.

Historically, business development activity increases during an expansion period and intensifies as a market becomes more competitive. As more and more work comes into a firm, there is an emphasis on mobilizing and managing resources to do the work, in order to get it out the door, earning fees and hopefully profits. We typically would connect scarcity of project-focused resources with expansion, but in our combined experience, intensive project-focused hiring has been the precursor to a slowdown, with a downturn occurring within three to five years.

Smaller firms and those with limited market diversification or geographic reach traditionally have had a more difficult time adjusting to changes in the business cycle, because they don’t have as many opportunities to make adjustments. Firms with diversified practices operating over multiple platforms are better able to calibrate strategic activities to their investments (markets, clients, geography) in order to capitalize on the positive or minimize the negative effects of the business cycle across the entire organization.



New York Times: The four parts of a business cycle (July 2009)

Business cycles have four parts: an expansion, a slowdown, a downturn and a recovery. An entire cycle generally lasts 2 to 10 years.

The fundamental elements of business strategy are:

- **Markets**—A structure that allows buyers and sellers to exchange goods, services, and information. For professional service firms, these are *venues of practice*—opportunities, clients, and markets.
- **Strategy**—A plan of action designed to achieve a particular goal.
- **Process**—The act of taking something through an established set of procedures to convert it from one form to another. For professional service firms, process is usually a *collaborative activity* to complete a project.
- **Organization**—A social arrangement that pursues collective goals, controls its own performance, and has a boundary separating it from its environment; in essence, organizational *structure and resources* (talent, expertise, funding, time, facilities, technology, etc.).
- **Executive Leadership** is at the center of business strategy, with responsibility for articulating vision and aspirations, setting standards for behavior and performance, marshalling all of the resources of the firm, and ensuring that they are working in concert. It's also the responsibility of the firm leaders to expand the landscape of opportunities for the entire organization within the context of professional practice.

The diagram below incorporates both the Context of Professional Practice and the OECD Economic Business Cycle, with the business cycle flipped to link “Strategy” with “Expansion.” We use this diagram as a working tool in discussions with practice leaders about marketing strategy, business development, organizational development, and knowledge management, as well as specific roles and responsibilities.



Context of Professional Practice

The Seismic Shift

How do A/E/C practices react in a disruptive economy? In a recession, firm leaders recognize that they need to “fix” the firm, but they don’t always know how. In a large, mature organization, firm leaders may continue to focus on incremental change, which is a more process-oriented approach. The first people let go are project-focused professional staff, but immediately behind them are the professional marketing staff—often because the firm’s principals decide that they need to be more hands-on, or that they need to take responsibility for a new, better approach to marketing and business development.

In the 1992 recession, this approach led to a widespread effort in the A/E/C industry to create greater market diversity supported by market-focused practice groups or divisions. The diversified markets were perceived as a remedy for the fatal flaw of putting all of a firm’s eggs in one basket, and the practice groups not only clustered relevant subject-matter expertise but created accountability for business development and financial performance. To a great extent, this effort has been successful, although without a leader responsible for firmwide marketing strategy, there is a tendency for practice group boundaries to deflect a firm’s ability to recognize and take action on cross-platform opportunities.

“Any business enterprise has two, and only two, basic functions, **MARKETING** and **INNOVATION**.”

— Peter Drucker

In this recession, we once again have seen senior marketers lose their positions, have reduced hours, or take early retirement—a situation that seems counterintuitive to good business strategy.

While we can’t fault firm leaders for making critical decisions and getting more involved with their businesses, the real question is who is responsible for the vision necessary to expand the landscape of opportunities across multiple markets or practice platforms, and for anticipating and navigating economic and market shifts.

If it’s not the marketers, then who is responsible? If it *is* the marketers, then why haven’t they been able to provide the necessary leadership or advocacy? And why haven’t the other firm leaders demanded it before now?

- Is there a structural issue in the firm that prevents a collaborative discussion about the firm’s strategy and practice agendas, or a forum for those discussions?
- Is the firm leadership focused only on optimization and unwilling to consider viral or evolutionary change?

- Does the marketer lack capabilities or expertise that is essential for senior management in that firm? What is lacking, and how will the firm get it?
- Or is the decision to release higher-paid individuals more of a short-sighted move to contain costs by removing big salaries, thereby improving the bottom line?

In the drive to fuel a firm, it is easy to forget what's really important. Although business development is essential, when it comes to long-term ROI, the right decisions about qualitative issues, rather than quantitative metrics, become increasingly important. By any measure, professional services firms are successful when they craft better service offerings; target the right markets, clients, and opportunities; and create real distinctiveness in the eyes of decision-makers and influencers.

Futureproofing the Firm

Disruption creates opportunities for those who take advantage of the energy that results. An Aikido practitioner blends with the motion of the attacker to redirect the force of the attack (rather than opposing it head-on). A surfer looks for a ride-able wave on the horizon and attempts to match its speed, trying to stay in the "pocket"—just ahead of the breaking part of the wave. Now is

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Society for Marketing Professional Services

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Marketing Handbook for the Design & Construction Professional is an indispensable resource for those engaged in professional services marketing and dedicated to building business for their companies. Reflecting the remarkable changes in business practices and technology that have developed over the last decade, this third edition encompasses 64 chapters—including nearly 20 new chapters—authored by 72 industry leaders and practitioners with bottom-line accountability for the success of their A/E/C companies.

Chapters are organized into six sections covering all aspects of professional services marketing: market research; strategic, business, and marketing planning; client and business development; qualifications/proposals; promotional activity; and marketing and business performance.

New material addresses metrics for marketing and sales, crisis communication, social media strategies and tools, strategic branding, media relations, building consensus, go/no-go strategies, positioning, sustainability, proposal writing and the SF330, client feedback initiatives, technology, and the evolving role of the chief marketing officer.

New features added in the third addition—a glossary, chapter take-aways, and recommended supplemental reading—help to make this a must-have reference for marketers and business developers as well as principals, CFOs, COOs, CEOs, project managers, graphic designers, HR directors—virtually anyone whose job description includes marketing and business development responsibilities.

The handbook is a primary reference book for SMPS' Certified Professional Services Marketer (CPSM) Program.

the time for firm leaders to take advantage of the momentum of this disruption and use it to energize new ideas and ventures to develop over the next phase of economic expansion.

In the face of a volatile economy, whose job is it to lead change?

Over the past year, we have observed that many firm leaders have begun to reframe their practice strategies (service offerings, talent capability mix, and value propositions) and market/client strategies (broad potential targets and go-to-market strategies), linking all of it to business development and resource management. By initiating these efforts during the economic recovery period, the firms will be able to move more rapidly into economic expansion as it occurs for their market sectors and geographic regions.

The advent of social media technologies has enabled changes in outreach and engagement, so firms can connect with users on new digital platforms and build new audiences. Unfortunately, few firms have developed a comprehensive social media *positioning* strategy related to shaping perception. Also, since anyone can have an account on LinkedIn, Facebook, or Twitter or write their own blog, there can be real ambiguity about whether people are speaking for themselves or on behalf of their firms. The days of tightly controlled communication are gone. There's an opportunity

for A/E/C firms to embrace the energy of diverse voices and build engagement both inside and outside the firm. This should be done in conjunction with development of other market/client strategies, but who is responsible?

To achieve true organizational sustainability, firm leaders must also address the strategic marketing role and responsibility within the context of their own practice. As we wrote in the August 2005 *Marketer*: "The Chief Marketing Officer (CMO) is not only part of senior management but is responsible for the leadership necessary for alignment of the firm's vision with its marketing goals. This places the marketer at the center of the firm's strategy and practice agendas, acting not just as a ringmaster but as a driver of growth."

Now it's 2010, and while we continue to see the role of CMO and other empowered senior marketing professionals as pivotal to the ability of A/E/C firms to recapture their standing as viable, competitive players in a recovering economy, the effect of rapidly evolving alternative platforms for communication and collaboration is changing the game.

Today, the more urgent question is whether firm leadership understands how to capture, vet, and channel the intelligence and innovation generated by these diverse activities. It's not just

A HOLISTIC APPROACH TO PROFESSIONAL PRACTICE

Following are models and information that we think are useful, especially given where we are in the current economic business cycle.

The ultimate goal of a successful practice is to create an environment in which all of the practice elements are working together smoothly and harmoniously, creating a platform upon which the firm will be able to realize leadership vision and aspirations, be successful, and achieve sustainability over time.

- *Startups* are experimental practices, without fully formed strategies and processes. The founders come to the practice with their own experience and expertise, but their context of practice will grow and develop over time.
- It is the *evolutionary force*—based on vision and aspirations, intellect, and creativity—that leads to progressive change, allowing a firm to reach out to new markets and clients, build resources, and expand to new locations.
- In addition, there is a *metabolic force* that drives all organisms to seek and consume food. For business enterprises, this force translates into generating revenues and making profits, driving business development in order to have an opportunity to do the work. In a professional services firm, firm leaders must make sure that the practice isn't running on empty. "How are we doing?" often means "Do we have enough work?" or "Are we making enough money?"



A/E/C firms facing the challenge, as *The Wall Street Journal's* Alan Murray argues in his recent article "The End of Management." Citing the work of a number of leading strategists, Murray calls for a new business model where managers think more like venture capitalists. Or as we would say, it's time for firms to rediscover their startup mindsets and leverage *evolutionary force* to find new resources, processes, and markets in order to emerge from the recession stronger and more nimble than ever before.

This is a continuation of the series of articles by Nancy Egan and Marjanne Pearson focused on leadership, strategy, and competitive advantage. ■

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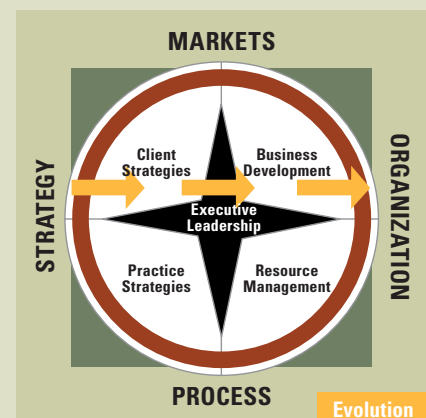
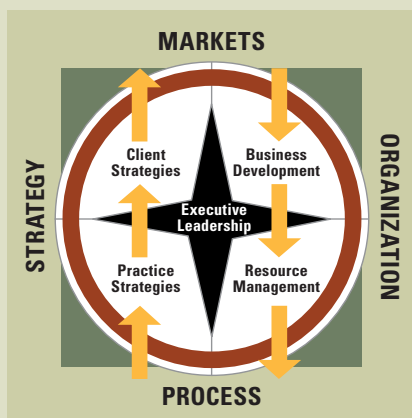
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- Leadership vision and aspirations determine *qualitative standards* related to clients and the work itself, while management focuses on the *resources and metrics* necessary to complete the work of the firm in accordance with firm goals and standards.
- As the work moves through an organization, project team members adapt their method of approach or process, creating a *feedback loop* of information related to the work, clients and markets, and subject-matter expertise.
- Successful organizations develop processes to capture this knowledge and expertise as *intellectual capital* to improve their service offerings and value propositions. Inevitably, the results lead to repeat business, increased capabilities and expertise, larger market share, and expanded geographic reach.
- The primary developmental strategy for most firms is *incremental change or optimization*, rather than organizational metamorphosis. There's unlikely to be significant evolutionary change unless there's a trigger—a merger or acquisition, drive toward a new geographic location, or economic disruption.

With an inflection point or seismic change, the firm must meet new challenges and capture new opportunities—both often unforeseen. This process begins by revisiting the firm leaders' vision, aspirations, purpose, and values. Then, the firm can begin to reframe the context of professional practice. The nature of the inflection point or seismic change may necessitate a return to more rapid, *progressive or evolutionary change*, and the cycle continues.



Evolution

Regeneration