

GREENWAY CASE STUDY:

CLIENT ENGAGEMENT

Firm Profile

A leading regional A /E firm celebrating its 26th year in business, with 6 established offices and 4 market sectors; annual revenues in excess of \$20 MM; and total professional staff of approximately 75. The firm experienced the impact of the last recession on a delayed basis with a 30% decline in business seen during the 2010-2011 period. Fortunately, revenues in 2016 now exceed pre-recession levels, but profit margins have been slower to recover. Repeat clients have accounted for almost 70% of the firm's business in recent years.

Environmental Scan

Competition from larger, national firms continues, but the greatest recent impact has come from newer boutique firms. Recruiting and staff retention continues to challenge the firm's ability to respond to new opportunities. The firm's established brand has become diluted by a series of new initiatives which garnered enthusiasm among staff, but have lost momentum and focus. Legacy client relationships are considered to be strong, but are concentrated among a few senior principals.

The Business Challenge

Greenway was asked by the firm's Board to conduct a firm wide 'health check' and to recommend opportunities and avenues for renewed growth. Principals wanted to understand whether the lower profit margins experienced since the recession were the 'new normal' or whether growth in new geographies and sectors could reverse the trend.

Greenway's Perspective and Approach

The firm's established culture and successful legacy required a holistic approach for addressing the firm's growth objectives. The firm health check identified areas for improvement in operations and project management that would improve margins, but the suspected major source of margin erosion lay elsewhere.

Firm-wide surveys and leadership interviews revealed that the firm's understanding of its clients was rooted in relationships established many years ago. In the press of 'getting the work' done, efforts to provide a unique and consistent client experience had waned and the influx of new and younger decision makers at clients had contributed to losing traditional, bread and butter work to other firms.

What Greenway Helped the Firm Discover

Greenway conducted a customized outreach to the firm's established clients via on-line surveys and one-on-one interviews. The candid feedback from clients surprised the firm's leadership and in some cases was not easy to hear.

The *good news* was that the firm's established clients viewed the firm as a trusted advisor that delivered quality at a fair price. The *bad news* was that these same clients felt the firm was reluctant to make recommendations and share best design practices, and had not invested in keeping pace in recent years with understanding the changes to the client's business.

Outcomes Eighteen Months Later

The focused implementation of a series of client-centric initiatives helped to re-invigorate the firm's legacy relationships and in the process identified significant new work with existing clients. The entire staff got involved to craft and embrace a 'branded client experience' that has been well received by both established and prospective clients.

The process of delegating and diversifying client relationships has gained traction and younger, emerging leaders have stepped up to identify and develop mid-level peer contacts within the firm's legacy clients.

Discussions with clients about their business challenges outside the boundaries of specific project work has led to several innovative, collaborative studies that hold promise in helping both the firm and the clients develop authoritative points of view on emerging issues and opportunities.

The firm's renewed understanding of its client's needs has enabled it to identify higher-margin opportunities which has led to a 20% improvement in the firm's average profits margin over the course of eighteen months.

While geographic and sector growth still remains a long-term strategy, the firm has been able to capture growth from the 'low hanging fruit' of expanded work with existing clients; without investing in new offices or sectors.

Lessons Learned

Change is never easy and can produce unintended consequences. Some principals approaching retirement have been reluctant to expose their client relationships to scrutiny and reluctant to diversify the responsibilities for 'rain making'.

Communication both internally and externally continues to present practical challenges for this firm. Recruiting and talent management are continuing challenges and continue to demand greater leadership attention.

While re-capturing a greater share of their clients' work has provided quick financial benefits, the risk resulting from a further increase in customer concentration is on the radar of the firm's leadership team.