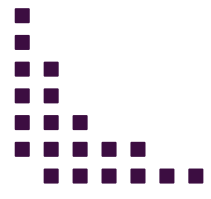


Copyright © 2021 by the Construction Financial Management Association (CFMA). All rights reserved. This article first appeared in *CFMA Building Profits* (a member-only benefit) and is reprinted with permission.





# Uncertainty Is Not New,

But Neither Is the **Innovative Practice of Strategic Planning for**



# Multiple Futures

BY TOM EMISON

## **Pandemic. Civil unrest. A general election.**

This is surely a volatile, uncertain, complex, and ambiguous (VUCA) time for you and your company! **But great strategy has always been conducted in the fog of uncertainty.**

As many of history's most strategic leaders have addressed uncertainty and the need to plan for multiple futures, construction leaders must also plan for *multiple* futures. Since there are *multiple* possible future scenarios, the best approach is to research and write multiple scenarios based on different assumptions.

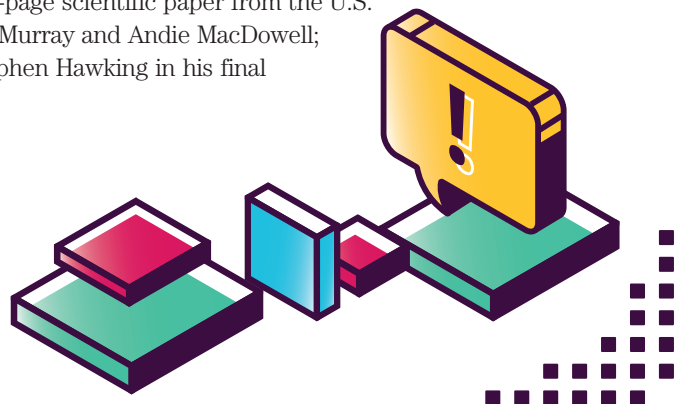
As 2021 advances, so will your clarity about each written scenario until it becomes clear which scenario is unfolding and, therefore, which strategic plan to execute. In other words, planning must be oriented toward, and actually *informed* by, the future.

### **A Scientific Paper, a Movie & a Work of Genius**

---

*Question:* What do all three of these have in common: a 172-page scientific paper from the U.S. Fish and Wildlife Service; a 101-minute movie that stars Bill Murray and Andie MacDowell; and a staggering work of genius developed by Professor Stephen Hawking in his final 10 days?

*Answer:* They each consider *multiple futures*.





The U.S. Fish and Wildlife Service published “Considering Multiple Futures,” a massive scientific paper on natural resource conservation.<sup>1</sup> “Groundhog Day” (1993) starred a wisecracking weatherman caught in a crazy time warp on the worst day of his life. In this movie, poor Phil experiences many, many futures and eventually prevails. Ten days before Professor Stephen Hawking died, a study was submitted on his behalf to *The Journal of High Energy Physics*. Maybe the Big Bang did not create just one universe but *multiverses*.<sup>2</sup>

## Envision More Than One Future for Your Company

---

High-performing construction executives have long understood that uncertainty is the basic challenge in strategic thinking. Early in my consulting career, a few construction CEOs even told me that strategic planning for a construction company was impossible. Their definition of business strategy was to plan for a future without much change. But, even today, my definition makes strategic change the goal; strategic thinking is all about change and so is strategic planning.

Looking back on the 250 strategic business planning engagements that I led throughout my career, the theme still remains: to make sense of uncertainty and express this in a series of integrated decisions and actions that help the company prosper by *fundamentally changing it*. Strategic plans based on incremental growth or change are not enough.

As strategic planning is synonymous with change management, contractors must develop strategic plans to compete *differently*, not better. They must research their portfolio of possible futures and look beyond their current business models, assumptions, and corporate culture.

### IMPORTANCE OF COMPANY CULTURE

According to Peter Drucker, no matter how strong a strategy is, it will not be effective if leadership does not foster the *proper culture*. That’s singular, not plural. Too often, companies do not have “a” culture, but rather several cultures – or silos.

For example, in a single company, I would observe a group of smart leaders who sought and valued more structure and hierarchy in their company; other smart leaders *in the same company* sought and valued less structure and hierarchy; some smart leaders *in the same company* sought and valued more customer focus and market sensibility; and other smart leaders *in the same company* sought and valued more employee focus and family feel. This is called cultural dissonance, and it is actually pretty common.

Unfortunately, when there are multiple and often competing cultures within a single company, the strategic planning wheels may be spinning, but they’re going nowhere, fast. For a company to effectively implement a strategic plan, it must stop competing for its own limited resources and align around one culture focused on a shared vision.

Leaders often misinterpret the quote, “*Culture eats strategy for breakfast*,” from Drucker. What Drucker was saying is that no matter how strong your strategy is, its efficacy will be trounced by leaders and employees if, together, they do not shift the culture toward the strategy. Migrating (or overhauling) the current culture toward the culture that is required for the strategy to succeed – well, that’s leadership. Strategic leaders drive culture, not the other way around.

Culture only eats a sound strategy for breakfast if leaders enable that, or if they are not serious about change. Can you think of any time in your career when strategic change was more important than right now in early 2021? I can’t.

If you want to increase your company’s chances of surviving the uncertainties to come, you need to envision, plan for, and execute on multiple possible futures *while* the futures are unfolding in ways that are both expected and unexpected; one or two moves ahead, as in chess. This means that strategy should be an ongoing leadership discipline in your company, not a once-every-three-year event. Don’t design your strategic visions around your internal competing cultures; start developing strategic visions to align competing cultures into a single culture focused on the future.

Understanding this connection between corporate culture and planning for multiple futures is critical. It is impossible for a construction company to plan for multiple futures if it is experiencing multiple presents.

## Planning for Multiple Futures

---

If 2020 taught us anything, it was to research nuggets of opportunity amid crisis and then select the right nuggets. Since we cannot predict with accuracy the one scenario your construction company should plan around, you need to plan around more than one. Change happens that quickly these days.

I think maybe Alvin Toffler got it right when he said, “Change is not merely necessary to life; it *is* life.” So, let’s walk through this four-part process to envision multiple futures for your company:



### Exhibit 1: XYZ GC, Inc's **Transformation Through Storytelling**

As an example, let's explore the transformation process of one GC's storytelling experience:

#### **ONCE UPON A TIME...**

XYZ GC was a strong and small community CM/GC with great name recognition in town, deep roots, active community engagement, and a 0.45 experience modification rating (EMR). This is the story of how XYZ GC transformed from a local small CM/GC to a remote work fore-runner that changed how architecture/engineering (A/E) firms and CM/GCs interact for the better.

#### **EVERY DAY...**

Marketing and business development personnel went to market trying to distinguish XYZ GC in a community with many other excellent CM/GCs. It was a hard market and financial margins were thin. XYZ's brand focused on strength and tradition. They were as good as their people, relying on their individual talents and heroics. Many were getting a bit long in the tooth, but wow, what great experience and knowledge they had.

Customers appeared satisfied with some XYZ GC project managers (PMs) and suppliers, but not others within the company. Each project was approached entirely differently, as if XYZ's PMs each had their own silo construction companies.

Its CEO, Bob, was 71 years old, sharp as a tack, and owned 100% of the stock of this S corporation. He had been in the corner office for 35 years and presided over a company that had now grown to \$125 million in generally accepted accounting principles (GAAP) revenue per year and pre-tax profit of 1.25%. Bob was charismatic, though employees were concerned for his health, his misogynistic views, and his disdain for A/E firms he deemed incompetent. The statements he made around the office about various A/E firms were often disparaging.

#### **BUT ONE DAY...**

Bob and XYZ GC leaders met off-site to dream together about the future. Bob and his wife opened the off-site retreat sharing that Bob would retire in one year.

This triggered strong emotions, and even some tears in the retreat room.

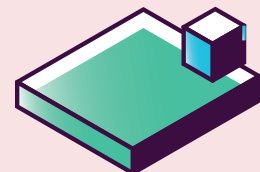
That day, the Controller, Julie, and the Director of Operations, Jack, led a crucial conversation that changed the trajectory of XYZ GC for the better. They clearly explained research they had been reviewing for weeks about the future of general building contracting. They elaborated on the troubles that are unique to mid-sized CM/GCs like XYZ GC. They shared a chart that showed their company's internal succession or leadership retirement situations as well as insights on new project delivery methods. They reported on a similar CM/GC located in the Midwest, which had huge success engaging the younger generation by having a more remote-work-oriented culture.

They also showed how three of XYZ GC's projects delivered last year were finished ahead of schedule, under budget, with zero recordables, and with A/E firms that were now referring more work to XYZ GC. As it turned out, these were delivered using virtual remote teams from the A/E firm, the owner, XYZ GC, and five other main parties to the projects.

When asked what made these three projects such winners, Julie and Jack answered, simply: "Our PM, superintendent, preconstruction and estimating team, and ABC Architecture were spread out across the region and opted to do their work and build team efficiency virtually." While he wasn't specifically familiar with the technology used, Bob liked the financial results.

Then, a young PM from that off-site team asked, "What if all of our projects were like that? And, what if we never allowed a bad word to be said about A/E firms in our company?" Those two "what ifs" allowed a future vision to emerge in this retreat. In fact, three possible futures.

The leaders discussed all three futures and agreed that they did not need to select the exact future scenario just yet. As long as they kept talking and exploring, it was good. They did so for the next several weeks,





## Exhibit 1: XYZ GC, Inc's Transformation Through Storytelling (continued)

and a new direction was emerging. And this direction would be about substantial change, not the status quo.

### BECAUSE OF THAT...

Top leaders at XYZ GC, with Bob's comically uninformed but passionate support, piloted a strategic initiative to get smart on remote work and virtual effectiveness. It was a success.

One year later, 11 projects totaling over \$29 million in GAAP revenue were being delivered using the new XYZ GC Virtubuild collaboration process that linked all project parties to the same technology platform. Even seasoned XYZ GC employee veterans were engaged, being paired with XYZ GC younger mentors on this new technology (new to XYZ GC, anyway).

Bob wrote three messages to all of his employees in a three-week period in which he implored employees to never again say a negative word about any A/E firm. Coming from him, it really rang the bell.

### AND BECAUSE OF THAT...

- A/E firms started to view XYZ GC as not just a contractor, but also a tech-savvy business partner. They began referring more projects to XYZ GC, much of which was negotiated, not low bid work. XYZ GC often returned the favor.
- Local and regional media picked up on the innovation and published two high-gain media stories about XYZ GC, giving the company new marketing exposure.
- Marketing and business development personnel began realizing it was better to go out into the market with the PM and superintendent together. Their win rate increased every time they showed the A/E firm and the owner their younger field engineers, assistant PMs, and younger preconstruction and estimating personnel.
- Bob learned to fly (and crash) the drone.
- Four very experienced leaders in XYZ GC did not handle this transition to a more tech-oriented culture and left on their own accord, with three directly entering into retirement.
- The pipeline of potential projects grew 20% in the first year and another 25% the following year.

- Six interns later joined XYZ GC full-time, three of which have excellent long-term leadership potential.
- XYZ GC was invited to present their story of virtual work effectiveness at a local industry conference.
- Managed volume grew 25% in two years and GAAP revenue grew 21% in those same two years – all while improving project gross margins without adding personnel. It was a retooling of personnel, no net additions.

### UNTIL FINALLY...

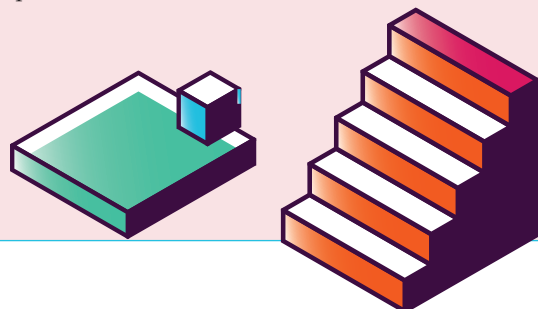
With advice from his CPA firm, risk management broker, and other business contacts, Bob proceeded with a company ownership succession plan. This plan enabled an employee stock ownership plan (ESOP) to take shape for 70% of the company as well as direct ownership opportunity for five of XYZ GC's top leaders for the other 30%.

The entire brand shifted; instead of being built on tradition, the company was now focused on communication, client impact, and community leadership.

Cost of sales dropped and gross margins continued to improve, all while general and administrative (G&A) costs held steady, improving working capital. The great EMR of 0.45 was maintained.

And an entire cadre of younger (and a few seasoned) XYZ GC employees were able to engage in new ways with one another and their stakeholders to complement the old-school handshake for which they were known and still are today. They formed a young professional group and blended that with other young professional groups from several A/E firms and subcontractors.

Soon, XYZ GC was connected to the majority of A/E firms and business partners in its community. They routinely heard about project opportunities months before their competitors.







- 1) *Exploring* multiple futures based on intelligent market research and which futures address a more virtually connected construction industry.
- 2) *Developing and expressing* these multiple futures in writing.
- 3) *Evaluating or judging* the multiple futures and deciding what actions to take about the most likely future scenario.
- 4) A *warrior* mentality – high corporate intensity with implementation.

### STAGE 1: EXPLORING MULTIPLE FUTURES

To be successful in the “next normal,” your company must become more relevant than its competitors. Through market research, relevant companies have identified the driving forces of change with their customers and their customers’ own customers. They have invested hours in reading, prioritizing, synthesizing, brainstorming, and becoming aware of how to succeed going forward.

For relevant companies, remote work was efficient and effective before the pandemic, and now they are really accelerating their virtual performance. Not only have they been reacting to COVID-19, economic uncertainty, and the general election, but they have also invested in knowing what to do next. They are exploring multiple futures.

During this stage in your company, make certain your top leaders are investing time researching and considering multiple futures alone *and* as a group:

- *Alone*: Is each top leader in your company becoming a student of market research about the future of your market sectors? Do you have an organized way to regularly circulate among your leaders the most important articles, blogs, podcasts, links, videos, books, and information?
- *Together*: As a team, are you comparing and contrasting your many observations and conclusions about possible futures? Are you having informed conversations?

### You, the CFM?

Your role is to serve as a strategic sentinel. Beyond the numbers, what are the factors driving change in the construction and real estate industry? Why? Which of the sources for such information and insight can you rely on? What is driving these changes? How are other construction businesses innovating in response? They are not doing business as usual.

Why? How? Who is competing differently, not just better, and how are they doing that?

As a CFMA member, what are some of your colleagues, whose companies are not direct competitors, doing strategically? Consider your customers’ own customers or stakeholders; what are *their* strategic plans for reimagining their organizations? Some disruptions might occur and become game changers for your company. But, when? Now, next year, or some distant possibility in the future?

Consider what Harvard Economist Michael Porter once said, “Strategy is about setting yourself apart from the competition. Strategy does not explain how you are going to get better; strategy is deliberately choosing to be different.” Making such choices requires in-depth research.

But, unless you are doing regular and high-quality research in your sentinel role, you’ll never understand the multiple futures that are emerging. If you cannot or do not wish to perform the sentinel role, then you have a *different* role, which is to provide the internal resources (money and people) to perform this essential duty. That means financial support during lean times. It means allocating the appropriate research budget of both hard and soft costs for a sentinel to be effective.

Exploring is about letting go of assumptions that are holding your company back. Exploring is also about finding patterns (e.g., cycles, sequences, tendencies, similarities, behaviors, and probabilities). And, exploring is about looking at a problem from a different point of view. How would an architecture firm define a problem that your company faces? A construction product manufacturer? Your CPA firm? Your risk management advisors? The U.S. Navy?

As an example, many years ago, the practice of building commissioning (i.e., the integrated and systematic process to ensure, through documented verification, that all building systems perform interactively according to the design intent) came about in the U.S. construction industry. Where did this practice originate? It came from naval and maritime ship commissioning to place a ship into active duty, which is still used today.

A CFM wearing a sentinel cap sees this and makes the connection during the explore stage. They are able to use this explorative research not just to improve a process, like project closeout, but also to define possible emerging futures that diverge from the path your organization has been on.



In recent years, many construction managers (CMs) and GCs (CM/GCs) have entered the modular prefabrication fray because they have a strategic sentinel in house. Their research points to multiple futures that include off-site manufacturing. While the long-term industry results for this delivery innovation are still unfolding,<sup>3</sup> you can be sure those CM/GCs have a sentinel with an explorer's mentality.

## STAGE 2: DEVELOPING & EXPRESSING MULTIPLE FUTURES IN WRITING

There was a time (which may baffle younger readers) when the tangible product of a strategic reinvention process was a three-ring binder! The good ones were neatly organized into sections; included labeled tabs for situation assessment, mission, vision, market for focus, action plans, broad financial plan, etc.; and told the company's strategic story very well.

The not-so-good ones were dry, uninspiring, and did little to galvanize internal action toward the plan. They were virtually impossible to share with customers or other stakeholders. And worse, they did not reflect the collective imagination of top leadership and their vision. Many such binders collected dust on the shelf.

Beyond the binder, other creative and more communicable ways to share a company's strategic vision include brochures, videos, office posters/boards, jobsite trailer posters/boards, website overhauls, new employee onboarding sessions, all-company meetings/celebrations, etc.

However, a great strategic plan for reimagining your construction company should tell a story, with the three-year forecasted income statement as just a tiny sliver of that story. If prompted, you and your construction company leaders have an amazing story to tell one another internally; an account that will make sense in the market eventually, engage employees now, and drive revenue growth. The key in this stage is to accurately express in writing – using the storytelling method – the multiple futures your construction company is imagining.

### The Pixar Animation Studio Storytelling Code

When you think Pixar, you think innovative; brilliant animation that is as funny as it is heartwarming.

Pixar Animation Studios films are incredible works of creativity, and each one follows a storytelling process that seems to be an innate storytelling code for humans:

- 1) Once upon a time...
- 2) Every day...
- 3) But one day...
- 4) Because of that...
- 5) And because of *that*...
- 6) Until finally.

This process can be used to help top leadership teams tell their story. It enables the leaders to step into the future – first individually, then collectively – and write the story they *envision* about their company's strategic success. They can write different stories for scenario A, scenario B, etc.

Some leaders are hesitant at first blush (“I am not a writer!”); ironically, they are often the ones with compelling multiple futures in mind, and after a little coaching, they really get going. Others may initially feel that this exercise is not strategic. If their story is about the status quo, then it is *not* strategic. However, if their story is about competing differently, not just better, then it *is* strategic. The future they come up with is ultimately up to them.

Exhibit 1 presents an example of this storytelling process with XYZ GC, Inc.

### You, the CFM?

Your role is to make sure the story includes important and relevant financial perspectives that have been well thought out. Often, leaders in your company will write a Pixar-style story but leave out the financial performance information. *You* can make sure this does not happen.

Plus, since you are the CFM and do not work in sales, marketing, preconstruction, estimating, project management, or out in the field, you see a broader perspective than many of your colleagues. You might be able to see how the multiple visions intersect or combine. For instance, you might piece together parts of your CEO's vision with parts of your estimator and PM's visions.

*And* you might be able to make that a complete and more compelling story by including the financial perspectives. Great corporate visions often coalesce like that. Let's move onto Stage 3.



### STAGE 3: EVALUATING OR JUDGING YOUR MULTIPLE FUTURES

Once a company has thoughtfully crafted three or four future scenarios in the first two stages, then the leaders can become *choosy*. Just as important as making the right choice is having the right *timing*, which is the essential factor to strategic planning with multiple scenarios. A great business strategy implemented at the wrong time dies (i.e., acting too soon invites unwarranted competition, acting too late means you missed the train).

Here are some questions to help evaluate or judge your multiple futures and then narrow down the most likely one. The key here is to entertain all of the multiple scenarios for a long enough time period (usually several months) to see which ones rise to the top (i.e., are most likely to happen *and* your preferred scenario):

- 1) Does the future you have described so well in writing appear inevitable? Is it in fact extremely likely to happen? If so, it is a contender.
- 2) If it is extremely likely to happen, is it also what you *prefer* to happen? In other words, is the scenario that is emerging also the one your company has been preparing for and actually prefers? Once you have a contender, there is a subset of questions:
  - What conditions will need to exist within your four walls (each department, each location, etc.) in order to seize and profit from this future scenario? And, in order for those conditions to materialize, what will your organization need to do internally *this* year?
  - How big is the gap between your current situation and each scenario? Is it a small leap, a major leap, or a quantum leap? A quantum leap does not necessarily mean you should not risk it, but it does help leaders understand the scope and depth of the corporate change you face.
  - How about the conditions outside of your four walls? Which conditions need to exist there (i.e., industry trends and policies; technologies or advancements; regulatory conditions, competitive factors, or supply chain considerations; economic factors)?
  - Following the law of unintended consequences, what might happen, get better, or get worse as a result of this scenario choice? Why? When?
  - What specific triggers will cause your organization to focus on the one scenario that you can build a strategic plan around? (e.g., Trigger:

Acme Construction down the street wins its first multi-family housing project using volumetric prefabrication. Trigger: your working capital exceeds \$XX million for the third consecutive year. Trigger: over 90% of office employees report a strong preference to work from home during the same year you improve pre-tax profit to over X.X%. Trigger: more than five subcontractors with which your company works sign a letter of intent to invest in a NewCo with your company.)

- 3) Is this emerging direction consistent with your core values and core purpose? If it is, then it might move from a good contender to the best contender. If not, be wary.
- 4) What will be the expected and unexpected financial impacts to the business? Why?
- 5) Did group think creep in and play a role? This common leadership team phenomenon in which the desire to avoid conflict among leaders often results in artificial harmony and a vision that is not change oriented. Status quo. (Uh-oh.)
- 6) Can you put it in writing one last time – in final form – and build leadership consensus around it?

#### You, the CFM?

Your role is to financially model (not forecast) the potential scenarios. You may be the only leader in the company who is skilled and objective enough to align an economic outcome with each of the multiple futures. You want to be able to influence the best decisions (choices) with the most accurate financial data and information. You may not need to make the big decision, but as a CFM, you do need to influence it.

Focus on the practice of knowing how your leadership team will evaluate or judge the scenarios and start moving toward the right one. Your role is to then support and participate in a comprehensive strategic planning process that is built around this chosen scenario, as illustrated in Exhibit 2.

### STAGE 4: APPROACH IMPLEMENTATION LIKE A WARRIOR

The problem with strategic planning is a failure to implement...or that is the lie you have been told. Not to burst your bubble, but failed implementation is not the problem. It is the *result* of the problem.

Exhibit 3 highlights the real underlying causes of poor plan implementation. We must recognize that the problem starts well before plan implementation.





## Exhibit 2: Multiple Future Scenarios for 123 Construction



### FUTURE SCENARIO A

The U.S. experiences an L-shaped recovery from the COVID-19 pandemic (“L-shaped” infers a very steep drop in economic activity *and* a very long-term recession or worse). After all, there has never been a vaccine for any of the previous coronaviruses. There has also never *not* been a second wave. Economic recoveries in the past, including that from the Great Recession, lingered slowly for years.

Based on this, 123 Construction will seize this opportunity to dramatically increase its sales of small tenant improvement or special projects. The goal is that by FYE 2022, it delivers over \$75 million in special projects under \$3 million in scope. This foundation will build and bring to market a new service and maintenance group not later than FYE 2023. Big construction projects will no longer be its only calling card. Small is the new big for 123 Construction. It will build a strategic business plan to do that!

### FUTURE SCENARIO B

The U.S. experiences an L-shaped recovery from the COVID-19 pandemic. After all, there has never been a vaccine for any of the previous coronaviruses. There has also never *not* been a second wave. Economic recoveries in the past, including that from the Great Recession, lingered slowly for years.

Based on this, 123 Construction will transition to a full design-build firm, through the acquisition of 456 Architecture no later than December 31, 2021. Together, it will build a vertical market strategy in health care and K-12 schools. It will offer fully integrated real estate development, design, general contracting, and property management. It will build a strategic plan to do that!

### FUTURE SCENARIO C

The U.S. experiences a V-shaped recovery, and the construction industry is more or less back to healthy backlogs at the end of 2021. This quick economic bounce back will produce internal momentum for 123 Construction’s new strategy to be the premier virtual contractor in its region.

The company will shift to a CM agency type of contractor, almost like a consulting firm. No more self-performance, no more unions, and no yards of iron. It will launch a new consultative selling method that gets 123 Construction into the C-suite. The company will become an expert at telling clients what to make of trends like volumetric pre-fabrication and how to avoid the pitfalls. It hires the best people regardless of their location, since being “here” is mostly moot. It will build a strategic plan to do that!

### FUTURE SCENARIO D

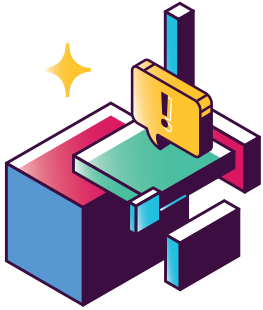
The U.S. experiences a V-shaped recovery and both low cost and low price wins the work. 123 Construction will do everything in its power to drive cost and waste from the process, becoming a lean icon in the region. In fact, it prefers to work with other lean owners, A/E firms, subcontractors, suppliers, etc.

Its contracts will become a strategic advantage as it shifts from a negotiated-style CM/GC to a hard-nosed and profitable low-bid contractor. Some subcontractors may no longer wish to work for the company, but the company doesn’t see that as its problem. It will build a strategic plan to do that!





## Multiple Futures



the mindset of a warrior and become laser-focused on the results.

It's time to incite action in your company and direct that action toward the strategic plan without marginalizing day-to-day operations:

- 1) Make certain the year one action plan is bold and aggressive. Ironically, the seemingly safer option to go slow and take it easy actually assures failure. A warrior understands this: you can tell everything you need to know about the next three years of a strategic plan by what changes in the first 90 days.
  - 2) Break down the annual strategic plan objectives into smaller monthly or quarterly milestones.
  - 3) Align resources to the action plans. This is an often-overlooked activity that, if not done correctly, can stop strategic reinvention before it gets going. Successful construction companies have a willingness to allocate and even repurpose key people toward the strategic plan actions. They do not ask employees who are already busy with dozens of day-to-day realities to do strategic action work in their spare time. These employees do not *have* spare time. Instead, recruit team leaders from both inside and outside your company to truly lead the initiative.
- A warrior seeks other warriors with whom to go into battle; a team leader who will own the initiative in its entirety; a person who is likely to overachieve the metrics associated with the initiative.
- 4) Communication is the cardinal rule of strategic leadership: you must tell your stakeholders where the organization is going and *why*. Since everyone is bombarded with countless marketing messages from inside and outside of your organization, you are quite literally competing for your employee's attention.

If you want employees who know where your organization is headed, why you selected your particular future, the nature of that future, the specifics of your strategic

plan, their role in that plan, and how you are progressing with that strategic plan, then you have to communicate 10 times more than you think. Warriors know this and create written internal and external communication tactics just for the strategic plan itself. They are evangelical about this direction and act as ambassadors of that plan every day.

- 5) Overcome pushback. When it comes to change in your construction company using the strategic plan as a management tool, there will be pushback from your current corporate culture. A warrior not only expects this but heads it off. If that does not work, they turn the pushback into an example of how the company is changing (see Exhibit 4).
- 6) Finally, warriors are party animals. They want the company to celebrate its accomplishments toward this bold new direction. Nothing builds internal enthusiasm toward a new direction, based on the good work you did in stages 1, 2, 3, and 4, like winning.

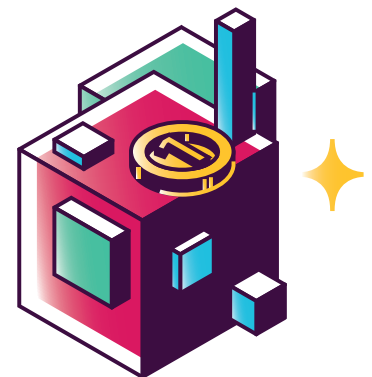
These can be small weekly or even daily moments of victory, or big notable wins that only happen once or twice a year.

In every case, it is critical for company leadership to tie the accomplishment back to the new direction before you celebrate:

"This text message is going to every employee in our company to remind us that when we focus, we win. Last Thursday, Andy and Sarah put together the estimate for the new ramp at the hotel – after working for two months on this with the hotel ownership group, their operations director, and Emison Engineering. Today, we found out that although we were not low, we won! This is the strategic future we are moving toward. When you see Andy or Sarah, congratulate them! Wins like this do not happen without focus and sacrifice. For every project we opted not to chase this year, this single win makes up for all of them and more. Linda and I are serving a BBQ lunch for everyone next Friday at 12 p.m. in the main yard."

### You, the CFM?

Your role is to provide accurate and timely financial data, information, and insight that





supports the transition to the scenario you have built your strategic plan around. The best CFMs prepare a three-year forward-looking income statement that assumes the correct scenario.

Your role is also to make absolutely certain that the operating budget for the next year, and your capital appropriation plans for the long term, fit with the strategic scenario. You will be amazed at how many strategic initiatives in your company will flow toward successful completion when you budget for them.

### Back to “Groundhog Day”

In the movie “Groundhog Day,” Phil Connors makes hundreds of blunders before he gets life right. The lesson we are to take

away is not actually about Phil, though. It is about getting out of your own personal hell, so you do not wake the next morning to the same thing over again, and again, and again.

Phil has an inspired moment when he sees a different future for himself in his time warp. His future is unendingly multiple! Nevertheless, he uses this to his benefit. He eventually masters the piano, motivates his camera operator, inspires his fetching co-producer, saves a boy falling from a tree, changes a flat tire for some nice old ladies, and more.

Uncertainty in the construction industry – a sector that was already experiencing major disruptions before COVID-19 (big data, off-site construction, artificial intelligence, war for talent, etc.) – is here to stay. Again.

### Exhibit 3: Causes of Poor Plan Implementation

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



I hope this article sets the stage for your continued success as a CFM. I have invited you to consider key questions. You gained methods and tools for multiple futures planning and how these can be used in the present day to shape the new direction for your company as well as the roles you perform as a CFM along the way. ■

### Endnotes

1. "Considering Multiple Futures: Scenario Planning to Address Uncertainty in Natural Resource Conservation." U.S. Fish & Wildlife Service. 2014. [www.fws.gov/home/feature/2014/pdf/Final\\_Scenario\\_Planning\\_Document.pdf](http://www.fws.gov/home/feature/2014/pdf/Final_Scenario_Planning_Document.pdf).
2. Resnick, Brian. "Stephen Hawking's final paper makes a hopeful case for the limits of existence." *Vox*. May 6, 2018. [www.vox.com/science-and-health/2018/5/3/17314878/stephen-hawking-final-paper-journal-high-energy-physics-hologram-multiverse-big-bang-thomas-herzog](http://www.vox.com/science-and-health/2018/5/3/17314878/stephen-hawking-final-paper-journal-high-energy-physics-hologram-multiverse-big-bang-thomas-herzog).
3. [www.cfma.org/IndConst](http://www.cfma.org/IndConst).

---

TOM EMISON is Vice President of Strategy and Innovation at the Kraus-Anderson Family of Companies in Minneapolis, MN. In his role at Kraus-Anderson Insurance, Tom leads CFMA member companies like architecture, engineering, construction, and real estate companies through strategic and leadership succession planning. Tom has designed, facilitated, and helped to implement over 250 strategic business plans in U.S. construction and real estate companies as well as dozens of contingency plans.

Tom is a longtime contributor to *CFMA Building Profits* and has been active in CFMA for over 25 years, speaking at local chapters, regional conferences, and national conferences. Tom is also the creator and co-host of the construction industry podcast *Build Me Up!*, which is now a Top 50 Business and Career podcast on Apple iTunes.

Phone: 612-979-5740  
E-Mail: [tom.emison@krausanderson.com](mailto:tom.emison@krausanderson.com)  
Website: [www.krausanderson.com](http://www.krausanderson.com)

### Exhibit 4: Overcoming **Culture Pushback**

Imagine your work in stages 1, 2, 3, and 4 have been impeccable. Your organization has agreed to a future scenario that requires a new laser-focused approach on chasing, winning, and delivering construction work in only three segments: parking structures, county/municipal roads and bridges, and paving jobs over \$500,000.

In the first 90 days of implementing the strategic plan, three of your project superintendents passively protest the decision. They feel your company is more than capable of doing all kinds of flat work and do not think the focus is needed. They promise current clients "this too shall pass" and keep asking estimators to win small driveway paving jobs and gigantic projects for the state Department of Transportation.

The warrior sees this initial mistake by the three superintendents as an opportunity to clarify expectations, reinforce the new direction, and change their errant ways. The warrior explains that a few fumbles in the first 90 days are to be expected. But the warrior also announces the following at a PM and superintendent monthly meeting without calling out the offenders by name:

"Superintendents, I want to remind you that we researched a lot of choices on our strategic direction. We carefully narrowed it down to a future scenario that is very bright for our company. We put that in writing, and we agreed as a leadership team that this new direction (hyper focused only on parking structures, county/municipal roads and bridges, and paving jobs over \$500,000) is real. If you think our company is capable of doing more and a wider variety of projects, you are right. But being able to do that type of work is not the same as doing it profitably for the long haul consistent with our vision. We just cannot be all things to all people *and* build the company.

"Therefore, you will *not* be getting any support from estimating, or me, if you wander out of our three focus areas. If I hear about this loss of focus again, I will figure you do not understand our direction. Strategic change, and our new focus, is hard to get used to, I know. It has been an adjustment for me, too. But our adjusting period has ended. I need warriors who are going to help us win and win big in our three chosen markets."