

Strategic Leadership 2.0

By Tom Emison, Construction Industry Trusted Advisor and Author.



In 2021, You Won CFMA Chapter of the Year!

- Congratulations! You also won the Chairman's Excellence Award that same year!
- Valley of the Sun has a history of excellence. It's in your culture here.
- So, I will talk with you today in your native tongue: the language of trailblazers!
- Let's call it: Strategic Leadership 2.0 – the Language of Trailblazers!



My goal today: share strategic planning methods, tools, templates, and tips to build you into a better strategic thinker.

But, what are your goals VOS?

Can three brave souls please tell us your goals today?



WELCOME TO STRATEGIC PLANNING CHÛNK-O!



Well, really, it's Bingo. Follow along today and you might just be a winner!

- Place an "X" over each square as I use that term during my talk.
- When you complete a row vertically, horizontally, or diagonally, shout CHÛNK-O! Tell us your row, then come up and get your prize!
- Most times, we get a winner pretty early.
- Other times, the winner comes later.
- But, sometimes there is no winner. Then, it gets fun! You have to be creative. You have to ask me a question that will cause me to utter the word(s) you still have left to complete your CHÛNK-O.
- Good luck and may the best participant win!

If you are going to reach for Strategic Leadership 2.0, you need to know the language of great strategy.

For example, you don't do strategic planning only to compete better than the competition. You also do it to compete different than the competition.

It's not as much about running the same race faster than your competitors. It's about running a different race.

So, to begin, let's talk about the goal of strategic planning: to implement initiatives that deliver sustainable market differentiation.



The Language of Strategic Leadership 2.0 is
Also About Risk.

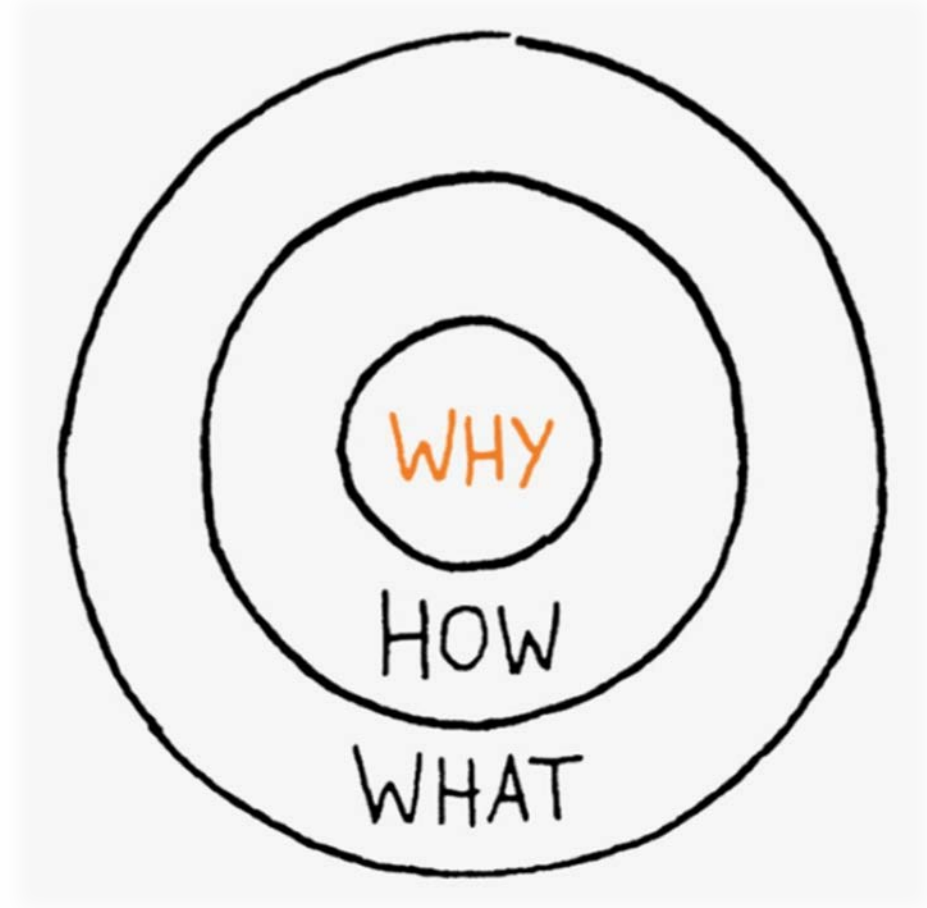
V.U.C.A.

Finally, the language of Strategic Leadership 2.0 is about the team.

Your team. Getting them aligned, or on the same page.

Construction is a thin-margin industry. You have limited resources.

The winners tend to be the focused companies. The ones with a clear , “Why?”



Avoid These Traps.

- Inadequate market research
- Poor leadership of the process by the CEO
- Unclear expectations internally about the process
- Purely a financial plan or a marketing plan or an (X) plan
- Compliance (not commitment) mentality from leaders
- No brilliant crafting of the plan itself; just filled out some online strategy forms
- Less-than-candid internal situation assessment
- Too many initiatives
- Boring one-day retreats; aim low
- Lack of deliberate employee engagement to the plan
- Failure to mobilize and communicate direction externally
- Fear of change; let current or the old fading corporate culture “win”
- One person’s plan, usually the CEO
- Plan that satisfies everyone but is not strategic
- Lack of measuring short-term wins
- Treating planning as an event, not a process
- Strategy plagiarism from the company down the road
- Over/under collaboration on key topics
- Turf and tribalism
- Emotional or overly political process
- Leadership team dysfunctions
- Magical thinking
- Strategy is good but is bolder than the leadership team
- No whimsy; no serendipity; no wow; no galvanizing
- Change for change’s sake

Okay, You Want Tools?

Here is a great tool for you to bring back to your construction company leadership team. See the next eight slides. Then, talk about which mentality describes your company 2024 and which mentality you want to describe your company 2029 – and why?

It's powerful.



Which Model Describes Your Construction Company?

- **Ops Mentality:** The strategic essence here is operational process excellence. This thinking is about being operationally effective, efficient, and innovative. Some will say this is not a strategy but a necessity of any business. They are wrong. I have seen this mentality wisely chosen as a core business strategy, and it has successfully repositioned some client companies for sustained market advantage. Any Lean business gets this, Toyota being the most notable example globally. Ops mentality is a strategic choice, not just a business necessity.

Which Model Describes Your Construction Company?

- **Market Mentality:** The strategic essence here is market segment devotion. This thinking is about looking at everything your company does and every decision you make in light of what the markets want or need. Markets are clusters of your customers, mostly. Markets are not your products and services but the grouping of customers (and suppliers) who buy or influence the decision to buy your products and/or services. A great example of a market mentality business is Titleist, the golf ball company. Their market is the golf industry sector, intelligently segmented behind their strategic boardroom doors, I am sure. But they do not just manufacture golf balls. They strategically research the market and deliver an array of products and services within the golf-related markets. By the way, notice I am not describing marketing driven. Having a market mentality does not mean, for example, your marketing department has more influence in your company than other departments. Long live the Pro V1.

Which Model Describes Your Construction Company?

- **Customer Experience Mentality:** The strategic essence here is customer fervor. Every successful company is customer-oriented. Customer-driven companies adopt thinking that leads to putting the customer at the top of the organizational chart and running the corporate culture relentlessly toward that principle. These organizations do not just believe the customer is right; they believe the customer is their purpose. Not culture. Not profits. It can be wildly inefficient in some cases and wildly successful in others. Ask Lululemon Athletica, a Canadian company. They started out in 1998 by making (and outrageously pricing) athletic apparel for fit women. They developed a near-cult following. Look at Lululemon in 2020: \$3.9 billion in revenue, 15,700 employees, and multiple product lines including some that are not even apparel, like the home exercise start up Mirror. Their entire product range has expanded tremendously and now includes men (thank you). They have a customer experience mentality and their customer is athletically inspired, regardless of fitness level or physique.



Which Model Describes Your Construction Company?

- **Product or Service Mentality:** The strategic essence here is product or service excellence. A product or service mentality company is centered on its product or product line, and all decisions are made based on the product line. Let's take 3M's Abrasive Cloth. To this day, 3M is so product mentality-oriented that it is almost science- or curiosity-driven. Literally, products get developed at 3M by engineers, chemists, technicians, and the like. These products have certain performance characteristics. When the product is under development, it is brought to marketing to essentially figure out what market or customer might want this product. Many companies make this strategic choice, including Drift and Trello. Some do not make a product but offer a service instead; they, too, can often think in this same way. Genius level achieved!



Which Model Describes Your Construction Company?

- **Growth/Advancement Mentality:** The strategic essence here is brisk sales. When a leadership team thinks this way, it is choosing to make every major decision based on its growth potential. Many might call this revenue driven, but I feel that is a bit judgy. Many growth/ advancement mentality companies are trying to grow margins or customer experience, not just their top-line revenue. They know that growth may focus on other metrics than the top line. Being growth-oriented is not the same as having a growth/advancement mentality. The difference is intensity. Chik-fil-A, for example, has a faith-based leadership team and generally believes that assertive or aggressive growth is essential, not just desirable. But, recently, they have grown too much, too quickly. Guess what happened?



Which Model Describes Your Construction Company?

- **Technology/Know-How Mentality:** The strategic essence here is technological know-how. These are leadership teams who think and make their decisions entirely on technology factors and proprietary knowledge. All companies use various forms and levels of technology. But a technology/know-how mentality company does it faster, better, or just for the sake of the technology itself. It is a digital culture and a digital mindset. This does not mean all such companies are Discovering Your Strategic Essence Silicon Valley businesses. A very good example is Starbucks. I know, I know—it is a coffee company and is very customer- and employee-oriented. But, for at least the past 10 years, their strategic investments have been made in technology. For example, in 2020 Starbucks partnered with technology entrepreneurs at Sequoia Capital China to innovate the retail experience for customers through digital transformation. They are not just technology-oriented; they have the technology gift. That happens, not by accident, but because their leaders think that way. Another amazing example is Caterpillar, the heavy equipment company that makes that incredible mining and construction equipment.



Which Model Describes Your Construction Company?

- **Purpose or Philanthropy Mentality:** The strategic essence here is transcendent purpose. As the great writer Daniel Pink aptly pointed out, there has been a rise of a new type of organization in recent decades. Purpose mentality companies have a calling in mind. It is a movement for them. Their company is so much more than a business that it transcends the notion of business itself. A very interesting example of this is the clothing company Patagonia. Dig deeply into their history and culture and you can see their goal goes far beyond selling clothes; their core purpose is to protect and preserve the environment. Recently, there has been a rise in not-just-for-profit organizations across the U.S., which aligns with a philanthropy mentality. While rare, it can become its own leadership mentality. For example, I have served a private, Christ-centered company where the culture soars way past purpose driven and is completely now philanthropy-driven.



Which Model Describes Your Construction Company?

- **Profit Mentality:** The strategic essence here is bringing home the bacon (the Benjamins, the biscuits). Albert “Chainsaw Al” Dunlap was an American corporate turnaround mercenary. He passed away in 2019 after a career filled with heavy criticism from business press. Some thought he was psychopathic. But profit mentality companies appealed to Al; they were not just profitable, but profit driven. In these organizations, all thinking and major decisions are made entirely on profit potential. It may sound a bit harsh, but it is a choice to put shareholder return ahead of employees or customers. Believe it or not, there can be an appropriate time for this in the life cycle of any business.



Another Tool!

On the next six slides, I describe different models of construction companies.

These models are different from one another, not based on what the contractor builds, but on their **culture**. Culture is a huge factor in strategic planning. Bring this back to your leadership. Which describes your company in 2024, and which do you want to describe your company in 2029? Why?

A mind well stretched never goes back to its former shape.



Which Model Describes Your Culture Today and Which Should You Migrate Toward? Why?

- **The Brilliant Einstein.** These organizations are the smartest at something exceptionally complex. They might be found not just delivering architecture, engineering, construction, or real estate work, but writing about it in some journal or speaking about it from the front of a room at a major industry conference. These original thinkers can conceive of solutions to the most complex, gigantic megaprojects. They charge a small fortune, or often quite a large fortune, but their customers do not care. They are buying on proven and exceptional technical brilliance, not price.

Which Model Describes Your Culture Today and Which Should You Migrate Toward? Why?

- **The Niche Relator.** This is the focused firm that has narrowed down to just three to five sectors. They do not wish to be everything to everybody but they do wish to be everything to just a few. In their niches, they add front-end and often unexpected services, such as strategic planning offered by a niche-oriented firm. They tend to form deep relationships in their chosen niches. They have learned a powerful word: no. If opportunities come to them outside their niches, they just say no. Discovering Your Strategic Essence

Which Model Describes Your Culture Today and Which Should You Migrate Toward? Why?

- **The Community Leader.** These companies lead at the local level and tend to offer a very wide array of architecture, engineering, construction, or real estate services and deliver a wide array of projects compared to their peers. They are deeply ensconced in their community (whether that is one community or many communities), serving on every important board, political, or community organization. They expect their employees to do the same. If a project or initiative of interest is gaining confidential traction in some corner of the community, you can be sure they are already there guiding the discussion. They do not want to chase work elsewhere. For general building contractors who think this way, they tend to offer a great deal of self-performed work. Self-performance does not travel well.



Which Model Describes Your Culture Today and Which Should You Migrate Toward? Why?

- **The Business Orchestrator.** These organizations know how to put together complex real estate and facilities work. They look at public-private partnerships and integrated project delivery with glee. In fact, they were at the forefront of these innovations. They know how to put together teams of organizations with potentially conflicting motives and help them form a shared motive. They tend to have more lawyers, business consultants, and finance specialists. They do not have to do all the work themselves, and in fact they often do not want to. An example might be a design-build developer who opts to go construction management as an agent on a pursuit and have other general contractors do the work. These firms are a lot like consulting firms.

Which Model Describes Your Culture Today and Which Should You Migrate Toward? Why?

- **The Bare-Knuckle Antagonist.** These are the low-cost, low-buck alternatives. They seek the low-frill work and offer low-frill services. When I hear a mechanical contractor CEO say to me, “I don’t know how Fred at ACME Mechanical can bid it for so cheap, he must be losing money on every job,” I tell him, “He isn’t; he just has a different profit model than you do.” Often these companies drive cost from the process by being especially lean. But, more often, they price low and then change-order their way to profits. Lawyer up.

Which Model Describes Your Culture Today and Which Should You Migrate Toward? Why?

- **The Green Company.** These are organizations who long ago discovered the idea of natural capitalism. To them, LEED AP personnel (Leadership in Energy and Environmental Design) are not just nice to have on staff. Green is the purpose here, and they can prove routinely that green development, design, and construction is less costly in the long run and better for our environment. And, in case you think that may be the full extent of their uniqueness, remember that a green company is very attractive to Generation Y and Generation Z employees. They sense the transcendent purpose, and they dig it.

Questions?



By the way...

- Pam and I will move to the Valley of the Sun soon. It's always been our plan to retire to your area.
- Before we retire, we plan to move, work, live, and connect here.
- We are looking for recommendations on everything from the best cities, the best swimming, hiking, and cycling. The culinary musts, areas to avoid, etc.
- Please visit with me after if you have any ideas, or advice to offer!



About CHUNK Epic Retreats LLC

- *“Tom is the most experienced strategic business planning advisor we can find in the U.S., regardless of industry. No one else comes even close to over 250 strategic business planning experiences over a period spanning four decades with every size and shape of A/E/C/RE companies.” – Paper Raven Books.*
 - 1988-1993, Director, Construction and Real Estate, Ebert & Sebastian
 - 1993-1997 Manager, Construction Practice, Grant Thornton
 - 1997-2011 Senior Manager, RSM McGladrey National CRE Practice
 - 2011-2015 Director, Eide Bailly National CRE Practice
 - 2015-2021 Chief Strategy & Innovation Officer, Kraus-Anderson Construction Company
 - 2021 -- ... CEO and Founder of CHUNK Epic Retreats LLC
- Career Highlights:
 - Over 35 presentations to AGC, CFMA, ACEC, NAPA, ASCE, BOMA, NAHB, and the prestigious Building Futures Council National Think Tank.
 - Author of over 15 whitepapers, articles, and columns in CFMA *Building Profits*.
 - Three-time US Masters Swimming National Champion.
 - Creator and host of the *Build Me Up!* Podcast.
 - Author **CHUNK: Unthink Everything You Thought You Knew About Strategic Planning**

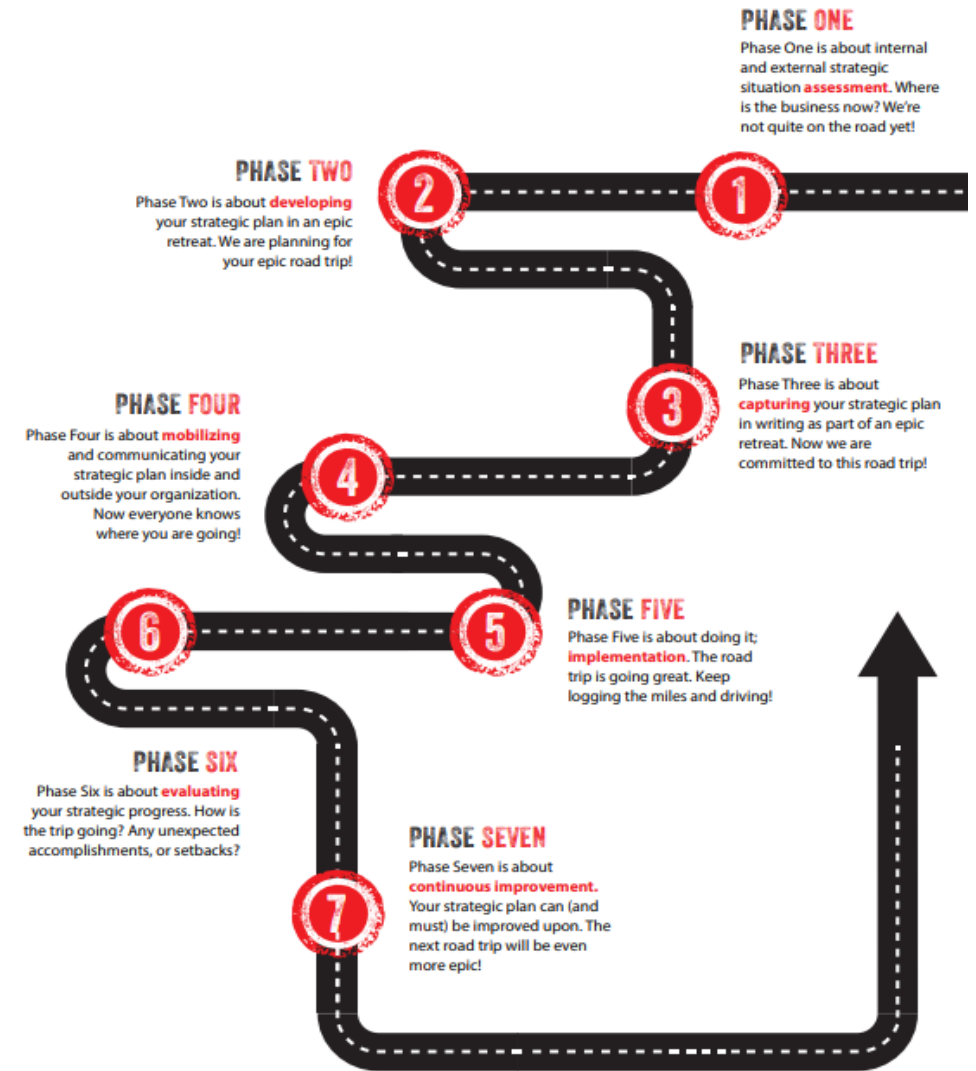


What Clients Are Saying About CHUNK

- **Ames Construction, Inc.** -- \$1.5 billion/year, heavy/civil, family-owned construction company with offices across the U.S. CEO Jerry Ouimet, *"Tom, your secret sauce is your industry knowledge. It's been transformative for me, and for us as a leadership team. You hold us all accountable in a friendly way. Your OKR process is better than EOS for us."*
- **Carl Bolander & Sons, Inc.** – an \$85 million/year heavy/civil, closely-held construction company. CEO and Owner Mark Ryan, *"This has been the most powerful strategic planning work I have ever been part of and it has helped us navigate the most risk intensive period of time in our company's history. It has been incredibly valuable and the buy-in to our new direction is 100%. OKR is miles ahead of EOS for us. Thank you, Tom."*
- **Maguire Iron, Inc.** – an \$80 million/year water tower contractor with production across the U.S. CEO and Owner Putz Jones, *"We had tried Traction and EOS. It was ok, but nothing really strategic. And, we were not executing as well as we could. It is not an exaggeration to say this work with CHUNK is the best strategic planning process I have ever taken part in, but also the best strategic planning I have ever heard of in any organization. We are poised now to grow, and we have the strategic planning systems to make it sustainable. Bless you, Tom."*
- **Russell Development + Construction** – a \$350 million/year real estate development and general contracting company. Chief Strategy Officer Melissa Pepper, *"If you are seeking a construction veteran who also happens to effusively coach on strategy and execution, your team will benefit from engaging with Tom Emison for your strategic endeavors."*
- **WiDSETH Engineers and Architects** – a \$65 million/year engineering and architectural consulting company with eight offices in the upper Midwest. CEO Kevin Donnay, AIA, *"We needed a real partner here; not just a strategic planning facilitator. We needed a friend, an advisor, a challenger. Tom delivered. And he continues to."*



ILLUSTRATION 3 THE STRATEGIC ROADMAP JUST FOLLOW THE SIGNS



Ala Carte Services

- Multi-Generational Services for Closely-Held Companies

- Family/Business Overlap, Multi-Generational Shareholder Agreements, or Family Constitutions
- Exit Coaching
- Outside Board of Director Role
- "Rewirement" Planning
- 2nd and 3rd Generation Executive Coaching Using my Socratic method
- Strategic Thinking Skill Development

- Communication and Sales Development

- Voice of the Customer Studies
- Voice of the Business Partner Studies
- Marketing Your Strategic Plan Online
- Consultative Sales Training
- Communicating Your Strategic Direction Internally
- Brand/Corporate Culture Alignment

- Operational Excellence

- TQM and Partnering in Construction
- Strategic Process Reengineering and Mapping to Improve Efficiency
- Strategic Alliance and Joint Venture Optimization
- Post-Merger Strategic and Cultural Integration
- Aligning Operating Budget and Capital Appropriations to the Strategic Plan
- Company Culture Assessment

How can a small consulting firm bring so many capabilities to the table?

The answer: by focusing exclusively on construction businesses for 37 years.



Thank you CFMA
Valley of the Sun!



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Find the book on Amazon where
it is a Top-Rated New Seller!

