

FMI
QUARTERLY
ISSUE FOUR
2019



Building Leadership Pipelines With Action Learning

By Matt Kennedy and Steena Chandler

Using action learning to enhance high potentials' strategic thinking, organizational agility and teamwork skills.

Whenever we ask industry leaders what next-generation skill or competency needs the most development, most of them point to strategic thinking. But why is strategic thinking in such dire need across the engineering and construction (E&C) industry? Perhaps because it's complex or hard to define, but it may also be that it is difficult to teach, model and develop this mindset in others.¹ Strategic thinking is simply a way of reasoning that helps us frame our current challenges and determine the best path forward.²

The question is, how do we develop this strategic way of thinking across our organizations?

We've found that the most impactful and accelerated way to build this skill is through practical application. We develop our mindsets through practice, experience and reflection. Action learning supports this and gives future leaders the chance to solve complex organizational challenges while also reflecting on their own experiences.

¹ <https://hbr.org/2014/02/develop-strategic-thinkers-throughout-your-organization>

² <https://www.psychologytoday.com/us/blog/seeing-what-others-dont/201605/mindsets>

Action learning is emerging as an effective tool for E&C firms to build their leadership pipelines, develop their teams and create cultures of learning. Organizations like GE, Boeing and Caterpillar have all used action learning as their primary developmental tools for years.³ (For more information on the action learning process and how it works, see our blog called the “[Four Steps to Implementing Action Learning in Your Organization.](#)”)

Implementing Action Learning

- Form the teams
- Select the challenge
- Understand the problem
- Recommend the solution

In this article, we explore the results and benefits that action learning creates and how it can positively impact leaders in the Built Environment.

Gaining Traction

In the current economic environment, senior leaders are scratching their heads, trying to figure out how to accelerate their leaders' readiness to take on future senior roles while also handling massive project workloads. For some leaders, it can be tempting to focus on project execution alone, putting off the important but less urgent needs of developing future senior leaders. Perhaps somewhat paradoxically, we learned from our recent study that leaders who take advantage of the bull market and focus on people and talent development see stronger profit margins in the long term.⁴

E&C leaders love action learning because it helps them tackle big, complex questions for the organizations while also developing their own leadership and strategic thinking capabilities. Action learning groups tackle questions like:

- How do we develop field leaders in our organization?
- How do we create a safety culture?
- How do we develop and provide a signature customer experience?

John Alicandri, president of SphereNY, representing Hunter Roberts Construction Group, has several groups currently undergoing action learning and says it “gives emerging leaders in our organization the opportunity to address a significant challenge or opportunity facing our company and become part of the solution.”

Action learning is a great method to use during busy bull market times because it allows participants to work on the (often growing and fast-paced) business while also developing their leadership skills. It also provides high levels of value during slower times, when organizations and leaders slow their pace and spend more time thinking through the challenges that face the business.

³ <https://nsf.gov/attachments/134059/public/PowerofActionLearning.pdf>

⁴ <https://www.fminet.com/fmi-quarterly/article/2019/09/a-detailed-look-at-ec-leadership-styles-during-a-bull-market/>

Enhancing Strategic Thinking

Individual leaders who undergo action learning experience a variety of skill development benefits, including:

1. **Enhanced strategic thinking**
2. **Improved organizational agility**
3. **Ability to build stronger teams**

Research shows that leaders who are strategic thinkers are six times more likely to be seen as effective and four times more likely to be seen as individuals with significant future potential within their organizations.⁵

According to FMI's strategic thinking model (Exhibit 1), the behaviors that enhance strategic thinking include softer skills like mental flexibility, intellectual curiosity and creativity. They also incorporate harder skills like decision-making, information gathering and analysis.

Alicandri says his leaders who are undergoing action learning are “required to think differently about our company, as the solution to complex issues typically affects many facets of a company they hadn't spent much time thinking about in the past.”

Similar to Alicandri's result, action learning participants discover the impact their actions and decisions can have on the broader organization and, in some cases, beyond. Participants learn to think big and ask questions like: How will this decision affect our relationship with our owners? Our trade partners? The perception of our company in the marketplace?

One recent action learning participant in our industry said this “process is real-life, and real life takes time to work through. Overall, it completely changed the way I approach complex issues.” High-potential leaders undergoing this process often build new strategic thinking habits to apply outside of the action learning process.

Improving Organizational Agility

The careers of many high-potential leaders have focused either on projects and/or on growing specific business units. They're often less familiar with broader business acumen and understanding the ins and outs of companywide operations. Action learning helps participants understand how to get things done in their organizations and, as a result, gain a deeper understanding of the organizational culture.



Source: FMI Leadership and Organizational Development

⁵ <https://hbr.org/2014/02/develop-strategic-thinkers-throughout-your-organization>

Alicandri helps break down the idea of organizational agility and the value for his team by saying, “I am seeing a view into the individuals and team dynamic that we don’t see on our project teams. Project teams have a specific hierarchy, with titles and job descriptions—everyone knows what is expected of him or her. In an action learning environment, title and position are less material, and ideas and effort rule the day.”

Organizational agility is a critical skill for top enterprise leaders, and action learning helps the up-and-comers understand how to navigate the complexity of an organization and influence others. Participants must learn how to influence others who are outside of a traditional hierarchy and work to deeply understand the organizational culture and the norms in place. Action learning is about tackling a large organizational challenge and proposing a solution. The solution comes from spending time learning about the organization (i.e., the teams, the people, the culture, etc.) and suggesting a solution that will work within the current system.



If participants take the time to understand how their organizations operate, Alicandri says action learning “can have a significant impact on our collective futures. With the right team diversity, support and effort, we get solutions to these key issues implemented more quickly than we could achieve otherwise.”

Building Stronger Teams

Action learning is about addressing a companywide challenge and is typically exercised in small teams of three to four high-potential leaders. There is no hierarchy in place, and teams must work together to deeply understand the challenge; identify a proposed solution; and present a unified, cohesive message to company leadership. Rachel Fitch, director of employee development at PC Construction Company, elaborates: “Part of the challenge is learning to work in a cross-functional team (often with people they wouldn’t get to work with in their regular scope of work), managing their time, and slowing down to clearly identify the real problem instead of quickly jumping in and making a decision.”

One recent action learning participant said that, “This process forced me to build closer relationships with my peers and made me realize the importance of this along the way.” Peter Pribilla, corporate human resources at Siemens, adamantly agrees and says action learning has helped “enhance team player qualities such as cooperation and free exchange of ideas. The quality of teams has resulted in more innovative ways to find new solutions for customer requirements.”⁶

Action learning creates an environment where no one is the expert and where individuals must work together to understand complex organizational challenges with no clear answer. The most successful teams meet face-to-face, get to know each other and work to understand the strengths and development areas of

⁶ <https://nsf.gov/attachments/134059/public/PowerofActionLearning.pdf>

individuals on the team. When the action learning challenge is introduced, the participants' "day jobs" don't slow down. As a result, teams must learn to manage their schedules, leverage their strengths, communicate effectively and trust one another to carry their fair share of the weight.

A Selection and Promotion Tool

Not only do high-potential leaders develop their strategic thinking, organizational agility and ability to build teams, but also enterprise leaders consider action learning helpful with identifying and selecting participants for new roles as well as promotions. "I was curious about the level of promotion within our first action learning class," says Fitch of PC Construction Company. "Of the 21 people who completed the program, 14 were promoted during the course of the program, two more were promoted since the end of the program, and one is on track for promotion soon."

Action learning is a great tool for high-potential leaders who want to enhance their own strategic thinking, operate with agility in a complex organization, and build stronger teams. According to Fitch, action learning has proven most valuable when filling a development need for mid- to senior-level managers who aspire to organizational leadership roles.

Alternatively, if you are struggling to select future leadership from a talented pool of employees, Alicandri says action learning is "an environment in which leadership potential is easily identified."

What else could be more enticing than tackling your organization's biggest questions and developing a group of high-potential leaders at the same time? From our perspective, it sounds a bit like two birds with one stone.



Steena Chandler is a staff consultant for FMI's Leadership & Organizational Development practice. Steena is energized by developing exceptional leaders in the engineering and construction industries, one at a time. She can be reached at schandler@fminet.com.



Matt Kennedy is a principal with FMI's Leadership & Organizational Development practice. Matt works with clients to build enduring organizations through establishing a foundation of strong leadership performance and depth of talent. He can be reached at mkennedy@fminet.com.

Who We Are

FMI is a leading consulting and investment banking firm dedicated exclusively to the Built Environment.

We serve the industry as a trusted advisor. More than six decades of context, connections and insights lead to transformational outcomes for our clients and the industry.

FMI CONSULTING

FMI has more relationships in the industry than any other consulting firm. We leverage decades of focused experience and expertise to advise on strategy, leadership and organizational development, performance, technology and innovation.

PRACTICE AREAS

Strategy

- Market Research
- Market Strategy
- Business Development
- Strategic Planning

Leadership & Organizational Development

- Leadership & Talent Development
- Succession Management
- High-performing Teams
- Corporate Governance
- Executive Coaching

Performance

- Operations
- Risk Management
- Compensation
- Peer Groups

Technology & Innovation

- Tech Market Accelerator
- Tech Partner Program
- Tech Readiness Assessment
- Tech Sourcing & Adoption
- Integrated Business Intelligence

FMI CAPITAL ADVISORS

FMI Capital Advisors, a subsidiary of FMI Corporation, is a leading investment banking firm exclusively serving the Built Environment. With more than 700 completed M&A transactions, our industry focus enables us to maximize value for our clients through our deep market knowledge, strong technical expertise and unparalleled network of industry relationships.

SECTOR EXPERTISE

- Architecture, Engineering & Environmental
- Building Products
- Chemicals
- Construction Materials
- Contractors
- Energy Service & Equipment
- Energy Solutions & Cleantech
- Utility Transmission & Distribution

SERVICES

- M&A Advisory
- ESOP Advisory
- Valuations
- Ownership Transfer

EXECUTIVE EDUCATION

- Acquisitions in the Construction Industry
- Ownership Transfer & Management Succession

TRAINING PROGRAMS

Over 10,000 industry leaders have completed FMI training programs, which span the entire management spectrum, from new managers to senior executives.

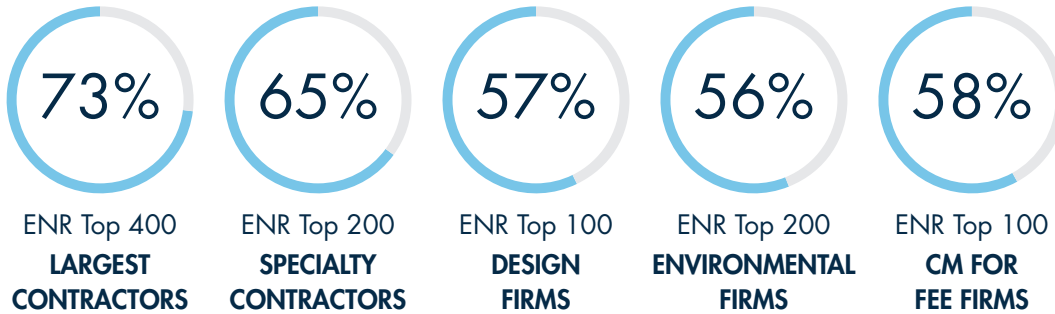
- Emerging Managers Institute
- Field Leader Institute
- Project Manager Academy
- Construction Executive Program
- Leadership Institute
- Leading Operational Excellence
- Construction Selling Skills
- Market & Selling Strategies
- Ownership Transfer & Management Succession
- Acquisitions in the Construction Industry

FMI PEER GROUPS

FMI manages nearly 50 individual peer groups across the industry. Connecting businesses through networking, expanding visions and providing feedback.

- Organizational Structure and Development
- Human Resources
- Business Development
- Information Technology
- Operations Management
- Financial Management

FMI CLIENT HIGHLIGHTS



Denver
210 University Boulevard
Suite 800
Denver, CO 80206
303.377.4740

Edmonton
Edmonton, AB
780.850.2693

Houston
1301 McKinney Street
Suite 2000
Houston, TX 77010
713.936.5400

Phoenix
7639 East Pinnacle Peak Road
Suite 100
Scottsdale, AZ 85255
602.381.8108

Raleigh (headquarters)
223 S. West Street
Suite 1200
Raleigh, NC 27603
919.787.8400

Tampa
4300 W. Cypress Street
Suite 950
Tampa, FL 33607
813.636.1364



for the Built Environment

WWW.FMINET.COM