4 REASONS AEC IS ON THE EDGE OF A MARKETING AND BD REVOLUTION

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Most architecture, engineering and construction (AEC) firms rely on familiar marketing and business development (BD) methods … but forward-looking firms are making significant strides in developing new processes and procedures that improve efficiency and drive revenue gains.

Think you can ignore these trends? Think again.

History has repeatedly shown that, regardless of industry, organizations that fail to adapt to changing industry trends face disastrous results.

For example, Blockbuster went bankrupt in 2010 because it failed to innovate when faced with changing video distribution models brought on by organizations like Netflix and Redbox. Tower Records faced similar challenges when online music-sharing popped up through Napster and iTunes. Possibly the worst example of a failure to innovate came when a Kodak employee invented the digital camera. Instead of capitalizing on the new technology, Kodak kept the camera a secret due to fear it would cut into their film sales. They filed for bankruptcy in 2013.

According to the U.S. News & World Report, these results often occur because leaders fall into a "psychological trap, in which company leaders fixate on what made them successful and fail to notice when something new is displacing it," or a "strategic trap, when a company focuses purely on the marketplace of today and fails to anticipate the future."

AEC firms that wish to avoid these traps must take a realistic look at where the industry is heading and develop strategies to stay competitive. Due to shifting expectations and execution models, marketing and BD are the perfect places to start.

Below are four reasons AEC is on the edge of a marketing and BD revolution. By understanding these trends, firms can adopt new policies and solutions to help them thrive, now and in the future.

1. GENERATIONAL HANDOVER IS IMMINENT

The workforce is undergoing a drastic shift in demographics. In fact, many workplaces are now composed of five different generations working together:

- Traditionalists

- Boomers

- Generation X

- Millennials (Generation Y)

- Generation Z (Generation 2020)
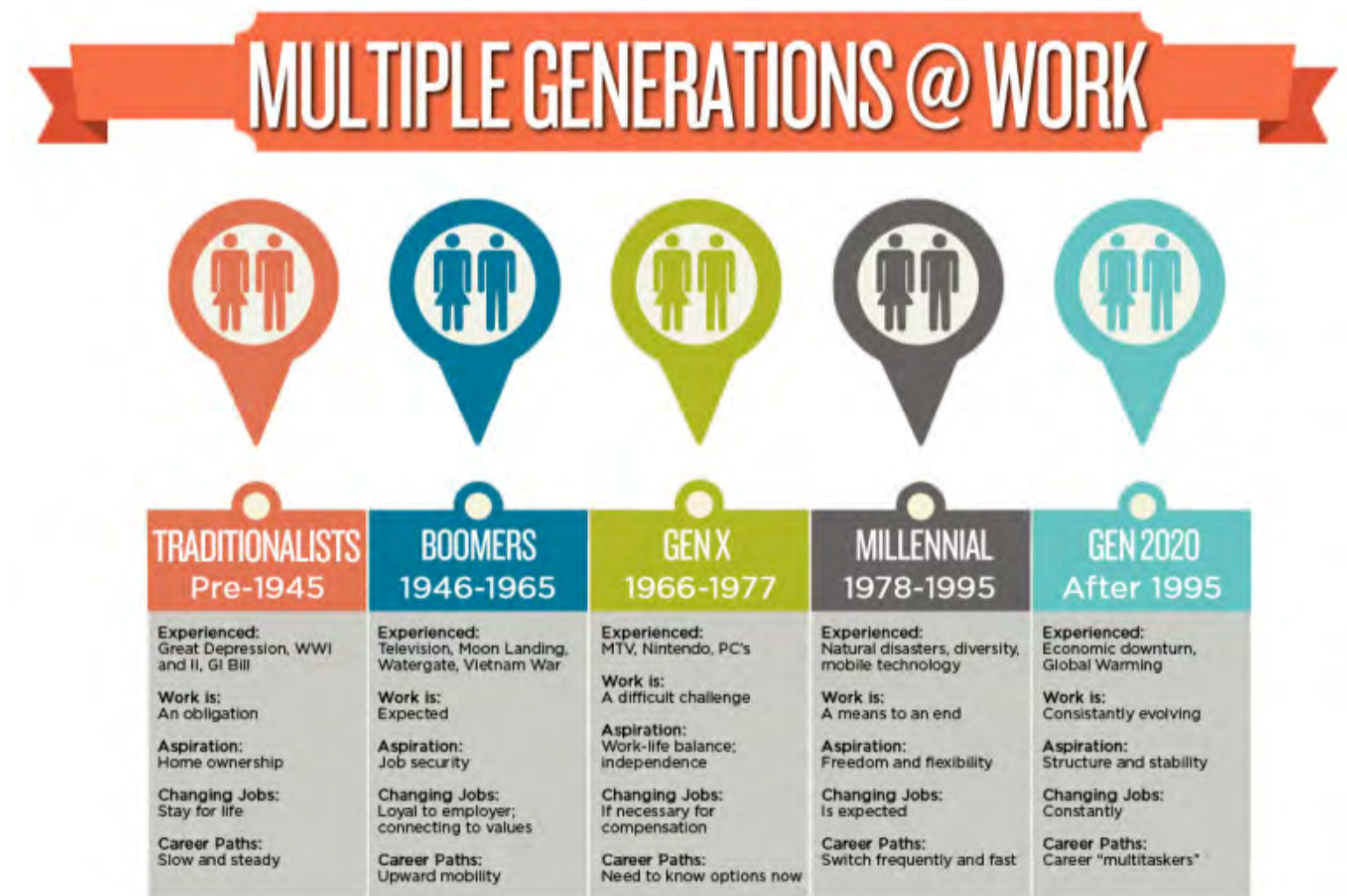
Source: Progressive AE

The younger generations' presence is expanding rapidly. By 2025, millennials will make up almost 75 percent of the workforce. Millennial marketers' and BD professionals' expectations differ drastically from the generations that preceded them, and firms must prepare now to manage those expectations.

One of the most glaring differences between millennials and older generations is their attitude toward technology. According to Pepperdine, 53 percent of millennials said they would rather lose their sense of smell than their digital devices.

Technology allows millennials to stay in constant contact and easily access a wealth of knowledge anywhere, anytime. They expect the same level of convenience in the workplace. For example, millennial marketers are unlikely to accept the idea that they should gather the project data needed to complete proposals by asking coworkers or digging through spreadsheets. Instead, they want to quickly access the information they need on their computers, by completing a simple search or clicking a button. Firms that embrace these expectations and provide easy access to data will drive efficiency gains that translate to more productivity and higher quality marketing content.

Millennials in business development will similarly reject the notion that they must track down coworkers to find the information they need to properly engage with clients and prospects. They know software can help them document and access this information.
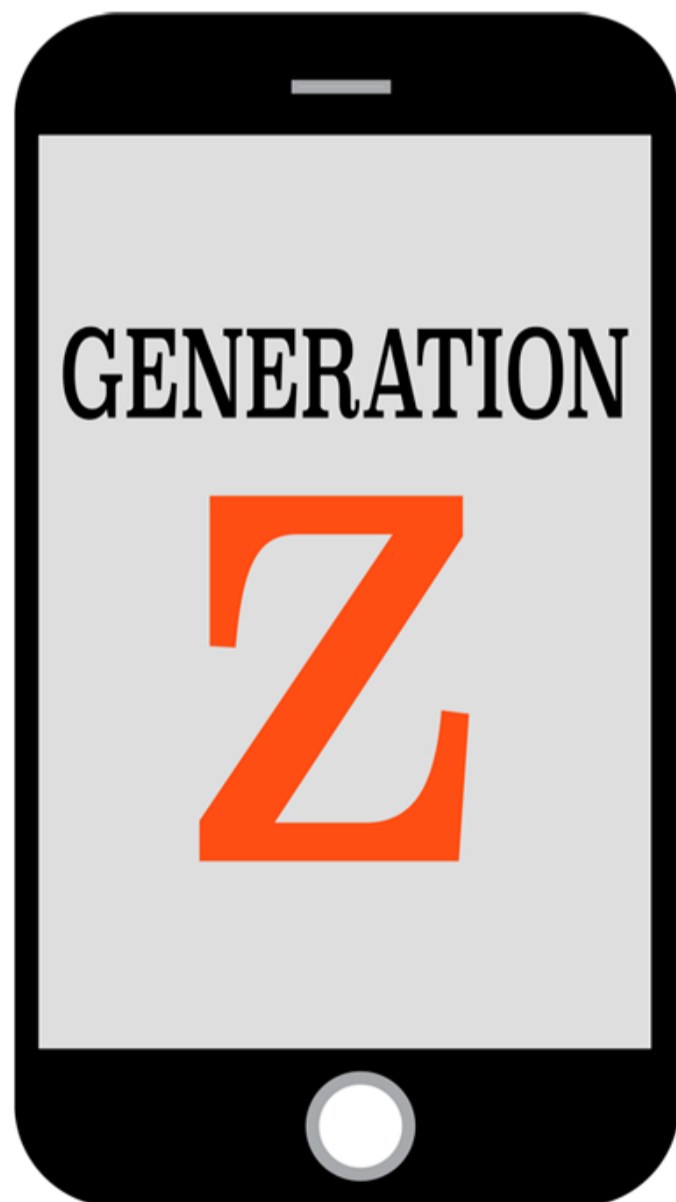
Organizations that overlook millennials' expectations, talent and experience with technology will likely face two major challenges. First, they will struggle to attract and retain millennial workers. Second, they will lose projects to competing firms that leverage their skills and embrace their innovative spirit.

As Emma Gannon, a Sunday Times Bestselling author, podcaster and broadcaster, said in an article on Mashable, "Millennials are a generation that has grown up teaching themselves stuff, so when they're stuck in quite a rigid environment in a corporation that's been doing it for 50 years, it jars with you because you know there are shortcuts and you know you could do it a different way."

But millennials aren't the only demographic AEC firms need to worry about. Generation Z is also poised to disrupt the workforce — making up a population of 61 million in the U.S., according to CNBC — and those who are hoping generation Z is less technology-reliant are in for a rude awakening.

According to Forbes, "Millennials have long been described as digital natives, but they actually grew up in a world that was still full of landlines and dial-up internet. They're used to progress taking time and are just as confused by some of the newest apps as baby boomers are. Gen Z, on the other hand, has been living in a world of smartphones and free WI-Fi for as long as they can remember."

Their affinity for mobile technology is key. While generation Z compares to millennials in terms of their love for technology, they have a much stronger desire for mobile accessibility.

As detailed in an article on Forbes, "The workplace needs to change to accommodate the fact that members of Gen Z expect that information will be made available to them and consumable through the small screens of Apple and Android devices and may make them more effective and efficient in their work."

The need for mobility is particularly helpful for business developers who need to document new prospect information or access relevant client activity data while away from the office.

2. INSTITUTIONAL KNOWLEDGE WALKS OUT THE DOOR TOO OFTEN

As detailed in a previous Cosential blog article, 10,000 baby boomers retire every day … and that's going to have a major impact on AEC. Many baby boomers hold an immense amount of institutional knowledge, including information about past projects, clients, prospects, and successful sales and marketing strategies.

Construction Executive put it simply: "The older generation is retiring at a growing rate, taking with them decades of invaluable knowledge and expertise." The article went on to explain that "as projects become more complex and the pool of experienced workers shrinks, organizations across many sectors are scrambling to capture what they refer to as the 'tribal knowledge,' before it's gone forever."

Firms that fail to document institutional knowledge ahead of time and provide employees with easy access to that knowledge can take a significant financial hit.

In an article on Workforce, Andrew M. Peña, assistant vice president for human resources at New Mexico State University in Las Cruces, stated that while measuring the exact financial impact of institutional knowledge loss is difficult, the "costs manifest in the turnover, recruitment, replacement and training costs that many organizations face."

So, how can firms mitigate those costs?

Harvard Business Review suggests following these three steps to ensure institutional knowledge remains even after seasoned

employees move on:

1. "Build an explicit strategy for maintaining institutional memory."

2. "Identify a few key things that you want every member of your team to know or be able to do."

3. "Use technology to create a process by which your team continually captures and curates institutional knowledge — to make it a living and evolving body of useful information that is accessible to people as they come into the organization."

The goal is to develop a strategic process for storing institutional knowledge and use technology — such as a centralized data repository — to support that process.

3. COMPETITION IS INCREASING

According to SMPS, AEC growth rates are declining, "with the median growth rate falling from 10.3 percent in 2016 to 9.1 percent in 2017, while consolidation and competition is on the rise. The only way to ensure your firm doesn't fall victim to these statistics is by taking a proactive approach."

To win projects in a competitive environment, firms must differentiate their offerings from their competitors'. Many firms find this practice difficult, but the results are well worth the effort.

According to Procore, "The difference in getting the work, or being invited to bid, often hinges on a contractor's ability to stand out from the crowd. The reason setting yourself apart can work for you is because your market is dominated by sameness."

One reason many firms struggle to communicate differentiation is a lack of time dedicated to creating strategic bids and proposals. Firms that provide immediate access to historical project data have a distinct advantage because they empower their staff to market the firm's experience anytime, anywhere.

Additionally, business developers who have easy access to key client and prospect data can better inform their outreach strategies. Understanding the entire context of how their firm interacts with a client or prospect allows them to more effectively tailor their communication.

4. FIRMS ARE BIDING SMARTER

Forward-looking firms are creating detailed Go/No Go processes that ensure they only bid on the projects they're most likely to win. It's simply not financially viable to chase every lead or opportunity that comes their way.

A [Construction Business Owner article](#) detailed how the philosophy of indiscriminate bidding hurt two firms:

> One of these clients was so busy that he had a stack of subcontractor bills on his desk he hadn't had time to approve, thus causing subs to not show up when needed.
>
> Another company was estimating their labor costs and then adding 30 percent in additional dollars to cover for their inability to go back and check how many labor hours it was actually taking to complete the work.

To avoid these pitfalls, firms must carefully consider each lead and opportunity to identify which are worth pursuing, but [according to PSMJ](#), "determining the right prospects who can provide the type and volume of work your office needs is a real challenge."

PSMJ goes on to explain that the process is becoming easier, as firms with the right technology can

easily access the information they need to complete effective assessments. "In the past, the process was fraught with hunches and incomplete data. At present and in the future, there is no need for hunches or lack of data."

The eBook "A/E/C Business Development Bible" explains the key factors firms should use to determine which pursuits are worth the investment.

The first set of characteristics to evaluate are quantitative, including:

- "Average revenue per year"

- "Fee trends"

- "Diversity of services provided"

- "Payment history"

- "Selection of service providers"

The second set are qualitative characteristics, such as:

- "Loyalty"

- "Ethical behavior"

- "Good communication"

- 'History of partnering"

- "Look for innovative approaches"

Firms that effectively collect and use data gathered during past projects and communications can analyze when to bid, empowering increased hit rates and return on investment.

HOW WE CAN HELP

After exclusively serving AEC for more than two decades, Cosential understands the industry's deeply rooted traditions, as well as where the market is heading.

Our Client Relationship Management (CRM) and Proposal Automation solution can help firms create a marketing and BD process that:

- Appeals to talented employees in younger generations.

- Maintains institutional knowledge when key employees leave.

- Highlights firms' unique benefits and qualifications.

- Qualifies leads and opportunities based on the likelihood of winning the project.

"*C*osential was that mechanism that created the structure for purposeful business development … the record for how we interact," said **James Sharp, strategy director** at VLK Architects. "To move up to that next level of growth, you really have to be more systematic when it comes to business development and tracking those relationships."

Request a demo to learn how Cosential can help your firm thrive now and in the future.

"Cosential made the jump in 2017 to the most popular client relationship management software, surpassing previous industry favorite Salesforce by 7%."