

# SPOTLIGHT

## THE TOP 10

- Access & Win Talent
- Data Powered Practice
- Project Delivery Ingenuity
- New Competencies & Skills
- New Fee Models
- Alternative Revenue Sources
- Diversity Priority
- Securing Future Legacy
- Client Experience
- Evolving Construction Methods

## WINNING STRATEGIES of the ‘Best in Class’

Greenway's Spotlight provides a summary of our continuing research on a wide range of practice factors that we predict will continue to challenge, disrupt, and accelerate the AEC profession.

We believe the profession is poised for the same transformation affecting all industries.

Mired by new types of competition, fee pressure, ‘under digitization’ and fragmentation, AEC is overdue to leverage new ways to engage, design, and build our world’s architectural assets.

Our research suggests that top performing firms (in the 90th percentile) address these pressures through proactive strategic initiatives that contribute to practice transformation. Not all best in class firms are executing every strategy, however, we have observed a correlation between their effective initiation and implementation and superior overall performance.

Conversely, firms we have studied in the <25th percentile have little or no pro-active strategy around these issues and

address them situationally.

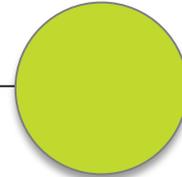
Greenway’s Spotlight research is informed by our ongoing qualitative observations, including our practice leader round table discussions and interviews, and quantitative research initiatives and surveys.

The chart below shows the relative frequency of ten strategy categories that best in class firms in our study indicate are in various stages of active planning and implementation.

### TOP 10 STRATEGY CATEGORIES OF BEST IN CLASS FIRMS



## ONE Access & Win Talent



### KEY ACTIONS:

Prioritize skills and capability building through training and career path development

Modernize workplace culture

Use new technology to increase productivity and job satisfaction

Refine business plans and forecasts using data analytics

Leverage analytics and advanced visualization in design process

The big headline and top ranked strategic initiative that correlates to 'best in class' superior performance continues to be focused strategy designed to access and win top talent. Virtually every CEO and Board we work with has a similar set of questions:

**Are my firm's talent practices relevant?**

**How can we recruit, deploy, and develop people to deliver greater value to clients?**

**How can we do so better than the competition?**

Firms cite their ability to attract and keep enough of the right talented people who fit the needs of the firm now and into the future as a prime driver of their success.

It is getting harder to do. Competition from commercial real estate companies, animation, and gaming companies, mega-tech companies like Google and Airbnb, and Silicon Valley start-ups

continue to push into the design and construction sector. These giants are seeking architecture talent offering compensation and benefits above and beyond traditional AE firms.

Firms that are located in suburban or smaller metro areas have unique challenges associated with attracting talent. These firms benefit from proactive strategic initiatives to compete with firms in major metro markets.

## TWO Data Powered Practice

Top performing firms give high priority to data strategy that strengthens their ability to meet and exceed their client's expectations. More real time information about cost, aesthetics, and building performance is being used with data driven technology and visualization tools that enable multiple faster iterations and explorations.

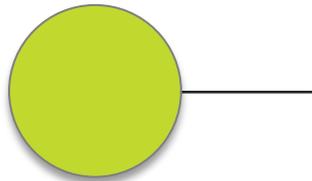
Predictive analytics, artificial intelligence, 5D BIM, and simulation/ visualization tools are creating new base line tools to meet those client expectations.

Apps, plug-ins, and customization of existing software tools are being developed and used by firms to improve efficiency as well as providing potential new revenue streams.



## THREE Project Delivery Ingenuity

Creating strategy to improve the efficiency of project delivery is an imperative. The old models of project delivery reveal their inadequacies in a world where adaptability and creativity drive



business success. Successful project delivery increasingly calls for new skills and specialties that reside outside the main scope of traditional project management strategies.

**Project delivery ingenuity** includes more innovative project delivery methods using tenets of LEAN, various versions of integrated

project delivery (IPD), variations on design build work and other multi-disciplinary approaches.

Improving the overall communication of teams increasingly relies on efficiencies from cloud collaboration tools, real time updates and reporting, mobile and decentralized project teams.

### KEY ACTIONS:

**Integrate digital talent throughout project teams; not just an IT function anymore**

**Use real-time management data to enable early identification of project issues**

**Develop a value proposition to recruit data scientist(s) and other in-house experts**

## FOUR New Competencies & Skills

New competencies and skills are in demand in order to stay competitive.

Long established and newly formed AEC firms are augmenting their expertise with new professional disciplines in order to integrate research, more digital processes across the design practice, and to provide clients with

in-house consulting experts.

An analysis of job postings across the AEC sector shows that many AEC firms are seeking workers with experience in data gathering and analytics, digital technology and robotics as well as end user –centric expertise in addition to design and project management roles.

Future roles will increasingly require hybrid skills.



## FIVE New Fee Models

Our studies indicate emerging new fee models based on performance and achieving quantitative project goals; i.e., delivering value.

The opportunity for performance-based compensation goes hand in hand with

more accountability and an appetite for assuming more risk.

As firms launch more strategic developmental and consulting work in early project phases, new fee models are needed to reflect the value.

Firms that provide value-based services and innovative fee strategies demonstrate a differentiated vision and actively reframe their business and client relationships.

**Adapt fee structures based on value**

**Adopt collaborative contracts that incorporate risk sharing and clear requirements**

## SIX Alternative Revenue Sources

Top firms recognize that the squeeze on traditional billing is likely to continue. As a result, we expect to see more firms launch into generating alternative revenue sources along with establishing new partnerships as they are willing to expand the definition of what constitutes the firm's

service offering. Innovative and entrepreneurial initiatives and start-up ideas pitched by employees are being solicited and funded. Firms are launching innovative teams and projects such as development of apps and other web-based tools for visualization, property

management, and continuing education which generate revenue.

Firms are evaluating a multitude of services and revenue streams including consulting, residential architecture, construction, landscape, interiors, branding, fabrication, furniture, and real-estate development.

### KEY ACTIONS:

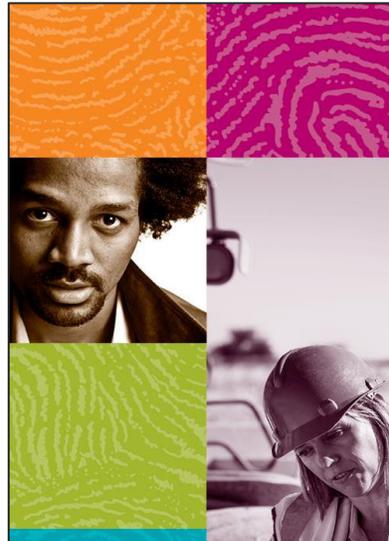
Establish a culture that encourages the use of technology and provides project teams and contractors with incentives to bring forward innovative ideas

## Seven Diversity Priority

Best in class firms recognize that diversity has demonstrable value to strengthen a firm's brand, ability to attract top talent, and innovate. It takes deliberate strategy and actions to improve diversity at all levels, especially in leadership roles.

Healthy firms strive to align their people and talents to meet the challenges of diverse communities, clients, and cultures that they serve.

Diversity values are included as a strategic priority in all aspects of business planning.



Re-think strategy, process, and incentive changes to set the conditions for innovation

Include diversity in strategy planning and the language used in communication channels, mission, purpose, and core value statements

## Eight Securing Future Legacy

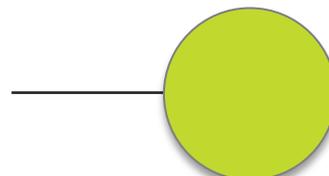
Pro-actively creating a succession strategy ensures a legacy for the firm, future career viability for staff, and long term client care. Best in class firms know this.

Firms in their first generation of leadership transition

have a unique challenge to establish their first prototype for a successful ownership transfer model that more mature firms may already have successfully implemented.

Predictable ownership succession is a magnet

to help staff retention. Employees are better able to envision and pursue career opportunities and grow with the firm.



Set strategy that prioritizes developing the next generation strategic leaders

## NINE Client Experience

Best in class firms create their own consistent client experience. In the quest to demonstrate **differentiation, speed, and productivity** companies aren't leaving their client's project experience to chance. Firms are designing their own 'branded' client

project journeys.

The shift toward full engagement & collaboration, in addition to a myriad of technology tools to improve visualization and communication help define an enhanced, consistent, and repeatable project experience.



## TEN Evolving Construction Methods

Significant transformative technological developments, like 3D-printed structures, automated construction equipment and pre-fabricated skyscrapers, have presented firms with opportunity. The digital transformation of the building sector has the potential to elevate the decades-long stagnating productivity of the industry which is

crucial for society's well-being, economic prosperity and for the impact on the environment.

A recurring question in our research was **'what is our role as architects in this sector's transformation?'**

Firms of all sizes have scaled towards prefabricated solutions as the risk reward equation is being re-calibrated.

While architects want the autonomy to design variety in the look, feel, and experience of each building 'asset', strides are being made in the industry to establish standards for the 'building blocks' that allow for interoperability. New building methods present early adopters with opportunities requiring new business strategy.

### KEY ACTIONS:

Create more client centric systems and processes and design a differentiated customer project experience

Communicate projects' benefits through new visualization platforms—like augmented and virtual reality—to go beyond a cost-benefit analysis

Prioritize resilient and climate-smart infrastructure

**From Diagnosis to Action → the future depends on planning for it  
...and we can help you make real progress**

Greenway has developed and tested a broad set of proprietary tools that provide strategic guidance and practical applications for our clients, including:

**Organizational Health Index | Operational Diagnostic Kit & Analysis**

**Firm Performance Benchmarking**

*Greenway Group brings great value to clients in the architecture and engineering professions as a trusted strategic partner.*

**QUESTIONS?**

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