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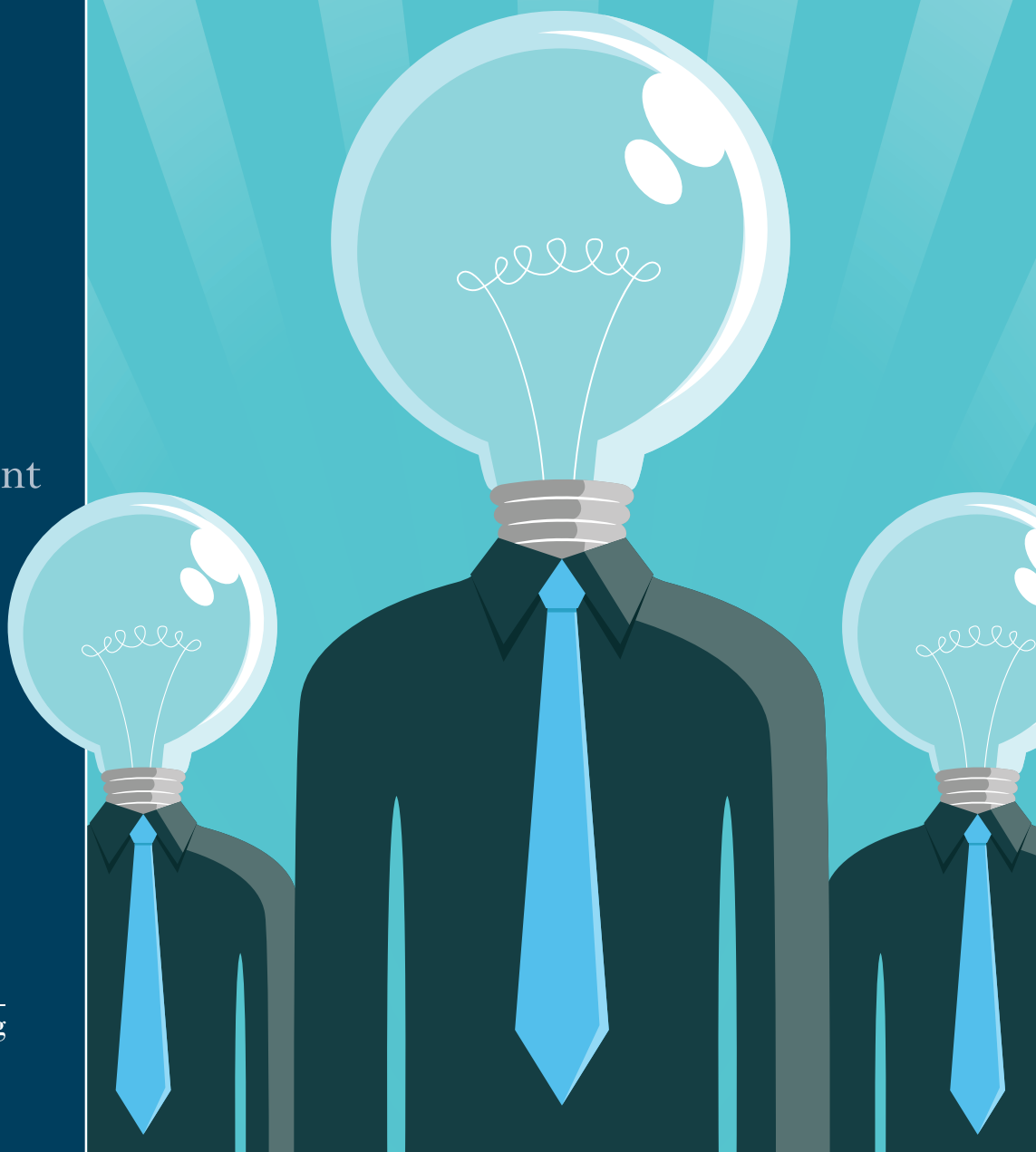
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SMPS

Society for Marketing
Professional Services



Preactive Strategy: An Introduction

BY NANCY EGAN, FSMPS, AND MARJANNE PEARSON

How are we doing? For an industry that often measures success based on the metrics of billings and fee volume, “How are we doing?” usually means how much work is in a firm’s backlog and how much is in the pipeline.

In the April 2012 Architectural Billings Index, the American Institute of Architects reported that, in March, firms had reported modest growth for the fifth consecutive month. Across the country, long-empty workstations are being filled, and more ads for marketing staff are being posted on the SMPS National and chapter job boards. Things appear to be looking up, but there is still a practiced wariness about the economic stability of the design and construction industry.

The apparent fragility of the recovery lingers, in part, because the recent recession sapped the effectiveness of several business models that previously had provided a hedge for at least certain firms in previous downturns.

- Better-faster-cheaper, so often the last hope for the hard-pressed, had its comeuppance when there simply was not enough work to be found at any price.
- The public projects that were the salvation of numerous firms in the early 1990 recession were not available. Budget-cutting in state and local governments and related agencies put many proposed projects on long-term hold, while others have been cancelled outright.
- “Best-practice” firms that had been insulated by their deep portfolios suffered, too. If there is no money for \$100M hospitals, it doesn’t matter if you’ve completed a dozen of them.
- Even the cream of the subject-matter experts discovered that frenzied competition at the highest levels left them with dwindling backlogs.

“Successful leaders understand that they need to create resiliency in the face of continuing change.”

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“There’s nothing wrong with caution; it keeps us alert and ready to make changes in direction if needed. It’s when we let uncertainty and caution combine that stops us from moving in the first place.”

—Danny Brown, marketer and blogger

The real question is whether anyone is thriving at this point—not just inching back but actually winning new and interesting work, adding significant staff, and growing revenues. If so, how did they do it? Not surprisingly, a number of firms at all sizes used the slowdown to figure out how to speed up.

Some firms took advantage of the reduced workloads to practice a form of *controlled burn*—an ecological technique used in forest management to stimulate the germination of desirable trees, thus renewing the forest. This is not simply laying people off but strategically determining which markets, services, individuals, or behaviors need to be cut in order to create space (or budget) for new initiatives.

Others have found opportunity in what David Brooks called “The Creative Monopoly” (*New York Times*, April 23, 2012). In writing about the course that PayPal founder Peter Thiel is teaching at the Stanford University Computer Science Department, Brooks recounts Thiel’s argument that “...we often shouldn’t seek to be really good competitors. We should seek to be really good monopolists.” In other words, do “something so creative that you establish a distinct market, niche, and identity” and monopolize it for as long as possible.

Still others began to engage their clients in serious dialogue about how their businesses were changing to find that the response was often a question: What’s next?

In nearly every sector, businesses are grappling with the impact of market disruption, global competition, changing demographics, new technologies, and uncertainty. The search for improved business models across the markets presents real opportunities for firms that can leverage the challenges to create new alliances, prototypes, or services.

What’s Holding Us Back?

There’s a difference between momentum and perpetual motion. And unfortunately, once something is in motion, it’s hard to divert.

The Great Recession created a void in which “business as usual” was no longer good enough. Now is the time to move beyond the status quo to create new opportunities for prosperity. But what’s holding us back?

1. **Nostalgia.** It’s easy to look in the rear-view mirror and assume that things might get “back to normal.”
2. **Caution.** We don’t like change, especially when it means making tough decisions.
3. **Uncertainty.** We may not be able to see the potential danger of inactivity.
4. **Over-Confidence.** How hard could it be to outrun the change that is coming? We’ve been through it before, and we survived.
5. **Lack of Leadership.** Not all leaders are willing to take risks and may instead opt for not rocking the boat.

Innovation Time Off

Google encourages its employees to spend 80% of their time on core projects and take roughly 20% of their time to explore their own innovative projects. Many of their products, including Gmail and Google News, have been a result of this Innovation Time Off (ITO) policy.

Google wasn't the first company to offer ITO. One of 3M's most famous products, the Post-It, was the result of an employee's "15 percent time."

For more information:

NY Times, "The Google Way: Give Engineers Room": <http://sbyd.es/smpps-ito>

Mama Bee blog, "Management Friday: Google's 80/20 Innovation Model": <http://sbyd.es/smpps-8020>

Fast Co. Design, "How 3M Gave Everyone Days Off and Created an Innovation Dynamo": <http://sbyd.es/smpps-3m>

Future Forward

"You can't outrun the future if you don't see it coming."
— Gary Hamel, *What Matters Now*

As marketers, we understand the difference between *reactive* and *proactive*. But what about the space in between—the anticipatory phase where we cast our nets by conducting research, gathering anecdotal information, brainstorming, and exploring the what-ifs?

We call this *preactive* strategy. This future-forward approach includes not only analysis but also exploration and synthesis of alternate futures, including how to recognize what's coming around the next curve.

The underlying thread of the case studies on pages 12 and 13 is the preactive strategy developed by each firm—how each of the featured firms got to the point where they could create new market space and achieve unconventional outcomes.

Successful leaders understand that they need to create resiliency in the face of continuing change. The new economic and practice landscape requires a cultural shift in which flexibility, adaptability, transparency, and collaborative behavior are more valuable than traditional operating models and incremental change.

As author Gary Hamel has said, we as leaders need to develop "emotional equity" in the future, rather than in the past. It's time to face the "unknowns" and create platforms for bravery. 

About the Authors



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Contributing Editor Marjanne Pearson, who curated "A Tribute to Weld Coxe" (August 2011), is recognized as an industry pioneer in business strategies for architecture and design. Her clients are a remarkable constellation of design firms from across the country. She can be contacted at mp@nextmoon.com or on Twitter as [@nextmoon](https://twitter.com/nextmoon).

12 Preactive Strategy Case Studies

“The future has already happened,
it’s just unequally distributed.”

—William Gibson, author

» Van H. Gilbert Architect PC

Albuquerque-based Van H. Gilbert Architect is a 25-person architecture firm with a strong regional practice. In addition to an accomplished body of work in the academic and commercial markets, the firm has a growing national reputation in the design of zoos and aquariums. In 2010, firm founder Van Gilbert recognized the need for a future-focused discussion in the bio-park community on how advancing technologies can enhance the visitor experience, optimize educational value, and promote animal well-being, conservation, and sustainability. He initiated a series of conversations that has created an ambitious agenda for greater relevance of zoos and aquariums, a new platform for dialogue, and surprising new partnerships with private industry.

In 2010, when almost no one in the bio-park industry was talking about the potential impact of emerging new technologies on animal exhibits, the rapid adoption of hand-held devices, and advances in electronics and bio-medics, Gilbert generated interest that he leveraged into a partnership with San Diego Zoo Global (SDZG). Together, they co-sponsored “Imagine Zoos and Aquariums 2030,” gathering some of the best minds in the fields of scientific research, education, finance, entertainment, bio-mechanics, bio-medicine, and electronic engineering for the conference.

The group addressed the emerging trends and their impact over the next 30 years. Gilbert pressed the group to find alternate financing for new exhibits and technology, to provide funding options, and to assist in revealing opportunities for endowments and partnerships. The conference yielded a public conversation, established a community committed to evaluating the future of exhibits, and generated a list of unanimous “action items.”

Just one year after the first conference, the San Diego Zoo began working with the firm on concepts for future exhibits. Then, in 2011, Gilbert partnered with Johnson Controls, launching “Energy Efficiency in Zoos and Aquariums” to help save energy, monetize the savings for future exhibits, and promote conservation.

www.vhgartitect.com

» TAYLOR

Healthcare architect TAYLOR, a 75-person practice with offices in Newport Beach and San Francisco, CA, rebounded from the economic downturn with a surge in new work and has added talent at all levels of the organization—a 30% increase in staff over the last year, including the 5-person team that opened the new Northern California office. Although the firm did “lean down” during the recession, it kept key staff and focused on client development, investing in a client survey that helped it retool the practice by concentrating on what matters most to clients.

As the firm’s healthcare clients are dealing with the impact of healthcare reform and the demand for more efficient and effective facilities, TAYLOR upped the ante for original solutions with the establishment of an innovation award program that honors the ongoing creative efforts of the staff and encourages even greater achievement on the innovation front. The program began in July 2010 when the firm launched the awards with a special gift for every one of the firm’s then 60 employees: a new iPad. Since then, the firm has recognized game-changing ideas from project teams and individuals in 2011 and 2012, with the winners receiving \$1,000 for ideas that demonstrate fresh thinking about recurrent problems in healthcare design, creative use of the full range of digital tools, and high levels of collaboration.

www.taa1.com

» Gensler

Gensler is a global architecture, design, planning, and consulting firm, with more than 3,000 professionals and 41 locations, recently listed as the top-ranking “A” firm in the 2012 *Engineering News-Record* Top 500 Design Firms. Gensler helps clients explore not only what is possible but also what can be done to make a difference.

The University of California at San Francisco (UCSF) is a leading university dedicated to promoting health worldwide. Like other campuses in the UC system, UCSF has high goals and commitments about sustainable design in energy conservation, carbon footprint reduction, zero waste, etc. Since it is a medical facility, these goals are especially challenging.

UCSF wanted to embark on an effort to change behavior, asking the question: How do you get 25,000 of the world’s smartest people to turn off their lights?

Gensler's sustainability and brand communication experts formed a partnership to develop a campaign—"Conservation Is Contagious"—leveraging the relevance of *contagious* in healthcare and *conservation* as a community goal. The firm brought ideas and expertise to the client to develop strategies and tools to address the client's issues and achieve its goals with something that would have a major impact.

Kirsten T. Ritchie, P.E., director of sustainable design for Gensler's Northwest/Asia Region and a member of Gensler's consulting group, explained that the campaign created a sense of "building awareness," earned converts, and made it fun. During the implementation phase, UCSF used energy monitors to see if the campaign was affecting behavior, and it learned that people were turning off lights, pulling down window shades, etc. From that baseline, UCSF has developed additional conservation programs in waste management and recycling which led to additional "wins." Today, waste diversion is over 60%.

The contract that began with 3 buildings has expanded to activities in 16 buildings. In addition, Gensler is working with UCSF to help it benchmark its facilities to see how they are performing, which gave the client a roadmap on where it needs to invest in energy-efficiency improvements.

UCSF: www.ucsf.edu/about/about-ucsf

Gensler: www.gensler.com

» HDR Inc.

HDR is a global, employee-owned firm providing architecture, engineering, consulting, construction, and related services through a variety of operating companies. The firm employs more than 7,800 professionals in 185+ locations. In the 2012 *ENR* Top 500 Design Firms, HDR was the third-ranked "EA" firm.

According to Steve Riojas, AIA, national director of Science + Technology at HDR, HDR hasn't tried to be everything for everybody. Even when the economy declined, it was going after traditional work in its three primary markets: healthcare, science + technology, and civic. HDR saw other firms move into new markets or new geographies, but it weathered the storm by sticking to the things it was good at.

HDR started finding ways to cross-leverage its expertise. Within the firm are people who don't exactly fit into a specific market sector, and they have been challenged to be out-of-the-box thinkers—doing the research and thinking about where the industry is going, where opportunities exist, etc. This is not the sole responsibility of those people—not their day jobs.

Today, they are finding opportunities in the spaces in between. Their combinations of expertise really allow them to think differently, and their research investment allows HDR to pre-position itself upstream, years ahead of when something might materialize.

In addition, HDR has teamed with other experts. Right now, HDR is working with Gensler on the Rehabilitation Institute of Chicago. Gensler approaches workplace strategies from an officing perspective, and HDR comes from research and healthcare. Together, they are doing some amazing work. With regard to this kind of teaming, "When the reason's right, cool things happen."

www.hdrinc.com

» AECOM

In the 2012 *ENR* Top 500 Design Firms, AECOM ranked #1 with total revenues of \$6,685.2 million for 2011.

Steve Burrows, CBE, recently joined AECOM as senior vice president leading the building engineering practice in North America. He said that AECOM, being an integrated company, can build continuous client relationships focused on a broad range of client needs. It can target the best clients with whom it should work and be a solutions-provider across all of the clients' needs. By being vertically integrated, AECOM can join things up better, thereby building knowledge and continuity.

AECOM intends to build a best-in-class engineering practice across the Americas, with a higher quality of service offerings for clients, and to do it better everywhere. This will involve linking different operating groups, sharing skills and knowledge better, and raising the quality of the staff. With 1,200 building engineers, AECOM will be driving process improvement at a higher scale.

Burrows said that "best in class" requires a cultural shift to a community, rather than a company. The goal is to get a huge community of people to act in an integrated way to solve any client's problems anywhere, any time. Through leadership, it makes management a service that supports getting the right skills onto the right projects every time.

"AECOM has companies that have been acquired, and some of them are legends." It can reorganize the legends in a way that allows a client to access them in a unique way, which they have never before had an opportunity to do. They hope to build buildings faster and more efficiently, taking advantage of a broad range of skills and processes—to be a catalyst for change in the construction industry.

www.aecom.com