

Gaining a Powerful Competitive Edge

BY MARK BUCKSHON, CPSM

Can you measure passion, great relationships, and the wonderful sense of accomplishment at a harmonious, enthusiastic architectural, engineering, or construction business? If you answer: “No, these are ‘gut feel’ things,” you are most likely one of the majority of this industry’s marketers.

However, some SMPS marketers have recently discovered ways to measure seemingly intangible qualities and, in the process, gained a powerful competitive edge. They’ve achieved these results by creatively adapting conventional systems and practices, which should be available to larger and many smaller organizations with proper discipline and internal systems.

After writing the introductory article on metrics in the October 2009 *Marketer*, I set out to speak with a diversity of A/E/C marketers. Several responded to the survey earlier this year by Sally Handley, author of *Marketing Metrics De-Mystified: Methods for Measuring ROI and Evaluating Your Marketing Efforts* (available at www.smpsbooks.com).

In my interviews, I discovered a range of sophistication and approaches, from practices that are just starting to gather basic data, to others that have gone beyond the conventional measuring concepts to discover key insights, which truly are influencing their corporate culture and values.

Two common themes underlay any A/E/C metrics success story: The practice’s senior management must buy into the process, and its implementation needs to be universal within the organization.

Consider, for example, how HMC Architects, a 70-year-old, California-based firm, has discovered how to measure passion.

When a project passes through a rigorous “go/no-go” evaluation and it is time to prepare the formal proposal, everything including management and marketing time is tracked through project coding.

“We’re finding that, when the principal in charge spends more personal time on the proposal, it has a much greater chance of

success,” says Doreen Lamothe, HMC’s marketing administrative manager. “If the principals care, if they have passion, they’ll spend the time to ensure the proposal is right.”

Conversely, a principal who doesn’t care or is just trying to crank out the work, might tell the marketing department: “Use boilerplate material, as I don’t have the time to write the project approach,” says Lamothe, who works closely with Tracy Black, HMC’s vice president of corporate marketing.

These projects have a much lower chance of success: Unless the principal is actively involved in the process and cares about it enough to invest time and energy for it to succeed, the proposal will likely fail.

The HMC example shows how metrics can be applied in creative and innovative ways—the challenge is to ensure that the data is consistent, everyone participates, and there is a comprehensive integration of systems and processes.

Not all marketers are there yet, so they must take partial steps to achieve the measuring goals. Consider, for example, the story of Ray Stokes at Burgess & Niple, a 650-person, multi-disciplined engineering and architectural firm headquartered in Columbus, OH, with offices across the nation.

Stokes, the practice’s business development leader, is working in an environment where marketing is not fully integrated into the business culture. Stokes says he is working closely with his firm’s chairman in changing the culture to create a strategic marketing mindset amongst the staff by focusing on clients and the world they live in.

Marketing metrics are outdated for the firm founded in 1912, Stokes says. He has been working to define new metrics and refine the current Marketing Recovery Factor (MRF)—the contract value divided by the marketing dollars spent; the higher the marketing factor, the better.

The challenge: organizing the results. For example, Stokes said the practice is actively involved in an annual large transportation conference but only now is starting to setup systems to measure the costs and return from it.

“We’ve spent at least \$30,000, with 30 people attending at an estimated cost of \$1,000 a piece,” he said. Starting this year, the attendees each had a marketing role because they are part of developing the business. The conference has “seven or eight marketing opportunities, including a reception, the exhibit area, people meeting people at the conference, and speaking opportunities,” but the challenge is getting everyone to report their contributions and assess their results, he says.

As well, Burgess & Niple needs to segregate results by individual clients (it is just starting to do that). Presumably, the MRF will be much better for clients with long-established and continuous relationships than entirely new clients/markets. “The goal is to determine which markets to pursue, and where to set our priorities,” Stokes said.

Meanwhile, Susan Arneson, CPSM, vice president and corporate marketing director for SmithGroup, says her organization has been working on developing statistics that allow for meaningful comparison with industry benchmarks.

One challenge the SmithGroup (an organization of architecture, engineering, interiors, and planning professionals) faces is that different criteria are used to measure the same thing: For example, one of the most common metrics A/E/C firms wish to monitor, the percentage of repeat to new work, varies depending on the measuring criteria—and various associations and groups have different standards for their own calculations.

“No one metric by itself tells you everything,” she said. “You have to look at everything in context.”

She says SmithGroup looks at repeat and new work by market on a quarterly basis. In addition to net revenue, they also track hit rates as well as marketing and sales expenses by quarter.

“We use a variety of statistics to help evaluate the effectiveness of our business development efforts and are strategic about where we invest our resources. We are being more proactive about identifying target clients and markets, and the amount of time and effort we put into them.”

The examples from SmithGroup, Burgess & Niple, and HMC Architects may be relevant to larger practices with large marketing departments, clear divisions of responsibility, and accounting software and business management systems that, if implemented properly, should be able to generate the data required.

However, can metrics principles be applied for smaller firms?

Yes, though the frame of reference is a little different. If you are a small practice, you should know your *hit rate* in your heart, or, at least, a quick review of the results of proposals submitted. And you will know pretty quickly if something is going wrong.

Of course, even though this may seem rather easy to calculate, many firms don’t bother. “The first firm I worked at, a 13-person architectural firm, had been in business 22 years, and they never tracked hit rates,” says Scott Mickle, CPSM, of LandDesign in Charlotte, NC.

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A quick hit-rate evaluation can quickly show problems that should be obvious but are often missed. In one case a practice tried to break into the K–12 sector, where it didn’t have experience. “When we broke out our hit rate over the market sector, the results showed them we were 0 for 11.” This suggests something wasn’t working.

Mickle described how he used a simple, measurable campaign to rapidly build the client base for another small architectural firm, then with only three employees. The “Don’t Get Caught Behind the 8-Ball” campaign proved to be immediately measurable and effective, and it won an SMPS Marketing Communications Award for its success.

Lorenz Architecture sent 100 real 8-balls to representatives of general contractors and commercial developers in the greater Charlotte, NC, area who were specifically involved in the selection of design firms for design/build projects. The list included presidents, vice presidents, project managers, business developers, and owners.

Mickle set up a simple Excel spreadsheet to track progress. First, the practice measured, through phone follow-ups, whether the initial marketing piece had been recognized and noticed. Then it tracked the commitments for appointments, actual meetings, opportunities to submit proposals, and the return/result of the proposals, creating a wealth of information and validation. Within 60 days, for an actual materials cost of \$1,200 for the 8-balls, face-to-face meetings had been arranged with 65% of the list, with a nearly 95% recall of the mailer. Five proposals were submitted and three turned into projects with revenue of \$50,000.

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Another example of effective use of metrics for smaller firms is the story of how Dwight Hatfield uses metrics to assess his Web and e-mail marketing for SurvTech Solutions, providing land and hydrographic surveying and mapping services from its Tampa, FL, base.

Not surprisingly, the surveying industry has been hard hit by the economic crisis, which has hit Florida severely, but SurvTech remains viable even as several of its competitors have failed, says Hatfield.

Hatfield uses a combination of a video newsletter/e-mail sent to approximately 1,300 core prospects and clients, with a reminder e-mail sent quarterly to about 4,000 existing clients. He can track which emails are being opened and on which pages clients are spending most of their time at the Web site. He also can track which types of communication are most effective. He finds seasonal themes and subjects and fun stuff attract greater interest.

“The data show that my audience is 25- to 40-year-old males and 35- to 45-year-old females,” which reflect the ideal demographic for potential clients. “Seventy-five percent of the people on the list are clients, but of course not everyone needs surveying all the time. The newsletters keep people in touch and remind them of us.”

One conclusion is apparent from the observations of the people interviewed for this article. While they value metrics and are measuring, everyone is handling things from a unique perspective,

reflecting the size of the firm, its corporate culture and values, and its stage in thinking about the value of measuring and implementing metrics systems.

If you have a large practice with the ability to gather detailed and comprehensive data, you may find truly powerful metrics if you think creatively and unconventionally—as HMC Architects achieved with an empirical measure correlating the interest of principals in projects and their likeliness of success. But you don’t need to be huge to set up a simple direct marketing campaign with structured follow-up as Scott Mickle proved with the 8-ball campaign—and you can set your own benchmarks to assess your own performance.

And, yes, you can measure passion. ■

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