



## Positioning Your Organization for the Win

By Rick Tison and Jay Bowman

**It's not enough to play the game well, you must also decide what game you want to play.**

When Southwest Airlines started flying in 1971, it offered direct flights between Dallas, Houston and San Antonio, utilizing older airports in Dallas and Houston that were closer to downtown. Those beginnings sowed the seeds of a strategy that allowed the airline to offer lower fares by offering only short-haul, point-to-point flights, utilizing one type of plane to simplify maintenance, and no international flights.

At the time, Southwest's model differed significantly from other major airlines, most of which operated hub-and-spoke model networks and profited from long-haul, international flights. Over the next 40 years, Southwest's focus allowed the company to grow from those three cities to being one of the largest domestic airlines. More importantly, Southwest has consistently outperformed industry profitability benchmarks.

The success of Southwest's strategy resulted from the airline's decision to play a different game than the competition. In many ways, it wasn't entering the airline business. Instead, Southwest entered the transportation business—getting people from point A to point B—and just happened to use planes as the mode of transportation. Southwest's most direct competition came from buses more than from traditional airlines.



## Competing to Be Different, Not Better

Southwest is a classic example of viewing strategy as competing to be different—not better—and in a way that customers value, which Michael Porter outlined in his seminal Harvard Business Review article “What Is Strategy?” At its core, strategy comes down to aligning the organization’s current and new capabilities to achieve its market aspirations and priorities. This requires clarity on what those aspirations are, the state of current capabilities, and how to close any gaps.

A common temptation FMI sees when working with industry firms around strategy is the pursuit of best practices. Unfortunately, many organizations take a misguided approach to best practices that conflates correlation with causation. In other words, if a successful company employs a specific practice, then that practice must lead, at least in part, to its success.

Consider this: Early attempts at human flight offer a prime example of the cautionary tale of best practices. These attempts focused on creating the necessary conditions to emulate other things that could fly. A common observation was that those flying things tended to have wings and feathers, which led to the conclusion that wings and feathers were critical components of flight. Sadly, especially for those who made high-altitude flight attempts, wings and feathers only correlated with flight—they did not cause it. While best practices do exist, they only create the “best” results when employed as part of a coherent strategy—it is not the combination of wings and feathers, but the ability to create lift that allows us to fly.

When applied in this manner, best practices are not focused on leveraging or creating a specific source of advantage that differentiates you from the competition in a valuable way. At the time Southwest went into business, for example, other airlines employed a hub-and-spoke model to increase network utilization. This was the best practice for those airlines. For Southwest, however, this practice would have undermined the source of advantage it created through its strategy (i.e., the convenience of point-to-point service and lower prices).

Southwest smartly did not try to build a network where this model applied. In response to the threat Southwest posed, many competitors tried to emulate the newcomer’s point-to-point strategy. Most failed to create real value for shareholders and had to abandon these business models.

## How to Position to Win

Borrowing a page from Southwest's playbook, positioning to win starts by selecting the right game to play (i.e., what customer values do we want to differentiate on?). In the engineering and construction industry, we have identified three primary sources of advantage that companies leverage to differentiate from the competition: efficiency, customer advocacy and sector expertise. Here's a breakdown of each:

- **Efficiency**—focus on price and schedule efficiency. Engineering and construction is a price-competitive industry, so this is a significant source of advantage for leading firms in many different areas of the industry. This source of advantage is not just about offering the lowest price and shortest schedule, but also about providing certainty on hitting those low budgets and tight schedules.
- **Customer Advocacy**—focus on delighting the customer by better understanding his or her specific needs and providing a customized service and experience.
- **Sector Expertise**—focus on depth of expertise around a specific sector that allows you to offer a better product or service to the customer.

Getting all three differentiations right isn't always easy. Companies tend to make two major mistakes when pursuing these sources of advantage. For one, they try to be all things to all people. And they don't realize that there is always more than one way to play the game.

The real value in this approach is not about picking what you will be famous for but, instead, understanding what you will not be famous for. If your business is based on sector expertise, for example, then you must provide a certain amount of customer care. You must also strongly resist the urge to overinvest in customer care. Doing so only adds cost without creating real benefit in your competitive position against a competitor who is focused on those same customer values.

## There's More Than One Way to Play the Game

There is never just one way to play any game. While certain markets can dictate the modes of competition and sources of value, winning the game is rarely so straightforward. Take the world of college football as an example. In Frank Beamer's first year as head coach of Virginia Tech in 1987, the program won only two games. During his career, Beamer went on to lead Virginia Tech to 23 consecutive bowl games, including a national championship appearance in 2000, before retiring at the end of the 2015 season.

How did Beamer turn Virginia Tech's fortunes around from those humble beginnings? His success at Virginia Tech lies in his decision to play the game differently than other teams. His aspirations were the same (i.e., win games), but his approach was different. Other teams used their offenses to score points and their defenses to stop the opposing offense from doing the same. Beamer's perspective was unique. He felt that every player on the team should focus on scoring points, including defense and special teams' players. This perspective and related style of play significantly contributed to Virginia Tech's success.

In hindsight, focusing all phases of the game on scoring points sounds obvious—our aspiration is to win games, after all, and the team with the most points at the end of the game wins. Additionally, the team that creates scoring opportunities during any phase of the game creates an advantage over the competition. The challenge for competing teams—much as was the case with Southwest’s competitors—comes in aligning the capabilities of the team to execute on the insight to create real advantage.

## Art + Science = Winning Strategy

Positioning to win combines the art and science of strategy. As such, it’s critically important to approach strategy with the necessary analytical rigor to:

- Understand the size, shape and direction of the market.
- Comprehend where your company is positioned relative to the competition.
- Understand how your firm is perceived by your clients.
- Have a clear view of your organization’s state of readiness to exploit market opportunities.

These are all necessary elements of a winning strategy, but they don’t stand alone. Positioning to win also requires posing the right questions to push thinking beyond accepted industry norms. For example:

- What value do our industry and company not serve to clients?
- In what ways does our industry create pain and frustration for various stakeholders?
- Is there a way we can do things differently?

Ultimately, positioning to win requires clarity around your aspirations, an understanding of how you are going to create value differently than the competition in a way your customer values, and a ruthless dedication to value that is fully supported by your organization’s activities and capabilities. Think beyond accepted norms and best practices to determine the right combination of activities to deliver and capture that value.

It’s not enough to simply get your leadership team aligned in the room around strategic decisions on what game to play and how to win. Those decisions must be lived by everyone in the business every day.



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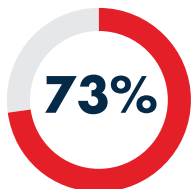
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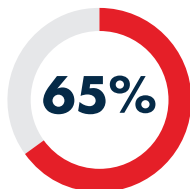
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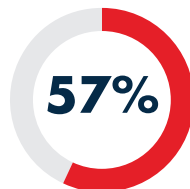
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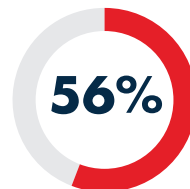
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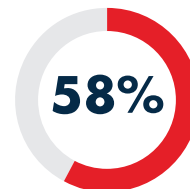
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