

By Craig Park and Ron Worth



Reinforcing Relationships

Seven Steps to Strengthen Relationships in a Highly Competitive Market

“In an increasingly crowded marketplace, fools will compete on price. Winners will find a way to create lasting value in the customer’s mind.”
~ Tom Peters, bestselling business author of *In Search of Excellence*

If you have been to a recent pre-proposal meeting and seen the teeming masses of hungry competitors vying for a chance to win the bid, there can be no question of the importance of staying on top of business relationships. While it may appear to be a price-driven market, there is substantial and substantiated value in building, renewing and maintaining relationships with your best customers.

A recent article in *SMPS Marketer*, “*What it Takes to Win: The Cold, Hard Truth*” by Bruce Lea and J. Rossi, on why clients choose building industry firms, noted that these feeding frenzies—when the number of competitors have grown tenfold and more—seem to encourage price-cutting and unrealistic terms and conditions by owners, either of which can lead to disastrous results for the so-called winners. It seems that when the economy turns south, we revert to spending too much time chasing and responding to RFPs we have no chance of winning.

As we move through this difficult time, it is a challenge to see value in loyalty and consistency when we are measured by performance and growth in the name of survival. When the latter is illusive it tends to make the former irrelevant when seeking profit drives all decisions. However, a service firm is only as good as the people who provide the service and a successful construction company is only as good as the breadth and depth of the client relationships their people have developed.

To proactively address these challenges your firm needs to take a hard look at the quality of your client relationships. Which relationships provide multiple assignments over time? Which are valued and

provide the highest profitability? Which are innovative and push you to develop new skills that can be marketed to a wider audience? Can you rank your Top 50 by market, geography, industry or revenue? With this list in hand, consider these seven steps to build and reinforce your relationships and win more work.

Reconnect

Reach out. Reconnect. Make every effort to actually talk to your clients face-to-face, not through email.

A large engineering firm, awarded national recognition for client satisfaction, attributes their result to an outreach program that assigns every executive 50 contacts from a list of their best clients and encourages them to ‘touch’ each of those contacts three or more times per year; the contacts are then scheduled and tracked. The company regularly touches several thousand individuals (relationships), ranging from phone calls to meetings, outings to mailers, within their best clients’ organizations. This results in a stable base of repeat clients, referral clients (clients so happy they tell their competitors to hire you) and new clients who see the brand as a promise of quality.

Reengage

Use these touches to discuss the similar challenges your clients are facing. What economic, political or technological challenges are they seeing and how are they addressing them? Determine what you can do to help them with the planning and analysis of their next projects. More than standard ‘pre-con’ services look for opportunities to move even further upstream by adding advisory value. What benchmark data can you bring to help them with feasibility or viability analysis of future building needs? What industry trends can you share that will

create stronger loyalty? This feedback can be used to improve existing services or develop new ones.

Be Flexible

Sometimes the service offerings you identify will be beyond your own core competencies. Being open to collaboration with specialists and even competitors to meet an identified need is the hallmark of a progressive company.

“Half of something is better than half of nothing,” is the economic reality; however, identifying a strong affiliation will strengthen your firm through the experience.

A large design practice signed a two-year exclusive with a small boutique firm to pursue a market in which the small firm had deep experience. The result was the large firm increased their pipeline in that market 30-fold as well as their knowledge of the market expectations,

while at the same time increasing their technical expertise. The smaller firm was able to pursue larger and higher-value projects and offer their clients a higher degree of surety that the resources of the large firm would help them deliver a higher quality project. A win-win.

No Surprises

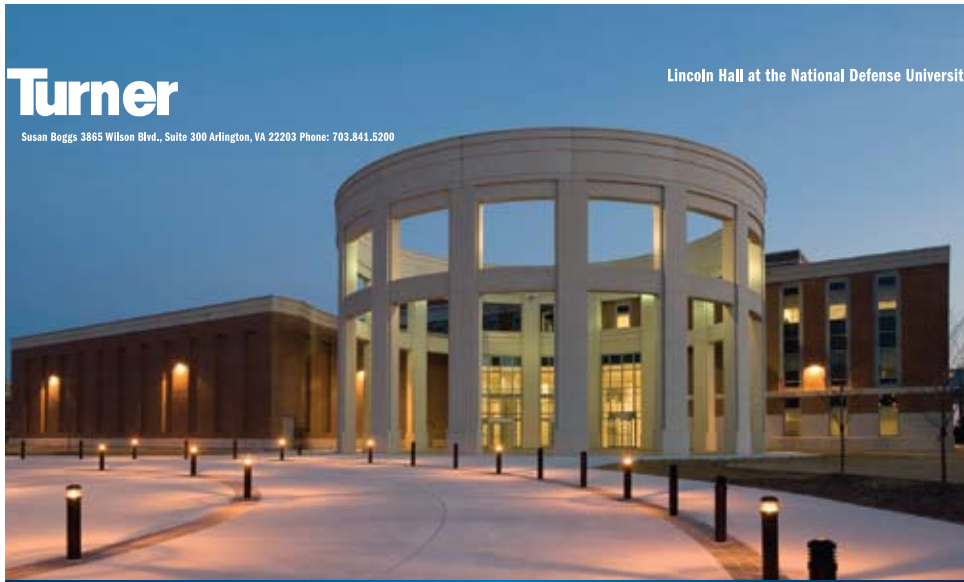
Nothing is worse for a client relationship than the unexpected. Take this time of reconnection to focus on communication. Look for ways to provide greater connection and transparency and emphasize to your staff the importance of open, honest dialogue. “Stuff happens,” and the more open your communication channels with your clients are, the faster they can be addressed to mutual satisfaction before they fester into an issue with legal consequences.

Unified communication—leveraging technology to expand connectivity—was the solution a large engineering practice developed. Combining their telephone and data networks into an integrated communication environment allowed for faster information flow from the office to the field anywhere in the world. Adding a visual component through real-time, full-time video conferencing (both dedicated rooms and desktop appliances), further increased the ability of the firm’s staff to collaborate across disciplines and geographies, faster and with greater client interaction.

Innovate

One of the best differentiators in a highly competitive market is innovation. What are you doing to research and develop new methods, materials, processes and programs that few, if any, others can provide? Investing in research and development is engrained in the cultures of top firms in every industry.

Microsoft, Apple and Intel each spend a great deal of their profit on the next new thing. The top companies in finance, manufacturing and transportation all invest in future-proofing through innovation. A major construction firm, early in their history, invested in a new and unproven technology to speed up mate-



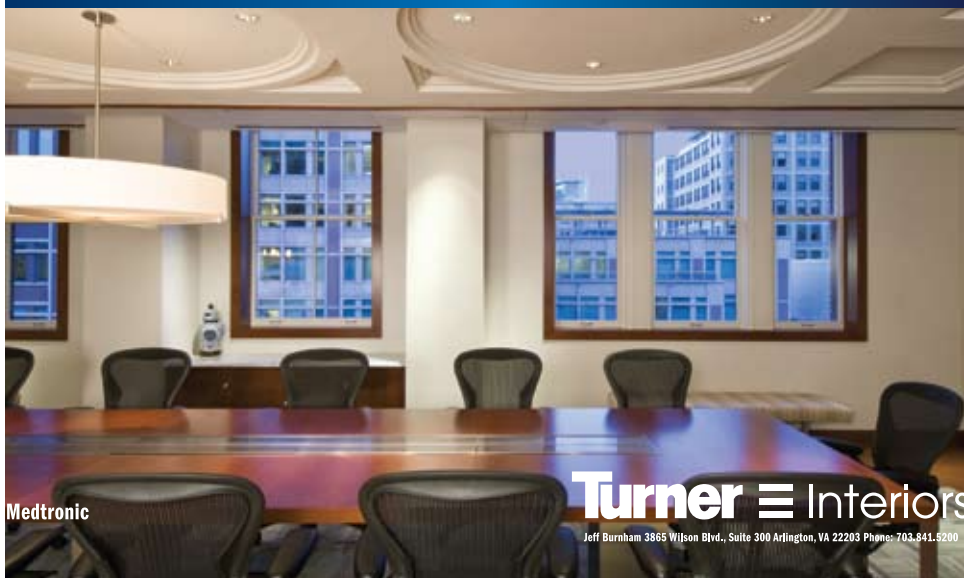
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rial delivery and allocation, giving them a competitive edge that has become the foundation of their brand.

Stop Selling

Chasing RFPs for the sake of chasing them is a fool's bet. Your brand may be strong, your portfolio deep and your expertise undisputed, but if you don't have a relationship, trying to 'sell' your way in by buying a project will not produce a long-term relationship. In the "What it Takes to Win..." article, Lea and Rossi surveyed building industry firms in 1991, 1999 and 2009, on the attributes of their wins. In each of those surveys the results were the same; the winning team, over 80 percent of the time, had developed strong relationships with multiple stakeholders in an average of 7 months ahead of the RFP issuance. This allowed them to win based on a qualifications and to negotiate based on price.

Diversify

Being a specialist has long been a criterion for success; but specialization can also be myopic. While expertise in design, engineering or construction is the price of entry to compete in the market, focusing on only one market can have damaging results. One only needs to look at the impact the tightened credit market has had on companies specializing in commercial development to realize the value of diversity.

So, while strengthening existing relationships is critical, building new relationships is foundational. A recent survey of 20 construction Chief Marketing Officers, sighted market, geographic and service diversity as the reason their firms were weathering the economic downturn with less attrition and higher profits than many of their competitors.

Learning from the Future

One of the benefits of history is experience, and progressive leaders recognize and learn from the past. As a result, the firms that focus on increasing service, value and imagination will survive those whose model is solely

based on gain through discounted value designed to preserve profitability.

In addition, these leaders recognize that, as bleak as these times may seem, there will be a time again when we forget the difficulties of the past when the market turns around. Leadership that puts value in building and maintaining consistent, deep and honest relationships will be the hallmark of the strongest brands when that time comes.

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