

# THE BIG IDEAS

for a changing world

Creating pathways for  
a competitive future

a fresh perspective  
on company  
competitiveness in the  
UK construction sector

"I think it is about integration,  
about some strategic  
sponsorship of improvement  
in thinking processes ..."

John Calladine, BP (ECI Industry  
Futures Task Force)

## The need

For decades firms in the UK construction industry have been bombarded with reports urging improvements in competitiveness. Business process re-engineering, lean construction, partnering and key performance indicators, to give a few examples, have been promoted as panaceas for the industry's supposed performance problems. All have failed to live up to their promise with limited impact on company performance. Firms are invariably faced with unique challenges shaped by the path they have travelled. Generic 'best practice' recipes advocated by outsiders often detract attention from the issues that are really important.

### The dilemma

Are you continuously reacting to events with too little time for thinking ahead?

Do your strategic planning sessions regurgitate the same old issues without ever devising concrete courses of action?

### ...the Big Ideas tools for thinking can help...

- reveal how your organisation is shaped by its history
- envisage potential futures
- model potential consequences
- challenge existing thinking
- open up new possibilities
- build new capabilities

## A fresh perspective

Drawing on the extensive research expertise of the three leading construction management research centres in the UK, we have been exploring the reality of the challenges on the ground facing those working in the industry. We have been careful to engage closely with a range of organisations including those whose voices normally go unheard. The work has included numerous interviews with company directors, multiple in-depth case studies, futures workshops held with groups of companies, and hands on strategic planning exercises creating possible future trends. These practical exercises have provided valuable new insights into the ways in which company strategy is determined and implemented in practice.

Our message is that firms rarely maintain competitiveness by continuing to do what they have done in the past. And there is little point in striving to do the wrong thing more efficiently. In increasingly dynamic environments, competitiveness depends upon a firm's ability continuously to re-configure existing capabilities. Success therefore depends on responding successfully to constant change rather than copying 'best practice' from others. Firms often make the mistake that they need to make the business case for doing things differently on the basis of how they currently operate; but what they need to do is to focus on how they might operate in the future. Companies need to be alert to the danger that decisions made today can easily disable their ability to make some future desirable changes.

## The solution

Organisations need to develop their ability to recognise, create and exploit fruitful opportunities. Part of this ability includes raising awareness and looking further ahead. Scenario development can extend horizons, help you to recognise the factors that might influence your future success. The results can be brought alive by creating dynamic simulations which can reveal hidden effects, interdependencies and sensitivities.

But we also believe it is crucial that you are fully embedded in the market niche within which you operate - the importance of establishing and sustaining credibility within localised networks cannot be over-emphasised. Long term relationships with clients and suppliers within your communities are key. They provide the context within which firms learn and innovate. They provide the unique and valuable social capital which competitors cannot easily copy.

The practice of open innovation is key to sustained competitiveness. Innovation is not something that construction companies do on their own; it transcends organisational boundaries. And there is convincing evidence that successful firms choose to work with clients and suppliers who share this commitment.

...the Big Ideas tools for thinking can help...



## The approach

Our approach is to create mind maps of potential futures based upon a shared understanding of how your organisation reached where it is, and allowing the possible outcomes of different strategic actions to be explored.

This hands on, research-based guidance is a robust and more certain alternative to the risky copying of other people's, possibly irrelevant 'best practice' recipes. It also uses the expertise of your most important resource – your managerial staff. Participation and sharing is key. Through participation comes commitment, and through commitment comes ownership. Ownership generates the best commitment to make a more successful future work. But the 'Big Ideas' approach offers even more than this. It can reveal which specific action points will best pave the way for your journey from where you are now to where you want to be in the future. It will enhance your firm's abilities to respond to changing environments while at the same time recognising the need to maintain efficiency of existing operations. This approach focuses attention on the importance of organisations developing new capabilities for the future while at the same time continuing to fine-tune existing capabilities. Maintaining this balance between the capabilities required for the present and those required for the future is crucial to sustained competitiveness.

The ideas presented here have arisen from a unique collaborative venture between the three leading construction management research centres in the UK. We wanted to challenge existing thinking, in both industry and academia, on what influences success. We put together a team which, importantly, had different views on the problem and how to tackle it. We believe this has resulted in significant new insights into the way in which successful construction firms maintain and build on their competitiveness. This project has also led to a new, rigorous approach to helping firms think through the constraints and opportunities presented by their unique development paths. Strategic choices are constrained by the realities of the present, which were

in themselves inexorably shaped by the path travelled. But firms can successfully change direction and steer intelligent courses towards a rewarding future.

The findings are a culmination of many years of research working together with construction companies to fashion practical, tested advice for a variety of situations.

## Picture this

The research has revealed the day-to-day challenges faced by construction businesses and the ways in which these are most effectively addressed. Real challenges have been addressed, faced by real firms, which required real responses over-and-above the accepted rhetoric of industry improvement. As means of illustration, here are three recurring examples coming out of the engagements we have had with industry.

## Future proofing construction

Changing market conditions at local level combined with macro influences (economic volatility, global warming for example) mean existing ways of working are insufficient in such dynamic times. Previously dominant industry sectors are in decline with others, such as FM, emerging. Greater technical co-ordination is required leading to the need to develop common approaches across teams and to generate operational efficiencies.

These changes catalyse different approaches and previous tendencies to respond to market availability give way to proactive innovation through investment in R & D. Knowledge capture is influential in shaping future success. Developing organisations where change is a fundamental part of the culture is pivotal to identifying and co-creating positive futures.

## Managing tensions

Construction firms operate in a state of continuous adjustment between a regionally-based model and specialist divisions. Each has its particular operations and staffing issues. Firms need to operate unique versions of the two business models concurrently to make themselves adaptive to market changes. They are then less constrained by long-term plans and more able to respond opportunistically to emergent markets.

This presents challenges such as maintaining an appropriate balance between 'central control' and 'local autonomy'. The latter facilitates entrepreneurial behaviours and enables multiple business units to become embedded within local markets or specialist sectors. But group boards also have to maintain some degree of central coordination. Maintaining an appropriate, but changing, balance between responsive entrepreneurship and constrained risk exposure is central to remaining competitive.

## Rehearsing strategy

In these turbulent times companies should attempt to create a future which harmonises with their skills and capabilities. Competitors can be out-manoeuvred if the organisation relies solely on an emergent strategy, progressively aligning your strengths with emerging trends. However, the complex interactions which exist within the firm, and between it and the market, mean strategy design can no longer be undertaken by management teams unaided. A dialogue supported by a model of interdependencies is needed. This learning environment provides an effective means to rehearse future scenarios and identify unforeseen consequences.

# Tools for thinking

Support for sustained competitiveness

## What's involved

A thought-provoking approach to strategic planning focused on actions:

- Unique diagnosis of how a firm has developed to date
- Tried and tested method of identifying alternative potential futures
  - Using future scenario mapping techniques
  - Facilitating scenario-based learning
- Focused and participatory approach ensures ownership and commitment from key personnel
- Explore and identify capabilities necessary to maximise opportunities
- Opportunity to challenge existing ways of thinking and explore unanticipated consequences of potential future
- Initiates actions to support development
- Facilitates planning for the future

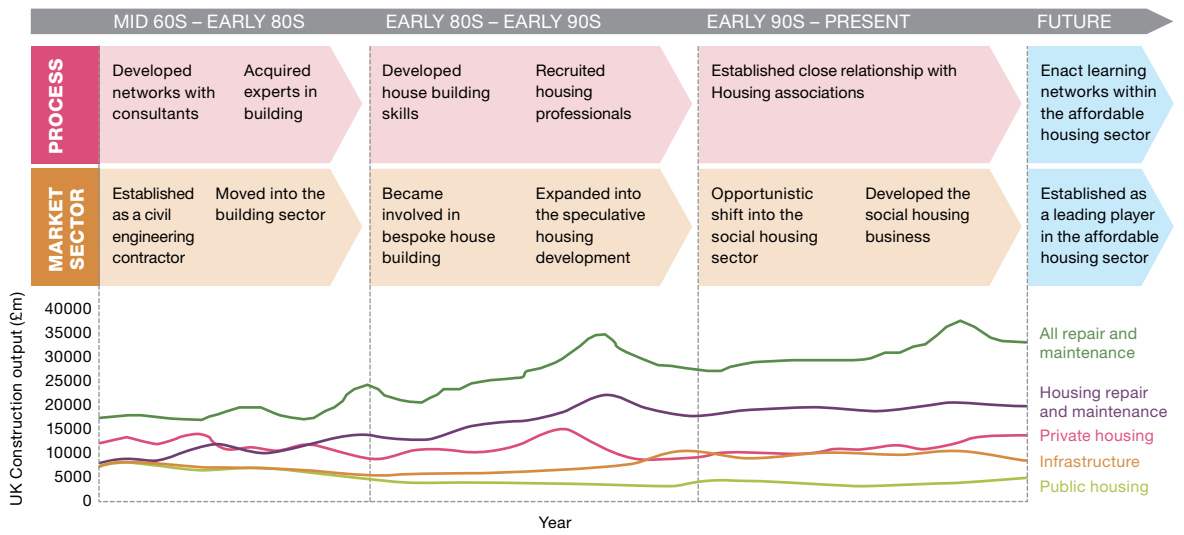
## The power of the approach

- Grounded in an understanding of how strategy is enacted in the construction sector
- Recognises and accommodates competing agendas
- Highlights feasible futures
- Focuses attention on how to influence change proactively
- Utilising proven techniques derived from extensive research



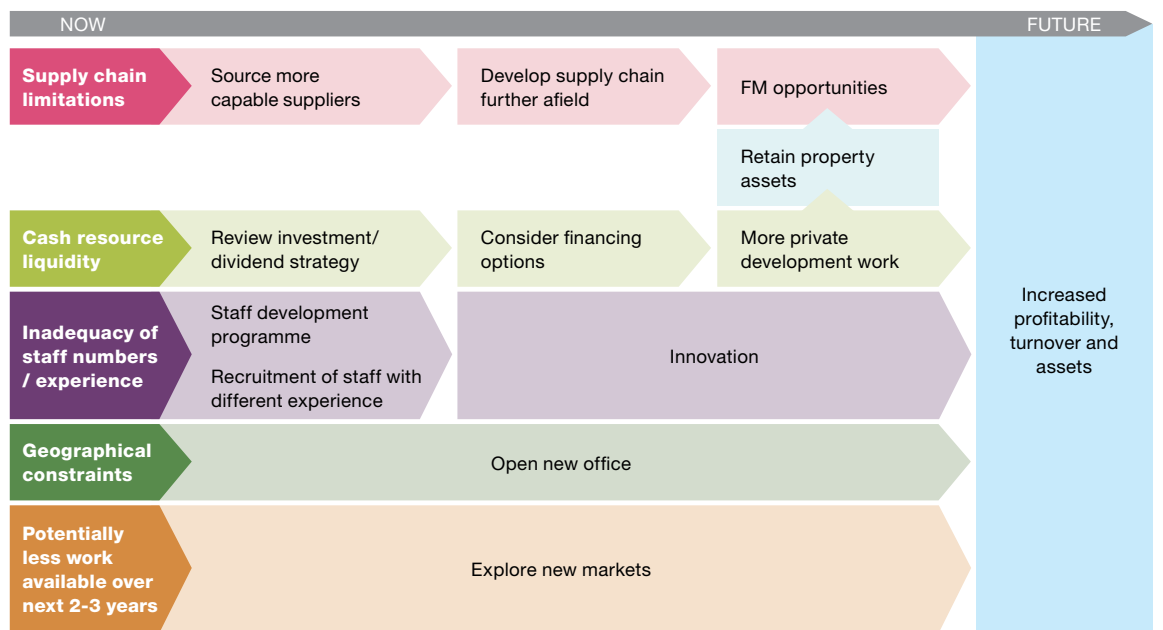
## Understanding Path Dependency

A historical analysis revealed how this regional contractor evolved its capabilities in affordable housing in response to national output trends



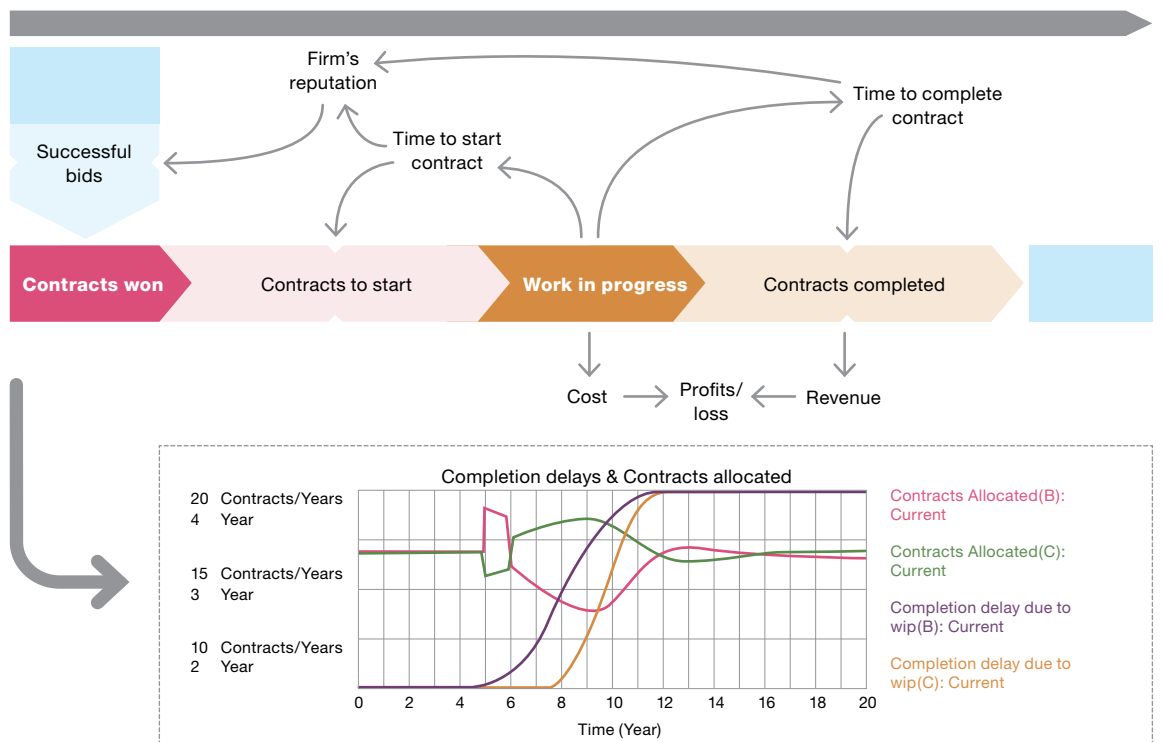
## Mapping a more profitable future

Futures techniques can counter inertia and explore how issues such as skills inadequacies might be tackled to achieve favourable outcomes



## Acquisition and discharge of contracts

Mapping of resource flows and their drivers allows an exploration of various strategies and circumstances to understand the market behaviour



## Putting BIG IDEAS into practice

Support is available to help you learn more about how to tap into the BIG IDEAS resources and enable your organisation, people and projects to benefit.

## Visit the BIG IDEAS website

Detailed information, insights from the research, futures drivers, scenarios and sample system dynamics models are available at [www.thebigideas.org.uk](http://www.thebigideas.org.uk)

## What next?

Please contact one of the project partners if you want to learn more. We can provide advice and also run interactive workshops with you.

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**THE BIG IDEAS**

the BIG IDEAS research project was funded by the Engineering and Physical Sciences Research Council (GR/T21813/01, GR/T21806/01, GR/T21820/01) through the Innovative Manufacturing Research Centres at Loughborough, Reading and Salford. We also thank the many individuals, organisations and companies who enthusiastically participated in the research.