

The Garrison Report #2009-2 (The Report on Strategic Thinking)

A Strategy for the Future, Are You Ready?

"A general-in-chief should ask himself frequently in the day, 'What should I do if the enemy's army appeared now in my front, or on my right, or my left?' If he have any difficulty answering these questions, his position is bad, and he should seek to remedy it."

- Napoleon's Maxim XIII from Napoleon's Art of War
Translated by George C. D'Aguilar

Of course, the general of business, the CEO, doesn't fight wars in the same way that his military counterpart does, but Napoleon's advice certainly applies. In a recent interview with Ken Simonson, AGC's chief economist, he said that when the construction industry comes out of the recession, it will be different. I totally agree. In essence, today's CEO must be asking a series of what-if questions. No one can provide a definitive list of actions for today's CEO because each CEO has a different set of parameters and, therefore, will require a different set of actions to move his or her company forward. However, there are some common factors.

"To make assessment of the outcome of a war, one must compare the various conditions of the antagonistic sides in terms of the five constant factors:

1. Moral influence
2. Weather
3. Terrain
4. Commander
5. Doctrine

These five constant factors should be familiar to every general. He who masters them wins; he who does not is defeated."

- Sun Tzu
The Art of War, Chapter 1

Sun Tzu and Napoleon are considered two of history's greatest strategists. Therefore, today's CEO would be well advised to consider their advice in planning for the future. Sun Tzu's factors do have their equivalents in business. The first, moral influence in the business community, would equate to ethics. The confrontational nature of the construction industry has given the industry a bad name. It doesn't matter that in general this judgment is unfairly deserved; there are enough individuals in the industry to muddy the water. Compounded by the recent poor behavior on Wall Street, the public is not very happy with entire business community's leadership. The result is that ethics will have a greater impact in the future.

The advice of Peter Drucker says it all: "Do not separate personal values of what is right and wrong from the values you put into practice at work."

The construction industry is certainly impacted by the weather, but that's not what we are concerned with here. CEOs need to be concerned with the winds of change. They need to be asking questions. What changes are coming? What are the opportunities for the company? How can we best take advantage of those opportunities? A proactive approach is the best because as Peter Drucker wrote, "The most effective way to manage change successfully is to create it!"

The recession is going to make business much more value conscious. Therefore, CEOs must be asking how they can deliver greater value to their clients. Does that mean shifting to a more integrated delivery approach, going green, or helping to provide funding?

Terrain in the business sense is the market landscape. What segments of the industry are going to be robust, and what segments are going to decline? Will the government's stimulus for infrastructure provide new opportunities? Are you capable and prepared to take advantage of these activities? If you were into condos, do you have an alternative plan since all indicators show that segment of the industry declining for several years? Energy efficiency appears to be preparing for a strong upsurge. Are you poised to take advantage of that growing market?

The commander is clearly the CEO. Are you an effective leader who is developing your subordinates, or are you a control freak who stifles innovation and initiative? With today's complex projects, the companies that encourage their people to take initiative and provide innovative solutions to their clients' problems will outpace the competition.

Finally, doctrine refers to the methods and approaches the company uses to achieve its goals. Does your company have the procedures in place to ensure an effective operation, or do you have to rely on your authority to ensure things are done correctly. While the latter can work for smaller companies, it places a noose around a company as it attempts to grow. Are you client focused? Are you lean?

To ensure your company's peak performance, you must ask the right questions. A good guide is the SWOT formula. What are your *strengths*? What are your *weaknesses*? How can you turn your strengths in to *opportunities*? How can prevent the threats to your company from becoming a significant factor?

If you honestly work your way through this process, you will significantly improve your company's performance, and this will lead to the prediction from the analysis of Sun Tzu's factors that you will be the winner.

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