



## **REASONED RESPONSE TO CHANGE – IS IT YOUR ULTIMATE MANAGEMENT TOOL?**

When asked to give the major reason why his construction contracting business failed, the owner said, “I think we tried to sail the Queen Mary by changing the position of the rudder every two minutes. You just can’t sail on course that way.” He explained that when his company faced new challenges, he would tinker with all the latest management and marketing fads, hoping for a quick fix, but would not apply one method long enough to see its effects. “We forgot,” he continued, “that management principles are for the long haul – you’ve got to learn to apply them, stick to them, and give them time to take effect ... I suppose we were acting out of desperation.”

When asked to give the major reason why his business failed, another contractor said, “We were frozen like a bunch of deer in someone’s headlights. We sensed that our markets and our competition were changing, but we were afraid to make any changes to the way we did business. We kept saying to ourselves: “We’ve changed nothing during ten years of success, so why should we start now? We were auctioning off our equipment before we realized that change is inevitable, and that we should have responded. Not only were we bankrupted by a decline in new work, but our competitors were able to take advantage of good changes which helped them find new markets and expand their business. We did nothing to avoid oncoming problems, nor did we take advantage of new opportunities. We simply did nothing.”

Our free enterprise economy offers no guarantees for continued business success. However, there is much accumulated wisdom on making businesses more profitable, productive, flexible, and competitive. Whether you tend to overreact or under-react like the men in our examples, we suggest that you implement a procedure, which follows seven steps:

1. **Move from reaction to response.** Long and short-term business decisions should try to be pro-active and not re-active. Reactive decisions are spur-of-the-moment, and usually not carefully reasoned. They can easily transform into chain events that can lead to one or more unexpected consequences. Pro-active decisions are the opposite; they are deliberate, carefully thought-out moves.
2. **Identify the changes your business is facing.** Make sure you identify not only potential threats, but also opportunities, both inside and outside your company.

3. **Prioritize the identified changes.** To decide which external changes will have the greatest potential positive or negative impact on your business, you may need help from a qualified management consultant who understands the dynamics of the construction economy locally as well as globally.
4. **Analyze potential management and marketing methods.** Each method should be analyzed to determine how well it applies to your business, how well it addresses the changes to which you seek to respond, and how much it will cost to implement.
5. **Make management and marketing method selections, and implement them.** Based on the previous analysis, select a small number of new management or marketing techniques. Make sure your managers and staff are fully briefed on the reasons for implementing the new methods, and that everyone is sufficiently trained to understand any new policies or procedures.
6. **Allow time for implementation.** It often takes at least one full fiscal year to see if a new technique or method has had the desired impact on the bottom line and on the long-term survival prospects of a business. Make quarterly progress reports.
7. **Decide to “fish or cut bait.”** Eventually, you will need to decide which management or marketing technique will be made a permanent part of your business operations, and which techniques can be cut.

These steps are part of a “reasoned response to change” – a continuing effort to watch for and respond to changes that could hurt or improve your business’ future. You may already be doing something similar in your business. If so, we applaud you! If not, we’d like to help you get started.