

Strategic Planning in Irish Quantity Surveying Practices

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ABSTRACT

The role and usefulness of strategic planning has been well documented over several decades of strategic management research. Despite the significant body of existing knowledge in the field of strategic planning, there remains a paucity of investigation into the construction sector, specifically in Professional Service Firms (PSF's) operating within it. The aim of this research was to ascertain the type, scope and extent of strategic planning within Irish Quantity Surveying (QS) practices and to ascertain the extent to which such processes correspond to strategic planning literature.

This research was an exploratory study, undertaken in two phases in line with mixed methods employed for undertaking the study. The first, qualitative, phase involved in-depth semi-structured interviews with the principals of eleven QS practices of varying size. The second, quantitative phase, involved a widespread survey of every QS practice registered with the Society of Chartered Surveyors (SCS) in Ireland, for which a response rate of over 40% was achieved.

The findings discover that the type, scope and extent of strategic planning within Irish QS practices vary with practice size and ownership structure. Distinct groups of practices are evident based on a number of strategic planning process characteristics, including formality, approach, participation, flow and planning horizon. Despite the absence of a systematic or formal process within smaller QS practices, it is clear that principals are thinking and acting strategically. These practices broadly follow strategic planning processes advocated in the literature, are mostly unaware that this is the case; however confirm that a more systematic strategic planning process is beginning to emerge, particularly in light of the severity of the current economic and construction industry downturn in Ireland.

The findings of the research provide an important contribution towards addressing the significant gap in existing knowledge in this regard. The conclusions drawn are specific to the QS profession, the research has been designed such that it has potential to be applied to other PSF's within and outside the construction industry.

DEDICATION

This work is dedicated to Ian, Fionn, Donncha and our impending new arrival.

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Finally, to Fionn and Donncha, who are the two most beautiful little boys in the whole world and the best sons a mother could wish for.

DECLARATION STATEMENT

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LIST OF ABBREVIATIONS

| | |
|----------|--|
| APC | Assessment of Professional Competence |
| ARM | Agreed Rules of Measurement |
| B&C | Building and Construction |
| BER | Building Energy Rating |
| BREEAM | Building Research Establishment Environmental Assessment Method |
| CAD | Computer Aided Design |
| CAQDAS | Computer-assisted qualitative data analysis software |
| CEEC | Conseil Européen des Economistes de la Construction (The European Council of Construction Economists) |
| CEO | Chief Executive Officer |
| CIF | Construction Industry Federation |
| CPD | Continuous Professional Development |
| CSO | Central Statistics Office |
| CWMF | Capital Works Management Framework |
| DIT | Dublin Institute of Technology |
| DKM | DKM Economic Consultants |
| EBS | Edinburgh Business School |
| EBS SPPM | Edinburgh Business School Strategic Planning Process Model |
| ECB | European Central Bank |
| EMU | European Monetary Union |
| ESRI | Economic and Social Research Institute |
| EU | European Union |
| FOI | Freedom of Information |
| GDP | Gross Domestic Product |
| GNP | Gross National Product |
| HR | Human Resources |
| HRM | Human Resource Management |
| IAVI | Irish Auctioneers and Valuers Institute |
| IEI | Institute of Engineers in Ireland |
| IFSC | International Financial Services Centre |
| IO | Industrial Organisation |

| | |
|------|---|
| IPT | Integrated Project Team |
| ISO | International Standardization Organization |
| IT | Information Technology |
| MDP | Multidisciplinary Practice |
| MS | MicroSoft |
| NAMA | National Asset Management Agency |
| NDP | National Development Plan |
| NQAI | National Qualifications Authority of Ireland |
| OJEC | Official Journal of the European Communities |
| PASW | Predictive Analytics SoftWare |
| PCP | Public Capital Programme |
| P/E | Price Earnings |
| PII | Professional Indemnity Insurance |
| PSF | Professional Service Firm |
| PQS | Professional Quantity Surveyor |
| QNHS | Quarterly National Household Survey |
| QS | Quantity Surveyor |
| RBV | Resource Based View |
| RIAI | Royal Institute of Architects in Ireland |
| RIBA | Royal Institute of British Architects |
| RICS | Royal Institution of Chartered Surveyors |
| SCS | Society of Chartered Surveyors |
| SCSI | Society of Chartered Surveyors Ireland |
| SME | Small and Medium-sized Enterprise |
| SPSS | Statistical Package for the Social Sciences |
| SWOT | Strengths Weaknesses Opportunities and Threats |
| VAT | Value Added Tax |
| VRIN | Valuable, Rare, Inimitable and Nonsubstitutable |

1. INTRODUCTION

1.1 Background to the Study

Strategic planning is a long-established component of strategic management theory (Ansoff, 1957, 1970; Pearce et al. 1987; Porter, 1979; Steiner, 1979). The field of strategic planning has attracted significant attention by academics and practitioners alike, and the benefits of engaging in systematic strategic planning are well documented (Anderson 2000; Baker et al 1993; Brews & Purohit 2007; Rudd, 2005; White 1986). The field may be broadly separated between strategic planning process and strategic planning content, the former being the primary concern of this investigation.

A substantial proportion of the existing empirical studies relating to strategic planning have been undertaken in the context of manufacturing sectors, while considerably fewer have focused on construction (Hillebrandt and Cannon, 1994; Green et al., 2008). The construction industry is a hugely important industry to the global economy, and in particular to the Irish economy when at peak in 2007, it contributed an estimated 24% of Gross National Product (DKM, 2010). However, the construction industry is undergoing a sharp contraction brought about by a combination of the global recession, domestic banking crises, overreliance on the industry and deteriorating exchequer balances. The net effect of which is that it is estimated the industry accounted for approximately 9.2% of GNP by the end of 2010 (DKM, 2010).

The construction industry is complex due to the unique nature of output, the number of professionals involved, investment intensity, pricing structure, the influence of government in the industry and the multiplied effect it has on other sectors (Ashworth and Hogg, 2002; Hillebrandt and Cannon, 1994). The limited research undertaken within the sector has been heavily biased towards large contracting firms, and there remains a dearth of information regarding the professional practices operating within the industry.

The Quantity Surveyor (QS) is one of a number of professionals involved in the construction process and has specific responsibility for project cost control not only

through the construction phase but for the whole life of the building (Seeley, 1997). The role of the QS has evolved such that they may be employed as construction project manager, risk analyst, investment appraiser or by financing agencies (Ashworth and Hogg, 2002). The shift towards more sustainable methods of construction and concern for the impact on the environment has offered further potential to broaden the role of the QS. A QS may work for a contracting organisation or for a Professional Quantity Surveying (PQS) practice (referred to as QS Practice for the remainder of the thesis), the latter forming the basis of the investigation at hand.

The QS plays a crucial role in a capital intensive industry that is clearly influential to the economy as a whole in Ireland, and thus far the strategic management and planning process of QS practices has not been the subject of empirical investigation. How strategic decisions are made, what informs such decisions, the process by which the organisation makes the decisions and the difficulties therein, remain unknown. The field of strategic planning is well established and facets of the process have been tested in varying industry sectors. The extent to which strategic planning processes are applicable to QS practices is as yet unconfirmed, thus providing the rationale for this exploratory study.

The use of a strategic planning process model provides a framework within which to analyse aspects of strategic planning in a firm. Numerous strategic planning models have been developed over several decades (Shrivastava and Grant, 1985; Rhyne, 1986; Dess, 1993; Scott, 2007; Abraham, 2006) including that developed by Scott (2007) known as the Edinburgh Business School Strategic Planning Process Model (EBS SPPM). The strength of the EBS SPPM lies in its potential application across industry sectors regardless of approach or degree of formality of process within an organisation. Consequently the model is used as a framework to investigate strategic planning processes within QS practices in Ireland.

The framework facilitates consideration of many facets of the strategic planning process from the approach to strategy formulation (Mintzberg, 2003), organisational types (Miles and Snow, 1978) and characteristics of the process. Features such as strategic planning comprehensiveness (Fredrickson and Mitchell, 1984), participation in the process (Dyson and Foster, 1982), flow (Segars and Grover, 1999) and use of strategic planning tools (Frost, 2003) are also addressed in the context of an industry

environment which is clearly changing and uncertain (Brews and Purohit, 2007; Covin and Slevin, 1989; Grant, 2003).

The research thus addresses the perceptible gap in existing knowledge on strategic planning in QS practices in Ireland. The substantial body of existing strategic planning literature is thus employed to frame the investigation.

1.2 Research Question, Aims and Objectives

The background to the study outlined in section 1.1 above gives rise to the following research question:

“To what extent are systematic strategic planning processes evident within Irish Quantity Surveying practices?”

The aim of the research is:

“To investigate current and recent strategic planning processes evident within Irish Quantity Surveying practices.”

The research has the following objectives:

1. to investigate current and recent trends in strategic planning in Irish QS professional practices
2. to evaluate existing strategic planning practises within the Irish QS profession against the strategic management literature
3. to develop a set of guidelines to assist systematic strategic planning in Irish QS practices

1.3 Research Methodology

The exploratory nature of the study required a flexible design thus mixed methods were employed.

Fieldwork was undertaken over two phases. Qualitative data was collected by means of in-depth semi structured interviews with eleven managing directors/directors of QS practices in Ireland. Interviews were recorded and transcribed and data was analysed using Nvivo 8 software.

Phase two took the form of an online survey of all QS practices registered with the Quantity Surveying Division of the Society of Chartered Surveyors (SCS), for which a response rate of over 40% was achieved. The second phase was designed along similar dimensions to the first, which facilitated triangulation of findings between phases.

Each phase was pilot tested prior to undertaking the main study. Participants from phase one were included in the second phase to validate findings and results from the second phase served to triangulate those from the first increasing generalisability.

1.4 Contribution of the Study

As noted there remains a paucity of research in Ireland on QS practices, and the overriding contribution of the study is in addressing this gap in knowledge.

The importance of the industry to the economy and the QS to the industry has been noted. The aims of the study outlined in section 1.2 serve to provide a significant contribution to knowledge within the field. Not only is the study amongst the first empirical studies of strategic planning practices within Irish QS practices, it has a practical application to those organisations, and possibly to other Professional Service Firms (PSF's) within the industry.

The study provides extensive data regarding the structure, strategies, process and characteristics of strategic planning within Irish QS practices. This is invaluable

information for any QS practitioner with responsibility for strategy development and is currently unavailable.

Secondly, a number of guidelines have been developed based upon the findings of the research to aid the strategic planning process. The guidelines provide a useful framework for QS practices and may potentially be used in other professional organisations, particularly within the construction sector.

The timing of the research reflects a period of transition within the industry in Ireland whereby QS practices are adjusting to greater intensity of competition given the reduction in demand brought about by the financial and economic crises. The findings of the study may thus act as a benchmark against which future studies may monitor strategic change within the profession.

Finally, the research instruments used in the study were derived following an extensive investigation of existing strategic planning process literature and were rigorously pilot tested prior to being administered. Therefore another notable contribution of the study lies in that these instruments can now usefully be applied in future studies, both within the QS (and construction professions) as well as other PSF's outside of the construction industry.

1.5 Outline of Thesis

Chapter 1

Chapter one provides an overview of the rationale behind the study. The chapter outlines the research aims and objectives as well as the methodology employed for the investigation. The contribution of the study is overviewed prior to the presentation of an outline of the thesis.

Chapter 2

Chapter two presents a critical review of strategic planning process literature. There are many dimensions to the process including approach (Hamel and Prahalad, 1994; Mintzberg, 2003), tools and techniques (Porter, 2004a) planning formality, comprehensiveness, flow, content, participation (Papke-Shields et al., 2006) which are

considered. The complexity of analysis is greatly facilitated by the use of strategic planning models (Higgins, 1981; Rhyne, 1986; Shrivastava & Grant, 1985; Dess, 1993), hence a number of models are presented and analysed with particular focus placed on the EBS SPPM (Scott, 2007) due to its wide application across industry sectors.

Chapter 3

This chapter analyses the construction industry and the QS profession in Ireland. Following an overview of the macroeconomic contribution of the industry and recent trends in this regard, the QS profession is examined in detail. Consideration is given to the evolution of the profession, the role of the professional body as well as facets of strategic management of a professional practice (Maister, 2003; Løwendahl, 2005).

Chapter 4

Chapter four combines strategic planning and construction to provide an insight into the existing body of literature on the former in the context of the latter (Betts and Ofori, 1992; Hillebrandt and Cannon, 1989 and 1994; Hillebrandt, Cannon and Lansley et al. 1995). It is evident that there is a considerable gap in the literature in this regard, (particularly in an Irish context) hence forming the rationale for undertaking the study.

Chapter 5

A synthesis of the literature is provided in chapter five, drawing conclusions from related literature. Themes are drawn from the literature which defines measurement criteria to be used in the main study.

Chapter 6

The methodology for the study is detailed in chapter six. As noted in section 1.3 above, mixed methods were employed for the study, which are outlined in this chapter. The primary research method employed is qualitative and takes the form of semi-structured in-depth interviews with eleven senior managers of QS practices.

The second research method employed was quantitative and took the form of an online survey of all chartered QS practices in Ireland that are registered with the Society of Chartered Surveyors (SCS). The survey achieved a response rate of 41%, and served as

a method of triangulating findings from phase one. Phase one participants were included in the second phase which further served to triangulate findings.

Chapter 7

Chapter seven presents findings from pilot testing both research methods. The pilot test for the qualitative study was undertaken with five QS practices and for the quantitative with seven industry professionals ranging from QS practitioners to academics within the field. Amendments between the pilot and main study are noted.

Chapter 8

Details of data collection and handling techniques are also detailed within this chapter. Qualitative data was analysed using Nvivo 8 software and the survey was administered using www.surveymokey.com. An overview of the software in both instances is provided together with how data was handled with the use of IT. Issues relating to validity and reliability are also discussed.

Confidentiality was ensured to all participants therefore neither individual nor company names are identified throughout the study. Confidentiality agreements were signed with the professional transcription company and the trainer in Nvivo software.

Chapter 9

The backbone of the thesis lies in chapter nine: research findings and analysis. A considerable amount of data was collected over two phases of field work which is presented and analysed in this chapter. The EBS SPPM has been used as a framework for analysis thus discussion of findings broadly follows the main components of the model.

Based on existing literature and findings from fieldwork, a number of guidelines have been developed to assist Irish QS practices in the strategic planning process which are also presented in this chapter.

Chapter 10

The final chapter outlines the conclusions drawn from the research, details the contribution to knowledge and notes limitations in the study prior to outlining recommendations for potential areas of further research in the area.

2. STRATEGIC PLANNING

2.1 Introduction

Strategy and strategic planning theory has evolved over a number of decades to such an extent that a plethora of literature has been published in the field, yet there remains no single definition of what strategic planning entails.

Strategic planning is associated with establishing organisational context, determining a desired future state and mechanisms by which the goal may be reached. Ultimately strategic planning is the process by which organisations seek to gain advantage over competitors (Waalewyn & Seggar, 1993), be it profit, market share, growth or survival (Lavender, 1996). There is considerable evidence to suggest that engaging in the strategic planning process improves firm performance (Anderson 2000; Baker et al 1993; Brews & Purohit 2007; Rudd, 2005; White 1986), hence it is crucial to the success of firms operating in a competitive environment.

This chapter provides a review of the literature pertaining to the core concepts of the strategic planning process. It commences with an overview of the evolution of strategic management theory including varying approaches to the strategic planning process and the role of the strategist in this regard. The relationship between strategic planning and company performance is important and despite it lying outside the scope of the study, an overview of key arguments is presented.

The second section of the chapter scrutinises characteristics of the strategic planning process including: strategic planning comprehensiveness, participation in the process, plan content and duration, and use of strategic planning tools. Issues pertaining to strategic planning within an uncertain environment are presented as well as difficulties associated with planning formulation.

The complex nature of the process may be facilitated by use of strategic planning models. The final section of the chapter reviews literature in this regard. A number of models are reviewed prior to a detailed examination of the EBS SPPM (Edinburgh Business School Strategic Planning Process Model). The EBS SPPM has potential

application across any industry sector regardless of the formality of approach to the process thus forms the basis from which strategic planning within Irish Quantity Surveying (QS) practices is analysed for the purposes of the investigation.

2.2 Strategy Management and Planning Theory

Strategic management reflects the direction of an organisation in competing for customers, resources and revenue and has developed as a field of inquiry “*firmly grounded in practice*” (Rumelt et al., 1991 pp.6).

The discipline of strategic management (previously referred to as “*business policy*”) has been the subject of investigation for several decades. Dating back to the work of Chandler (1962) and Ansoff (1957, 1965, 1970 and 1987), the importance of the field of study has resulted in an extensive array of theoretical and empirical scrutiny. Over time the subject has evolved reflecting changes in the competitive and industry environment facing organisations and the evolution itself has been documented by numerous authors (Armstrong, 1982; Robinson and Pearce, 1984; Shrader et al., 1984; Huff and Reger, 1987; Rajagopalan et al., 1993).

Strategic planning forms an important component of strategic management literature (Kuratko and Audretsch, 2009), and consequently an extensive literature base has developed broadly focusing on strategic planning content (Larson, 2000; Stonehouse and Pemberton, 2002) and process (Fredrickson and Mitchell, 1984; Papke-Shields et al., 2006). The former reflects the relationship between decisions and outcomes and the latter on the actions supporting strategy (Huff and Reger, 1987). Strategic planning is a multi-dimensional, complex process wherein the potential to incorporate related fields of management further broadens the scope of research thus exacerbating the complexity in measuring process variables (Huff and Reger, 1987; Rajagopalan et al. 1993). Understanding the process by which strategic decisions are made is a vital issue within the domain of strategic planning research thus consideration of process characteristics are examined in section 2.3.

Ultimately the approach to strategic planning shapes how decisions are made. Earlier authors advocate a rational, planned and formal process undertaken by a planning

department (Ansoff, 1965). The next wave, largely guided by the work of Porter (1980,1985 and 1994), has its base in industrial economics thus industry analysis and the positioning of the firm within the industry context forms the focal point of diagnostic models developed as well as the “*structure-conduct-performance*” framework of analysis.

Critics of the rational/planned approach posit that it is prohibitively restrictive. The incremental/emergent school claim that complex business environments require a flexible/incremental approach to strategy formation (Grant, 2003) requiring organisations “*to function beyond the boxes to encourage the informal learning that produces new perspectives and new combinations.*” (Mintzberg, 1994; pp.109).

Recent additions to the “*planned versus emergent*” strategy debate emphasise the importance of both the analytical and incremental schools of thought, thus merging the benefits of both in what has been termed “*planned emergence*” (Grant, 2003). This approach advocates a structured yet flexible approach to strategic planning enabling the organisation to adapt the strategy in light of changing circumstances. This view is shared by several prominent authors (Eisenhardt, 1989 and 2000; Hamel and Prahalad, 1996 and Grant, 2003) including Brews and Hunt (1999) who proclaim that:

“...specific plans may represent the ‘intended’ strategy while the inevitable incremental changes that follow as intentions become reality represent the emergent, or ‘realized’ part of the firm’s ‘deliberate’ strategy. Both are necessary and neither is sufficient.” (Brews and Hunt, 1999, pp. 903)

The conclusion drawn from the above is that, in practice, strategic planning lies somewhere between the two extremes of purely planned and purely emergent approaches. It may be argued that strategy should be planned and developed systematically yet remain sufficiently flexible to react to change within a dynamic environment.

The resource based view (RBV) of the firm provides another dimension for consideration namely that the ability of an organisation to maintain competitive

advantage lies within the internal resources and capabilities of the firm (Barney, 1991). Aspects of the RBV echo the emergent approach put forward by Mintzberg (1994) including the recognition of a firm's history in shaping strategy. It is noted that:

“If a firm obtains valuable and rare resources because of its unique path through history, it will be able to exploit those resources in implementing value-creating strategies that cannot be duplicated for other firms, for firms without that particular path through history cannot obtain the resources necessary to implement the strategy.” (Barney, 1991, pp.108)

The concept of a firm obtaining competitive advantage due to its internal resources and company history resources is particularly applicable to professional service firms (see chapters 3 and 4). Kraajienbrink et al. (2010) are, however, critical of the RBV suggesting that sustained competitive advantage is not in fact achievable in the long run at all.

Despite its critics, the RBV has provided a considerable contribution to strategic management theory. Issues such as core competencies, dynamic capabilities, leadership, knowledge, learning organisations have derived from the RBV and consequently have been driven to the forefront of research and practice (Eisenhardt & Martin, 2000; Teece et al. 1997).

The net effect of several decades of strategic management research is a multi-dimensional field of study. As noted by Rumelt, Schendel and Teece (1991):

“In looking backward over these three decades, what comes into focus is the search for theoretical explanations of very complex phenomena.”
(Rumelt, Schendel and Teece, 1991, pp.9)

The complexity is exacerbated by the lack of consensus regarding fundamental issues such as the impact of formal strategic planning on performance (Boyd and Reuning-Elliott, 1998) and the degree of formality in the process (Brews and Purohit, 2007). Evidence suggests that environmental uncertainty will impact on the strategic planning process (Koufopoulos et. al, 2000; Grant, 2003), however, planning characteristics will

vary from one organisation to the next (Fredrickson and Mitchell, 1984; Pearce et. al 1987, 1988; Stonehouse and Pemberton, 2002) and from one industry to the next (Langley, 1988; Grant, 2003).

These matters must be considered in the context of a discipline for which no single definition exists.

2.2.1 Defining Strategic Planning

A multitude of studies have been undertaken to determine the extent, type and scope of strategic planning (Gibbons and O'Connor, 2005; Shuman, et. al, 1985; Stonehouse and Pemberton, 2002) across various industries including: manufacturing (Pearce et. al 1987, 1988), public sector (Langley, 1988), oil industries (Grant, 2003), information technology (Eisenhardt, 1989; Segars and Grover, 1999) and construction (Betts et al. 1991; Dansoh, 2005; Waraszowski, 1996). Further investigations have concentrated on company size rather than sector including SME's (Baker et. al, 1993; Frost, 2003; Gibbons and O'Connor, 2005) or Fortune 1000 companies (Higgins, 1981).

Despite the plethora of literature in the field of strategic planning no single definition of strategic planning is universally agreed upon. Terms such as superior performance, competitive advantage over rivals (Grant 2001), growth (Larsen et al., 2000) and formality (O'Regan and Ghobadian, 2007) are often discussed within existing definitions, all of which are valid but none of which are applicable to every business all the time. Growth often does not form part of the strategic plan of a company in a mature industry, similarly the process and outcomes are not necessarily formalised.

Formality is often a defining feature of strategic planning. Armstrong (1982) contends that:

“Formal strategic planning calls for an explicit process for determining the firm's long range objectives, procedures for generating and evaluating alternative strategies, and a system for monitoring the results of the plan when implemented.” (Armstrong, 1982, pp. 198)

The emphasis on formality is reiterated by Larsen et al (2000) who describe strategic planning specifically as:

“A formal review of a company’s strengths and weaknesses and future prospects leading to decisions aimed at the company’s growth” (Larsen et al., 2000, pp. 278)

Caution must be expressed at the use of a prescriptive definition such as the above. Evidence suggests that strategic planning may be undertaken on an informal basis, and sometimes even unbeknown to the strategist (Hillebrandt and Cannon, 1994). Furthermore, as noted previously, organisational growth may not be the overriding objective of the organisation and therefore the definition cannot have general application to all businesses.

Stonehouse and Pemberton (2002) overcome the confines of formality and growth by defining strategic planning as:

“The devising and formulation of organisational level plans which set the broad and flexible objective, strategies and policies of a business, driving the organisation towards its vision of the future.” (Stonehouse and Pemberton, 2002, pp.854)

This definition implies the need for a systematic yet flexible approach to achieve organisational goals thus has potential for widespread application across a variety of industries. For this reason, the definition of strategic planning adopted for the purposes of this study is that which is provided by Stonehouse and Pemberton (2002) above. The authors also make an important distinction between strategic planning and business planning based on the time horizons which they address:

“(business planning) is concerned with the short-term analysis of a business, the attainment of short-term goals and functional level planning.” (Stonehouse and Pemberton, 2002, pp.854)

The distinction between strategic planning, business planning and strategic thinking is also noted by Mintzberg (1994) who contends that “*strategic planning is not strategic thinking...the most successful strategies are visions, not plans*” (pp.107). He argues that strategic planning is about analysis whereas strategic thinking is about synthesis. Both are necessary yet separate facets of the strategic decision making process. Mankins and Steele (2006) go further by proclaiming that

“In most companies, strategic planning isn’t about making decisions. It’s about documenting choices that have already been made, often haphazardly.” (Mankins and Steele, 2006, pp. 76)

This view is supported by Grant (2003) who noted in the study of the oil majors that “*most strategic decisions appear to be made outside of formal strategic planning systems*” (pp. 494).

One may argue, however, that the strategic planning process is not designed to incorporate every strategic decision. The issue is addressed by Hamel and Prahalad (1994) who recognise that strategic decisions are made on an ongoing basis outside of the formal strategic planning process. They coined the phrase “strategic architecture” to represent the scope and purpose of the strategic planning process, providing an overall structure for strategy development rather than the detailed accumulation of every strategic decision made. The highway analogy used goes a long way to explaining the relationship:

“Strategic architecture is a high-level map of interstate highways, not a detailed map of city streets. It is specific enough to provide a general sense of direction, but doesn’t detail every side street along the way.” (Hamel and Prahalad, 1994, pp. 119)

Strategic planning is thus associated with determining the overriding goals and objectives and the desired future direction of the firm while, allowing the flexibility for making strategic decisions along the way based on circumstances as they arise. In fact Hamel and Prahalad (1994) contend that long term planning is not only impossible but also a “*recipe for inertia*”.

As is evident there is no agreement regarding the definition of strategic planning. Whatever the chosen definition of strategic planning or indeed the approach to analysis, an interesting observation is made by Chaffee (1985) when it was noted that:

“Researchers and practitioners have used the term strategy freely – researchers have even measured it – over two decades...No controversy surrounds the question of its existence; no debate has arisen regarding the nature of its anchoring concept. Yet virtually everyone writing on strategy agrees that no consensus on its definition exists.” (Chaffee, 1985, pp. 89)

Regardless of the definition of strategic planning one uses there can be no doubt that the process of strategic planning is important for shaping the desired future direction of an organisation. Although many organisational objectives may be pursued they often centre on gaining advantage over competitors and ultimately to improve company performance. The relationship between strategic planning and performance continues to be debated extensively in the literature, and despite it lying outside the scope of the research at hand its importance is such that is considered in the following section.

2.2.2 Strategic Planning and Organisational Performance

The relationship between strategic planning and performance has played a dominant role in strategic planning research. Despite the many uses of a strategic plan (Langley 1988; Baker et al. 1993) the overriding purpose of engaging in the process is to increase organisational performance (Grant, 1991). Empirical findings remain inconclusive as regards the planning-performance relationship, partly due to a lack of agreement as to what constitutes formality, and what performance measures should be used. A comprehensive overview of previous research on the relationship between strategic planning and organisational performance is provided by Boyd and Reuning-Elliott (1998) who note the challenges associated with inconsistencies in describing and operationalising strategic planning (pp.182-183).

An important distinction must be made between strategic *plan* formality and strategic planning *process* formality. The former rests on the existence of a written plan whereas the latter is the process by which it is undertaken:

“A formal strategic planning process is a deliberate means to include factors and techniques in a systematic way to achieve specified tasks”
(O’Regan & Ghobadian, 2007, pp. 13)

The definition above is sufficiently broad to be generally applicable across industry sectors, yet recognises the deliberate and systematic process required to achieve organisational goals.

Various mechanisms are used to measure organisational performance many of which are based on accounting methods such as by Price/Earnings (P/E) multiple (Welch, 1984), profit margin, return on assets, loan growth and return on equity (Robinson and Pearce, 1983). Alternative performance criteria may include market share, customer service criteria, quality or innovation-related measures (Davig et al., 2004) all of which are equally valid. In fact it may be argued that financial measures of performance are by their nature considering the past rather than the future.

No consensus exists as to the direct relationship between the variables, even taking cognisance of the differences in measurement mechanisms. A strong case has been established in support of the relationship between formal strategic planning and performance (Anderson 2000; Baker et al 1993; Brews & Purohit 2007; Rudd, 2005; White 1986), however, a number of studies show little or no correlation. Robinson and Pearce (1983) noted that the relationship between planning formality and financial performance was weak, while a later study (Pearce, Robbins and Robinson, 1987) concluded that strategic planning formality was positively related to each of the performance indicators used (significantly so in the case of sales growth). Pearce and Robinson are not alone in drawing varying conclusions. The table below outlines a small number of contributors to the planning-performance debate.

Table 2.1 Relationship between planning formality and firm performance

| Author | Date | Sector | Relationship between formality & performance |
|------------------------------|-------------|------------------|---|
| Robinson and Pearce | 1983 | Small Banks | No relationship between formality and financial performance |
| Fredrickson & Mitchell | 1984 | Forest products | Negative (in unstable environment) |
| Fredrickson | 1984 | Paint & Coatings | Positive (rational model) in a stable environment |
| Pearce, Robbins and Robinson | 1987 | Various | Positive relationship |
| Eisenhardt | 1989 | | Positive relationship |
| Baker, Addams & Davis | 1993 | Various | No relationship |
| Brews and Hunt | 1999 | Various | Positive relationship |
| Falshaw & Glaister | 2006 | Various | No relationship |

Murphy (2010), Unpublished DBA thesis

The table above demonstrates the lack of consensus regarding strategic planning-performance relationship across a range of industry sectors despite being the focus of analysis over a prolonged period of time.

Even if there is a relationship between the two variables, causality is not confirmed in many cases. Does improved organisational performance facilitate comprehensiveness in the strategic planning process, or is it the case that a comprehensive strategic planning process results in improved performance? Does the positive relationship exist because the process brings an improved understanding of the business and its environment hence the firm is better position to compete within it (Welch, 1984; Rhyne, 1986)? A key limitation of the frequently cited Fredrickson and Mitchell (1984) study is just that: causality is not established.

Final judgement has yet to be made as to the definite link between strategic planning and performance (Rhyne, 1986). The relationship is be dependent upon economic and industry variability, as well as managerial competence (Ackelsberg and Arlow, 1985). Shrader et al (1984) reviewed several decades of research concluding there is “*no clear systematic relationship between formal long-range planning and organizational performance*” (pp.154).

2.2.3 Strategic Planning in an Uncertain Environment

An understanding of the industry environment within which an organisation operates is a vital aspect of the strategic planning process, hence it has been widely researched across a vast range of variables (Junnonen, 1998; Grant, 2003; Brews and Purohit, 2007). The environment influences strategy as well as the competitive position held by an organisation, therefore analysis of the macroeconomic, industry, competitive and internal organisational environments are important aspects of the strategic planning process (see also section 2.4.2.2).

The importance of environmental analysis for survival is emphasised in that it “*behoves every organisation to be aware of the nature of the environment that it currently faces and those which it may face in the future*” (Fahy, 1981; pp.32). Changes in the environment will impact organisational strategy so much so that Dansoh (2005) proclaims that:

“Strategy is defined as a long-term plan aimed at pre-empting and controlling changes in the firm’s operating environment.” (Danshoh 2005, pp.164)

No mention as to how a firm can pre-empt and actually control the environment is put forward, and one must wonder if it is possible to fully control the environment in the first instance. That is not to say, however, that consideration of the environment is not an important component of the strategic planning process. On the contrary, it is vital.

Evidence suggests a positive relationship between environmental uncertainty and the formality of the strategic planning process (Koufopoulos et. al, 2000; Gibbons and O'Connor, 2005; Falshaw et al., 2006). An often cited investigation published by Covin and Slevin (1989) measured performance of small firms in hostile and benign environments concluding that small firms with an organic structure perform best in hostile environments and while structure does not influence firm performance, environmental hostility does. Importantly the “*fit between these variables and the firm’s business practices and competitive tactics*” (pp. 87) will ultimately determine firm performance.

This argument is supported by Dess et al. (1997) when in their examination of entrepreneurial strategy making it was concluded that a positive relationship existed between entrepreneurial strategy making and firm performance, when coupled with environmental uncertainty as well as a low cost strategy. A possible explanation for this relationship is provided by Gibbons and O'Connor (2005) who argue that entrepreneurial firms undergo more frequent analysis of where their competitive advantage lies, thus requiring more intensive environmental analysis.

Brews and Purohit (2007) in their multinational survey analysed the relationship between planning and the environment and concluded that as the extent of environmental uncertainty increased so too did the extent of planning. However, factors within managements control were a larger determinant in the increase in planning efforts rather than the external environment. A related discovery is made by Peel and Bridge (1998) who note that:

“...the intensity (detail) of strategic planning in SME’s is strongly associated with environmental change, but that planning intensity is not significantly associated with the intensity of market competition in which businesses participating in the survey operated.” (Peel and Bridge, 1998, pp. 853)

The suggestion above is that the strategic planning process is influenced to a greater extent by environmental uncertainty than by competition. One shortcoming of the study

lies in that it does not draw conclusions regarding the extent, type or scope of competitor analysis, which may impact the deduction above.

The effect of a turbulent environment may influence strategic planning in ways other than performance. Reduced time horizons, less formality, emphasis placed on performance planning and decentralised decision making may be a consequence of operating within a turbulent environment (Grant, 2003). It has also been argued that within “*high velocity*” environments that fast decision makers use more information and identified more alternatives than slower decision makers, ultimately improving performance (Eisenhardt, 1989).

Despite the convincing empirically tested evidence in support of the inter-relationship between the environment and the strategic planning process a minority of authors claim that environmental uncertainty has a detrimental affect on strategic planning. Stubburt (1985) challenges the core of environmental analysis concluding that traditional management conventions cannot be utilised in turbulent environment.

The evidence in support of the relationship between strategic planning and environmental uncertainty is, however considerable (Fahy, 1981; Koufopoulos, 2000; Grant, 2003; Brews and Purohit, 2007). The strength of the relationship requires the organisation to monitor changes in the environment over time. An interesting perspective in this regard is provided by Brews and Hunt (1999) when they proclaimed that:

“Firms emerging from stable environments should be especially cautious. Since one possible outcome of operating in a stable environment is an underdeveloped planning capability, the learning curve faced by such firms when more sophisticated planning becomes necessary may be steep.” (Brews and Hunt, 1999, pp. 906)

This raises an important consideration for strategic planning within the construction industry in Ireland (which is further addressed in chapters 3 and 4).

It is impossible to specify a “one size fits all” approach to strategic planning as clearly the process will differ depending not only on the environment within which a firm is operating, but also the attitude and approach employed by the strategist. The following section addresses important considerations in this regard.

2.2.4 Strategic Types

Approach to strategy formation may be planned, emergent or indeed follow a “planned emergence” approach reflecting the necessity for a systematic yet flexible strategic planning system. The strategic type of the organisation is a key influence in determining the approach.

The most prominent contributors in this regard are Miles and Snow (1978) who provide a framework or typology of approaches to the strategic planning process. They contend that although each organisation may have differing strategies based upon their unique characteristics, patterns of behaviour will transpire centring on four organisation types, namely: defenders, prospectors, analysers and reactors. (Miles and Snow, 1978; pp.29)

Of particular importance in the context of the research at hand is the supposition that strategic typology affects the planning process (Miles and Snow, 1978). Defender organisations concentrate on “*problem solving rather than problem finding... undertaken prior to organisational action*” (pp. 42). Prospectors engage in a planning process that is “*broad rather than intensive, oriented toward problem finding, and contingent upon feedback from experimental action*” (pp.61). Planning in analyser firms display similar characteristics to both defenders and prospectors whereby planning processes are “*intensive and comprehensive*” (pp.75). Reactor firms are deemed “*an unstable organisation type because it lacks a set of consistent response mechanisms*” (pp.81).

The strategic typologies were developed following investigations conducted within a variety of industry settings and its potential application to any industry is a key advantage of the approach. The taxonomy is particularly useful for the empirical examination of an industry/sector where exploratory research is being undertaken.

Consequently, the strategic types (Miles and Snow, 1978) are used for the purposes of classifying organisations in the study at hand.

It has been argued that strategic type may influence organisational performance. Conant et al. (1990) explored this relationship and concluded that there is little difference in the performance of prospector, analyser and defender organisations, however, each outperforms reactors. An extension of the study undertaken by Conant et al. (1990) across other sectors would add weight to the findings, which at present are restricted to a single industry as it is likely that reactors may perform well in certain environments.

The Miles and Snow (1978) typologies have been tested by a number of authors (Shortell and Zajac, 1990; Desarbo et al., 2005) and relatively few criticisms of the model exist. One criticism is, however, presented by Desarbo et al. (2005):

“A business will select a particular strategic type based on its particular internal strengths (capabilities) and external (environment) circumstances, and the strategic types that are actually employed may not, in fact, be cleanly interpretable as the four Miles and Snow (1978) categories” (Desarbo et al., 2005, pp. 51)

In fact in their “revisit” of the typologies they suggest that the “analyser” does not constitute a separate group (pp.62). Perhaps it is the case whereby prospectors and defenders display analyser characteristics, whereas it is unlikely that a reactor would share the same traits. A weakness in their argument is that seldom will an organisations’ behaviour be “cleanly interpretable”. The typologies act as a framework of analysis rather than a prescriptive guideline as to how to approach strategy.

The organisational type will influence the approach not only to strategic planning but in determining the future goals of the firm, thus form crucial components of the process. As is the case for other dimensions of strategic planning, the approach will differ from one firm to the next and will influence the extent, scope and characteristics of the process.

2.2.5 Summary

Strategic planning has been the focus of strategic management research for several decades. The breadth of the field and the potential to incorporate several aspects of strategic management result in a complex web of inter-relationships, many of which are firm and industry specific. No single definition exists as to what constitutes strategic planning, yet it is accepted as being an important function of business.

There remains conflicting views regarding the relationship between strategic planning and organisational performance, however, considerable evidence supports the notion that a positive relationship between environmental uncertainty and strategic planning exists.

The approach to the process may vary considerably with differing affects on firm performance. The historic “planned versus emergent” approaches to strategic planning have evolved in recognition that the uncertain environment faced by organisations requires a systematic yet flexible approach to strategic planning.

The required flexibility in the approach to strategic planning results in firm’s displaying differing characteristics in undertaking the process. The organisation type and approach to strategy clearly influence these characteristics, yet once again there is no “best practice” set of features that ultimately prove the most advantageous. The following section outlines and discusses a number of strategic planning characteristics.

2.3 Strategic Planning Characteristics

The complexity of strategic planning analysis is compounded by numerous variations in the characteristics of the planning process itself. Dissimilarities are apparent in strategic planning characteristics between firms of varying size, experience and industry sector. Characteristics exhibited in manufacturing may not be apparent or indeed appropriate within professional service firms (PSF’s) and no consensus as to the optimum array of strategic planning characteristics necessary to achieve competitive advantage is universally agreed upon.

Segars and Grover (1999) provide invaluable insight into the diversity of strategic planning characteristics which broadly parallel the planning schools developed by Mintzberg (1990). The potential to group firms along strategic planning characteristics is particularly useful for an exploratory study therefore consideration must be given to such characteristics.

The analysis to follow focuses on strategic planning comprehensiveness (Fredrickson and Mitchell, 1984; Segars and Grover, 1999; Papke-Shields et al. 2006), participation (Dyson and Foster, 1982 and Collier et al. 2004), flow (Baker et al. 1993), use of strategic planning tools (Frost, 2003 and Stonehouse and Pemberton, 2002), content (Boyd and Reuning-Elliott, 1998) and plan duration (Glaister and Falshaw, 1999; Koufopoulous, 2000 and Stonehouse and Pemberton, 2002).

Potential exists to increase the scope of analysis to issues including leadership style, planning departments, motivation theory and corporate governance amongst numerous others; however, for the purposes of the research at hand discussion of characteristics is confined to those outlined above.

2.3.1 Comprehensiveness

An important characteristic of the strategic planning process is the degree to which an organisation gathers and analyses information inform decisions. Strategic planning comprehensiveness is defined by Fredrickson and Mitchell (1984) as follows:

“Comprehensiveness is a measure of rationality and is defined as the extent to which organizations attempt to be exhaustive or inclusive in making and integrating strategic decisions.” (Fredrickson and Mitchell, 1984, pp. 399)

Many factors influence the exhaustiveness with which information is gathered and alternatives generated. The environment within which a firm is operating influences the comprehensiveness of the strategic planning process (Eisenhardt, 1989). A single industry investigation undertaken by Fredrickson and Mitchell (1984) initially focused on unstable environments with a subsequent study within a stable environment

ultimately concluding that an incremental approach is best suited in an unstable environment. A limitation of the conclusion is that causality is not determined. It may be the case that in fact increased or decreased company performance (rather than the environment) may result in a firm being more or less comprehensive in their strategic decision making process. For example a firm experiencing a period of poor performance may make future strategic decisions more comprehensively. Another limitation of the study lies in the research methodology. A single scenario presented to CEO's formed the basis of interviews, which clearly narrows the scope of the investigation.

Strategic type may influence the extent of comprehensiveness in the strategic planning process. Comprehensive planning is a feature of prospector and analyser organisations in particular (Miles and Snow, 1978). This is not to suggest that such firms will not make entrepreneurial decisions, it simply implies a thorough and exhaustive process.

Company size will also have an impact although there is a lack of consensus in this regard. Gibbons and O'Connor (2005) concluded that Irish SME's embark on regular analysis to maintain competitive advantage. Whereas Frost (2003) argues that although company size is an important determinant of comprehensiveness, the strategic planning process in SME's is not comprehensive:

“Whilst large organisations understand the need for in-depth planning, there are indications that small to medium-sized enterprises (SME's) do not necessarily undertake planning to the same depth, nor do they show the same intensity with respect to strategic planning.” (Frost, 2003, pp. 50)

Both the Gibbons and O'Connor (2005) and Frost (2003) studies focus on SME's, the former within an Irish context and the latter in Australia. The investigations in each case could be enhanced by expanding the scope to include large firms within a particular industry in order to compare results within a single sector. This would provide definitive results as to the affect of organisation size on strategic planning comprehensiveness.

Arguably the most significant contribution to the discussion of strategic planning comprehensiveness is provided by Segars and Grover (1999). In their investigation of

253 organisations, five profiles of strategic information systems planning became apparent based around the schools of thought developed by Mintzberg (1991). A summary of critical findings for each school is outlined below:

- Design school: moderate levels of comprehensiveness, formality and creativity.
- Planning school: higher levels of comprehensiveness and formalisation
- Positioning school: higher levels of comprehensiveness and formalisation (than design school but lower than planning school)
- Learning school: high levels of comprehensiveness and formalisation.
- Political school: low levels of comprehensiveness and formalisation

The conclusions outlined above provide strong evidence to support the “*planned emergence*” approach; implying that a marrying together of planning and learning schools will result in higher levels of comprehensiveness and formalisation.

Informed by the work of Segars and Grover (1999), Papke-Shields et al (2006) also concluded that the strategic manufacturing process varies systematically with respect to rational and adaptive planning characteristics in medium to large organisations. Similarly to the findings of Segars and Grover (1999), clusters of organisations were evident amongst respondents within the particular industry/sector. A limitation of the findings in the context of this study lies on its reliance on manufacturing firms alone. The investigation and its applicability to the service sector, while unconfirmed presents an opportunity for further research.

2.3.2 Strategic Planning Flow and Participation

Strategic planning flow and participation are characteristics of the strategic planning process which will vary between firms. The flow may be either “top-down” or “bottom-up”. The former flows from senior management who assume responsibility for the process and lower levels of staff have limited involvement in strategy development. The latter involves several (often lower) levels of staff in the process who may in fact initiate the process.

Strategic planning initiatives frequently flow from the top-down, regardless of the overall approach to strategy development (Baker et al. 1993, Caeldries and

vanDierdonck, 1988; Papke-Shields et al., 2006; Segars and Grover, 1999). However, Mintzberg (1994) highlights “the fallacy of detachment” of the planned approach to strategy development. The detachment of top management has important implications in the context of the incremental approach to strategy formation:

“Learning and visionary approaches appear to be superior to planning as a means for creating strategy...(senior managers are) cut off from soft data as a result of being perched atop overgrown hierarchies and over diversified operations...find themselves unable to use these other approaches.” (Mintzberg, 1994, pp.270)

Thus the tendency for strategic planning to flow from the top of the organisation down rather than the opposite direction may potentially result in strategy being developed in the absence of first hand knowledge of what is happening on the ground. The resulting disconnect may have significant implications in pursuit of competitive advantage.

A separate but related characteristic lies in the degree of participation in the strategic planning process. The greater the degree of participation from across functional departments and levels of management, the more ownership staff members have of any subsequent strategic plan developed; hence the more likely they will be willing to contribute to its implementation. It has been argued that top-down planning approaches lead to limited participation (Segars and Grover, 1999). However, the role of senior management remains crucial to the success of the strategic planning process (Miller et al. 1988; Collier et al. 2004).

The extent of participation of the strategist is addressed by several authors (Miller et al. 1988; Collier et al., 2004) Following a study of over six thousand managers over a seven year period Collier et al., (2004) discovered that managers who report higher levels of involvement in strategy perceive the process in a more favourable light, resulting in them acting in ways that make the process more effective. The positive effects of increasing the scope of involvement included increased sense of shared ownership and shared vision, while the anticipated political issues arising from increased participation were not realised. The findings of this study confirm that

company wide participation including that of senior management will result in a more effective strategic planning process.

Once again, Segars and Grover (1999) investigated the extent of participation within planning schools outlined by Mintzberg (1990). Those firms associated with the planning school displayed narrow participation with the learning school characterised by broad participation in the strategic planning process.

The flow and participation in the strategic planning process provide insight into staff involvement in the strategic planning process. Senior management support is crucial for the success of any strategic initiative, however, the involvement of business unit level staff is fundamental to ensure key strategic issues are addressed and understood by all to ensure successful implementation. This is particularly important for PSF's whereby many levels of staff have direct contact with the client, thus imparting the vision, ethos and objectives of the firm during such communication. This in turn influences the client's perception of the organisation (see section 4.4.3).

2.3.3 Strategic Planning Tools

The importance of the strategic planning process and the multi-dimensional nature of the discipline have resulted in a number of tools being developed to assist the process.

The range of strategic planning tools potentially encompasses every facet of organisation management and may range from financial performance indicators such as ratios or cost benefit analysis to identifying organisational strengths, weaknesses, opportunities and threats (SWOT). Specific tools have been developed for industry analysis including Porters (1980) five forces model which continues to hold a prominent position within the published literature. Scenario planning is a useful tool within the context of an uncertain environment as well as Balanced Scorecard (BSC) for the continued measurement of performance against pre-defined criteria. A full glossary of strategic planning tools is contained in Frost (2003).

There remains scepticism regarding the extent to which strategic planning tools are used in practice (Koufopoulos and Chrysochoidis, 2000). Stonehouse and Pemberton's

(2002) study of 159 SME's confirmed that despite 90% of respondents recognising the importance of strategic planning, the use of strategic planning tools was less apparent. Larger organisations were more likely to use tools for strategic analysis, however, the overall conclusion was that the use of "*tools of analysis largely remain the domain of academics and observers*" (pp.860).

This view is supported by Grant (2003), who revealed that:

“One of the ancillary observations of our study was the limited use by the companies of recently developed strategy concepts and techniques. Despite the rapid diffusion of the tools and techniques of strategic management during the 1980's and 1990's, few of these found application in the strategic planning processes of the oil majors.” (Grant, 2003, pp. 513)

The tools and techniques developed to aid the strategic planning process clearly have mixed application in practice (Glaister and Falshaw, 1999). Caeldries and van Dierdonck (1988) eloquently suggest that "*theoretical development thus seems to be far ahead of strategic planning practice*" (pp.45). The reason why strategic planning tools remain in the domain of academia are not noted, leaving one to assume that either practitioners are unaware of their usefulness, are aware of their existence but lack the skills to use them, or believe them to have no practical use. Obviously, a combination of the three reasons is also possible.

2.3.4 Strategic Plan Duration

In the context of a changing environment the content of the strategic plan cannot remain static. The time horizon of the strategic plan thus requires consideration. The planning horizon is important as it is argued that "*a lapse of time is necessary before the fruits of good planning show up in externally oriented performance data...*" (Brews and Hunt, 1999, pp. 905).

The literature presents a general consensus on the strategic planning time horizon. Stonehouse and Pemberton (2002) confirm that for both sectors within their study that the average time horizon for planning is three years. Koufopoulos et. al (2000) in their

Greek study discovered that 51% of those surveyed formulate plans for 1-3 years with a further 45% planning from 3-5 years. A similar planning horizon was noted in study of Belgian firms undertaken by Caeldries and van Dierdonck (1988).

A contrasting finding is presented by Glaister and Falshaw (1999) who contend that relatively few firms plan beyond five years in terms of production, sales, HR or financial planning, however, “*the exception to this is the strategic plan where over 55% of firms plan for five or more years ahead*” (pp.109).

It may be concluded that strategic plans are most commonly undertaken for a period of less than five years, and a likely reason for this time horizon may be that

“Creating a detailed plan for a ten-or fifteen-year competitive quest is impossible. Planning assumes a degree of exactitude that is impossible to achieve when one looks out beyond the next two to three years. Insisting on such exactitude before embarking on a new strategic direction is a recipe for inertia and incrementalism.” (Hamel and Prahalad, 1994; pp.119)

2.3.5 Summary

With a multi-dimensional discipline like strategic planning, characteristics of the process may be analysed along a number of dimensions as previously outlined.

The importance of identifying the characteristics lies in the possibility for grouping clusters of firms within an industry/sector based on the characteristics displayed. This aspect is particularly useful in the context of an exploratory study such as the investigation at hand.

The complex nature of strategic planning, and varying characteristics displayed across organisations has resulted in a number of models being developed to assist the process of strategic planning. The benefits of a modelling approach lies primarily in providing a framework for analysing the process. The following section details key aspects of modelling the strategic planning process.

2.4 Modelling the Strategic Planning Process

2.4.1 The Modelling Approach

The use of models to analyse complex phenomena has a long history (Baden-Fuller and Morgan, 2010). The multi-faceted thus complex nature of the strategic planning process warrants the use of a model to aid not only the process itself, but also the analysis thereof. A model may be defined as:

“...a structured method of thinking which enables the component parts of complex process to be identified and related to each other; this does not imply that the process of strategic planning occurs in individual companies exactly as described by a model.” (Scott, 2007, pp.2/1)

The purpose of a strategic planning model is to act as a guideline or framework for either the analysis of existing strategic planning practices within an organisation or to aid the development of a strategic plan. A model identifies components to be considered, enables the classification of businesses in a taxonomy or may form an instrument of scientific enquiry (Baden-Fuller and Morgan, 2010).

As with other aspects of strategic management and planning theory, several authors have provided wide-ranging propositions for the strategic planning process ranging from a set of prescriptive steps a firm must follow (Scott, 1965; Dess, 1993; Lynch and Roche, 1997), to a broader process incorporating any action or attempt to provide the organisation with direction towards a future anticipated objective (White 1984; Waalewyn & Segaar 1996; Dansoh, 2005). In practice the process often lies between the two extremes.

Earlier models, associated with the rational or planned approach to the strategy process, tend to be prescriptive in nature. LeBreton and Henning (1960) for example outline a fourteen-step process commencing with becoming aware of the possible need to formulate a strategic plan to finally obtaining approval of the plan. Scott (1965) describes a five stage process (objectives, planning assumptions, seeking facts, evaluating alternatives and selecting a course of action), however like other prescriptive

models it lacks the flexibility as well as continuous monitoring necessary as a consequence of operating within a changing environment. The model arguably is therefore more suitably applied in a stable, certain industry environment in organisations that have a planned approach to strategy formulation.

Shrivastava and Grant (1985) noted four models of strategic planning and decision making, namely:

- Managerial autocracy model
- Systemic bureaucracy model
- Adaptive planning model
- Political expediency model

(Shrivastava and Grant, 1985; pp. 103)

The models reflect differing levels of participation, time taken to make decisions as well as the payback period. Consequently the structure required to support each model differs from organisational types such as entrepreneurial, functional, divisional to conglomerate. The strength of this analysis is that numerous facets of strategic decision making are considered in recognition of differing management structures and organisational learning systems. However, it must be noted that the conclusions, although based on several (32) organisations in India, reflect a single strategic decision. How the strategic planning processes emerge when decisions are aggregated over a period of time is not addressed, nor is the monitoring and refinement of the process itself.

Dess (1993) goes some way to addressing the limitation of earlier models with the development of a four-part “cycle of activities” involving the identification of gaps resources needed to fill the gaps, distributing resources and monitoring. The strength the process model centres on the inclusion of strategic context within which each of the activities must be considered, as well as the level (corporate, business or functional) where the activity takes place. The inclusion of monitoring within the process model is another notable strength.

There remains some scepticism, however, as to the use of strategic planning process models in practice. Mankins & Steel (2006) posit that executives make strategic decisions in an ad hoc fashion rather than following any serious analysis or productive debate, and ultimately:

“The traditional planning model is so cumbersome and out of sync with the way executives want and need to make decisions that top managers all too often sidestep the process when making their biggest strategic choices.” (Mankins and Steel, 2006, pp.78)

Stubbart (1985) identified the root cause of the problem in strategic planning models usage as follows:

“Strategic planning models have their roots in operations research models....Operations models deal with discrete, routine, highly-structured problems – such as setting optimum levels of inventory stocks based on completed knowledge of criteria...Strategic problems occur in complex social environments, they are periodic, unstructured and wicked.” (Stubbart, 1985, pp.69)

The limitations highlighted by Stubbart (1985) are aligned with the incremental school of thought, particularly within an uncertain environment. Elements of the RBV are also evident with reference to the social environment.

Strategic planning models vary from prescriptive (therefore not flexible enough to for a changing environment) to excessively vague (therefore have limited practical use). What is required is a model that provides a framework of analysis of the key components of the strategic planning effort while permitting varying approaches to the process. The EBS SPPM is one such model that incorporates these characteristics, and for thus has been selected for the purposes of the study at hand.

2.4.2 Edinburgh Business School Strategic Planning Process Model

As noted in the previous section, numerous strategic planning models have been developed over several decades, each with their own strengths and weaknesses. The EBS SPPM is one such model which was developed by Scott (2007), influenced by the work of Schendel (1994), for the purposes of the Edinburgh Business School (EBS) Master of Business Administration (MBA) as a framework within which to integrate and analyse the inter-relationships of core concepts of strategic management and planning (see appendix A). The process model is not intended to explain success or failure of an organisation, rather enable users of the model to apply strategic analysis to ascertain how robust the strategic planning process is within an organisation. The central contribution of the model, which has been used by in excess of 13,000 MBA graduates over two decades, is the conceptual approach which treats strategy as a process in which organisations are involved. The model centres around five key components and mechanisms for investigating and formulating each of the components are provided in the “*Augmented Process Model*” (see appendix B).

The EBS SPPM model integrates many aspects of several decades of strategic management research ultimately resulting in a systematic approach to the process (Ansoff, 1965) that permits flexibility in its development and implementation (Mintzberg, 1994; Grant, 2003). Despite providing a systematic approach to the process, the model is not prescriptive in its application and thus has potential for use across a wide array of industry sectors with varying levels of environmental uncertainty. This is one of the key advantages of this model over existing alternatives.

Whether an organisation undertakes a formal, structured approach resulting in a written strategic plan or whether the process is informal, unstructured and only considered by senior management, the model may be used as a framework of analysis within any organisation. Given the ongoing debate regarding the appropriateness and effectiveness of a formal strategic planning process in certain circumstances (see section 2.2.2), the potential for the model to be used to assist either a formal or informal decision making process is a distinct benefit for the use of the model in practice.

The augmented process model draws from a vast body of existing, empirically tested research in the field to outline mechanisms, tools and techniques for addressing each

component. The strategist may select relevant tools/techniques appropriate to their own organisation, industry and experience and once again the lack of prescription in this regard reinforces the potential use of the EBS SPPM across industry sectors, strategic types and varying approaches to the strategic planning process.

The emphasis placed on feedback throughout the strategic planning process mirrors the emergent approach championed by a number of prominent authors (Mintzberg, 1994; Hamel and Prahalad, 1996; Grant, 2003). The dynamic nature of the environment necessitates feedback throughout the implementation process therefore feedback must feature as a component of a strategic planning process model (Dyson and Foster, 1982; Shrivastava and Grant, 1985; Miller et al. 1988). Monitoring and feedback are an important part of organisational learning (Benes and Deipeveen, 1985; Mintzberg, 1994) and a component which often receives less commitment than strategic plan formation (Glaister and Falshaw, 1999). Thus their inclusion represents a significant strength of the EBS SPPM model, separating it from others in the field.

The EBS SPPM thus provides a systematic approach to the analysis of each of the core components of strategic planning, as well as a mechanism for emerging strategies to be incorporated through continuous feedback. Scope exists within the model for use of empirically tested techniques of strategic management, regardless of the approach to the strategic planning process, and in this regard does not attempt to reinvent the wheel. However, it's capability for use across any industry sector, within organisations adopting formal or informal strategy processes and with strategists of varying types gives potentially widespread application of the model in practice which is a distinct strength over similar process models.

The EBS SPPM model thus far has not been empirically tested outside of academia and has not been published in a refereed journal to date. While this is a possible limitation of the model it represents an opportunity to contribute to the body of knowledge in the field of strategic planning. The next number of sections provides an overview of the components of the EBS SPPM.

2.4.2.1 *Who decides to do what?*

This component brings together aspects of strategic management theory such approach to strategic planning (Mintzberg, 1994) as well as strategic type (Miles and Snow, 1978) which influence the entire strategic planning process. Previous sections have noted the relationship between strategic type and approach to plan formality, process formality and characteristics of the process including comprehensiveness, participation and flow (see section 2.3).

2.4.2.2 *Analysis and Diagnosis*

The second component of the EBS SPPM is the analysis of the business, industry and international environment, internal organisation as well as competitive environment within which the firm is operating. Cognisance of the environment within which the firm operates is of paramount importance to compete successfully, particularly within an uncertain environment (see section 2.2.3).

This component of the EBS SPPM offers potential to draw from a multitude of empirically tested research in the areas of industry analysis (Porter, 1980), environmental analysis (Eisenhardt, 1989; Grant, 2003; Brews and Purohit, 2007) and internal organisation analysis (Barney, 1991; Porter, 1985; Hamel and Prahalad, 1996; Løwendahl, 2005). The analysis and diagnosis of key trends in the variables, including macroeconomic indicators will inform the strategic decision making process, enable the firm to position itself within the industry context and ultimately impact strategic choice.

The need to consider these matters is not in itself a new phenomenon, however, the model provides a framework within which such analysis may take place. Some evidence suggests that competitor analysis, for example, does not receive considerable emphasis in practice (Boyd and Reuning-Elliott, 1998) nor do companies in practice utilise tools outlined in the augmented process model (Glaister and Falshaw, 1999; Stonehouse and Pemberton, 2002; Frost, 2003). What the model provides is a structure within which these issues may be considered which may signal the need for further action or investigation.

2.4.2.3 Strategic Choice

The objectives of the organisation in light of environmental analysis ultimately inform strategic choice. The most prominent author in this regard is Porter (1980 and 1985) who revealed two tiers of strategy namely corporate level and business level. The choice of generic strategy may lead to a number of strategic variations including merger, acquisition, partnering or seeking opportunities abroad.

Without a doubt the choice of strategy will be influenced by the organisation objectives and analysis undertaken, thus demonstrating the linkages with previous stages of the EBS SPPM. It has also been established that the approach to strategy development (Mintzberg, 1994) and the organisation strategic type (Miles and Snow, 1978) play a particularly influential role in this regard.

The purpose of developing a strategy is to gain an advantage over competitors. Within an industry it is possible that several firms may broadly follow a similar strategy in pursuit of competitive advantage. The existence of strategic groups within an industry is commonplace (Desarbo e al., 2009; Leask & Parker, 2007; Short; 2007) with some research suggesting that performance of strategic groups will vary despite facing similar competitive and economic environmental conditions (Dikmen, 2009). The existence of “mobility barriers” are a contributory factor enabling strategic groups to persist (Leask & Parker, 2007), however, caution must be exercised as the existence and formation of strategic groups is subject to change.

2.4.2.4 Implementation

Implementation is a critical stage in the process which is rightly captured within the EBS SPPM and represents a key strength of the model. Structures, systems and processes must be established to ensure the success of the strategic plan alongside clear communication of the organisation’s strategy and adequate resourcing. If necessary, the strategic plan should be incorporated into performance targets and/or incentive schemes (where appropriate).

A crucial aspect of the above is to monitor the progress of strategic plan implementation and to ensure feedback mechanisms are in place to facilitate such monitoring. No attempt is made to provide a prescriptive methodology for strategy implementation within the EBS SPPM therefore it has potential to be used in any industry context and adapted as market forces demand.

Despite the obvious benefits of engaging in strategic planning many obstacles to the process continue to exist in its implementation. Issues such as time and budget constraints, market uncertainty, lack of experience (Uni, 1981) and resistance to change (Baker et al 1993; Dansoh 2005; Mintzberg, 1994) may negatively impact the implementation process. Dansoh (2005) emphasises the difficulty in predicting events with accuracy which limits the usefulness of strategic plans in management.

Obstacles noted by O'Regan and Ghobadian (2002) were experienced to a similar extent in independently-owned and subsidiary firms. Importantly, it was also concluded that firms without a formal planning process experienced each obstacle to a greater extent than those with a formal process.

2.5 Conclusion

Strategic planning is a well established field of study which has evolved over several decades (Ansoff, 1957; Pearce et al; 1987; Grant, 2003; Brews and Hunt, 2007). Despite its dominance in the strategic management literature, there remains no single definition of strategic planning. The lack of specificity has not stifled the research into either process or content aspects of strategic planning.

The multi-faceted nature of the discipline necessitates consideration of issues relating to the strategic planning approach (Mintzberg 1994; Miles and Snow, 1978), formality (O'Regan and Ghobadian, 2007), process characteristics (Papke-Shields et al., 2006) as well as the investigation of the relationship between strategic planning and performance (Covin and Slevin, 1989). Consideration of these matters within a constantly changing and increasingly competitive environment augments the complexity of the discipline.

Characteristics of strategic planning will vary across organisations and will be influenced by the approach taken to the process as well as the organisational strategic type. Comparisons may be made along comprehensiveness, flow and participation dimensions resulting in varying levels of formality, use of strategic planning tools and covering various time horizons.

The multi-dimensional nature of the discipline has resulted in many strategic planning models being developed, all with their own strengths and weaknesses. What sets the EBS SPPM apart from other models, is its foundations in academia but potentially wide application in practice. The EBS SPPM provides a framework for analysis of existing strategic planning processes and the potential to act as a guideline for firms engaging in strategic planning for the first time. Crucially, the model allows for a systematic approach to the process with flexibility to modify the strategic plan in line with environmental and/or competitive variations. The augmented process model offers an array of empirically tested tools and techniques from which the strategist may choose to aid the process based on company-specific requirements.

Strategic planning has been investigated within many industry sectors (Robinson and Pearce, 1983; Fredrickson and Mitchell, 1984; Brews and Hunt, 1999; Grant, 2003), however, there remains a paucity of empirical investigation professional service firms (PSF's) including Quantity Surveying (QS) practices. The EBS SPPM provides a useful framework for the analysis of such organisations.

3. THE CONSTRUCTION INDUSTRY IN IRELAND

3.1 Introduction

Existing research in the field of strategic planning has tended to focus on manufacturing industries and there is a notable lack of investigation of the construction industry (Hillebrandt and Cannon, 1990), in particular professional service firms (PSF's) within it. This is particularly apparent when considered in an Irish context.

In Ireland the construction industry plays a sizeable role in the economy, in terms of contribution to Gross Domestic Product (GDP) and employment in particular, and is currently undergoing a period of significant change. The necessity for all construction-related firms, including Quantity Surveying (QS) practices to think and act strategically has never been more apparent, yet there remains a dearth of information as regards the type, scope, approach and characteristics of strategic decision making within these practices.

The purpose of this chapter is to outline the nature of the construction industry, the importance of the industry to the Irish economy and the role of the QS within the industry. Aspects of QS practice management and organisation are considered prior to a scrutiny of strategic planning processes specifically within QS practices being undertaken in the following chapter.

3.2 Characteristics of the Construction Industry and Role of QS

Construction is by nature, a hugely complex industry due to its investment intensity, the fragmented nature of the construction project team, the unique nature of the completed output on various sites around the country, knock-on effect on associated industries as well as increasingly demanding clients (Ashworth and Hogg, 2002; Hillebrandt and Cannon, 1994). The distinctive characteristics of the industry have implications for the strategic management of construction firms:

“Those characteristics go a long way to explain methods of production, and organisation, price determination, payment methods, financial decisions and controls, and an industrial structure unlike those met in other sectors. Hence the construction process generates management problems and opportunities at the level of the firm which may differ in scope, in scale, in time and in the type of appropriate solutions from those met in firms of other industries ” (Hillebrandt and Cannon, 1994, pp. xviii)

The industry is categorised into four sectors, namely residential, private non residential, productive infrastructure and social infrastructure, each with its own sub-sectors (see appendix C). Demand for construction output may be from private clients, developers or the public sector, all with differing demands and methods of financing the investment. As a consequence of the investment intensity of construction output, the demand is potentially postponable and cyclical in nature, which contributes to the uncertainty prevailing in the industry (Hillebrandt, 2000; Ashworth and Hogg, 2002).

The output of the construction process may be characterised as a physical product or a one of several services involved in the process. The unique nature of the final product (building, road, bridge etc.) is clearly distinct from manufacturing where goods are similar and produced in a repetitive manner (Løwendahl, 2005).

A large number of construction trades, contractors and professionals are involved in the complex construction process combining a unique combination of resources for each project. The client’s participation on the project team is a unique feature of the process, and a key influence in not only the project but strategic management process within construction firms (see section 3.5.1).

The role of the QS lies primarily in construction cost control with responsibility to ensure the project is kept within the agreed cost, time and quality criteria. The contracting organisation on the other hand undertakes building work in accordance with contract documents, and will have overall responsibility for site operations, as well as any subcontractors employed. It is important to note that the contractor may employ its own QS therefore the services of a Quantity Surveying (QS) practice would not be required. It is increasingly the case, however, whereby the financier of the project may

request an independent assessment of costs and a QS practice may be employed for such (bank monitoring) purposes.

There are numerous factors which must be considered in the positioning of a QS practice in pursuit of competitive advantage. It is possible that a number of firms operating facing similar market forces will develop broadly similar strategies. The existence of “strategic groups” (Porter; 1980) and the mapping of said groups provides a useful frame of reference for an industry.

At present the limited investigation into QS practices in Ireland results in a lack of thorough investigation into the existence of strategic groups within the profession. Porter notes the importance of the relationship of a firm with its parent company in defining strategic group characteristics which may be relevant to QS practices in Ireland, given the number of practices linked to larger international organisations. Once again, there is currently a paucity of reliable information in this regard.

To lend support to the need to investigate QS practices, it is necessary to contextualise the industry in terms of its contribution to the Irish economy. The following section provides a snapshot of the key economic indicators in this regard.

3.3 Construction Industry and the Irish Economy

3.3.1 GDP, Employment and Inflation

Over several years the construction industry accounted for a considerable portion of GDP in Ireland. Since 2007, with the collapse of the US subprime market, the resulting global crises, the domestic banking crises and fiscal difficulties, the industry has suffered a rapid and severe contraction. Overreliance on construction, both in terms of creating employment and as a source of revenue for the government, has left the economy as a whole in dire circumstances, and the industry a shadow of its former self.

The construction industry is cyclical in nature, however, unlike other cyclical industries the divergence between peak and trough tends to be more intensified than for the economy as a whole. The affect of which is clearly visible from the table below.

Table 3.1 Key Construction Industry Statistics

| | 2006 | 2007 | 2008 | 2009 | 2010* |
|---|---------|---------|---------|---------|---------|
| GNP (constant 2008 price €m) | 153,398 | 160,299 | 154,672 | 138,161 | 136,089 |
| % volume change in GNP | +6.5 | +4.5 | -3.5 | -10.7 | -1.5 |
| Gross domestic fixed capital formation (GDFCF) (constant 2008 prices, €m) | 45,193 | 46,456 | 39,806 | 27,482 | 21,106 |
| Volume change in GDFCF (%) | +4.6 | +2.8 | -14.3 | -31.0 | -23.2 |
| Total Construction Output | | | | | |
| Value of output (current prices €m) | 38,631 | 38,601 | 32,593 | 18,048 | 11,733 |
| Change in value of construction output | +14 | +0 | -16 | -45 | -35 |
| Value of output (constant 2008 prices, €m) | 34,838 | 35,057 | 32,593 | 20,646 | 14,540 |
| Change in volume of construction output (%) | +10 | +1 | -7 | -37 | -30 |
| Construction output as a % of GNP (output; current prices) | 25.1 | 23.7 | 21.1 | 13.8 | 9.2 |

*Estimate

(Adapted from DKM Economic Consultants, Annual Construction Industry Review 2009 and Outlook 2010-2012; pp. i)

[Note: The Construction Industry Review and Outlook is commissioned and funded by the Department of the Environment Heritage and Local Government but is an independent report prepared by DKM Economic Consultants]

The table above displays the stark reality of the severity of the construction industry downturn. As is evident, 2006 represents the peak of the construction boom in terms of contribution to the economy, particularly proportion of GNP, with estimates for 2010 indicating a fall to approximately 9%. This may be considered to be a more sustainable

level of construction, however, the severity and speed from peak has had devastating consequences.

One of a number of consequences is the affect on employment. Employment in construction is categorised into two main components, namely direct (those working directly on site) and indirect employment (employment generated as a result of construction e.g. plant hire, construction transport and distribution and professional services). There is no specific mechanism for the estimation of indirect employment, however, it is considered to be approximately 40% of direct employment. The table below provides detail in this regard:

Table 3.2 Construction Employment

| | 2006 | 2007 | 2008 | 2009 | 2010E |
|------------------------------|-------------|-------------|-------------|-------------|--------------|
| Direct Employment | 268,000 | 264,000 | 216,000 | 137,000 | 110,000 |
| Indirect employment | 108,000 | 105,000 | 87,000 | 54,000 | 44,000 |
| Direct & indirect employment | 376,000 | 369,000 | 303,000 | 191,000 | 154,000 |

(DKM, 2010)

The construction industry comprises a number of professionals included in the “indirect employment” statistics above. The most recent study undertaken by FAS (the National Training and Employment Authority in Ireland), entitled “The National Skills Bulletin, 2010” recorded approximately 29,000 construction professionals employed in the final quarter of 2009 (representing 1.9% of national employment). An overview of construction professionals is indicated in the following table:

Table 3.3 Construction Professionals

| | No. | % of total |
|---------------------------------|------------|-------------------|
| Civil/mining engineers | 9,500 | 33 |
| Architects and town planners | 6,700 | 23 |
| Building Managers | 5,300 | 18 |
| Quantity Surveyors | 3,100 | 11 |
| Draughtspersons | 1,700 | 6 |
| Building etc. Surveyors | 1,500 | 5 |
| Archit. & Civil Eng. Technology | 1,400 | 4 |
| Total | | 100 |

(adapted from “National Skills Bulletin 2010”, Fas, pp. 88)

The table above provides an indication as to the importance of the QS profession within the industry, representing over 10% of construction professionals.

The downturn in the industry has resulted in intense competition for considerably fewer projects being undertaken. Construction tender price deflation of approximately 17% was recorded in 2009 with a further decline in tender prices of between 5-10% estimated for 2010 (DKM, 2010; pp. 14). These figures are in contrast to the price of materials, capital and labour which together reduced by -1.1% in 2009 with an increase of 1% forecast for 2010 (DKM, 2010; pp. 13). The trend in tender prices (prices charged to clients) versus construction costs are of serious concern and are signalling below cost tendering. This situation will inevitably result in company closures and is wholly unsustainable.

A forum for the analysis of European construction industries, Euroconstruct, was established in 1975 and currently has members from 19 European countries. The purpose for establishing the body was to conduct research, analysis and provide forecasts for the construction industry across member states. The latest data from Euroconstruct (Euroconstruct Conference Proceedings, Dublin, June 2010) predict a slow and prolonged path to recovery within the Irish construction industry, a position similar to that in Spain and Portugal.

The key risks to the projections include:

- a further shock to the global economy
- a “W-shaped” recession following a too early withdrawal of stimulus interventions
- the possibility that, as public expenditure cuts start to bite, the hoped-for growth in private investment does not materialise.
- a risk that public sector cuts may need to be greater than planned
- an increase in interest rates before the construction industry upturn becomes fully established
- a reluctance on behalf of the private sector to participate in PPP projects due to economic uncertainty
- difficulties raising the matching finance for infrastructure projects in Central and Eastern Europe

(Adapted from Euroconstruct Conference proceedings, Dublin 2010; pp.139)

In Ireland’s case, the full cost of the banking crises has transpired to be well in excess of original estimates which has hampered the government’s ability to meet capital spending targets on infrastructure. This has important implications for future demand for construction demand stemming from the public sector.

3.4 The Quantity Surveying Profession in Ireland

3.4.1 Evolution of the Quantity Surveying Profession

As noted previously the construction industry is comprised of a number of professional practices and contracting firms. The Quantity Surveying (QS) profession is a relatively new profession, having developed in the 20th century. The role of the QS has evolved over time, and continues to do so. Many high profile reports have been published regarding the change in the construction industry (Latham, 1994; Egan, 1998) influenced the evolution. Numerous other functions of the QS have developed to include:

- investment appraisal
- advice on cost limits and budgets
- whole life costing
- value management
- risk analysis
- insolvency services
- subcontract administrator
- cost engineering services
- environmental services measurement and costing
- planning and supervision
- evaluation for insurance purpose
- project management
- facilities Management

(Adapted Ashworth and Hogg, 2002, pp.9)

Historically the lowest price tendered for a project was likely to win a project however, value management for the client as well as environmental sustainability has become a major priority, in some instances at a higher cost. A consequence of this is a requirement for a more integrated project team (IPT), involving client participation at an early stage in the process. The QS will seek to manage the supply chain as efficiently and effectively as possible, to minimise waste and provide value to the client based on their needs in the use of the final building. This has been underpinned by changes in legislation, building regulations and directives. The use of IT has changed the way in which a QS performs their function. Computed Aided Design (CAD) and billing software (such as BillSoft®) have also created efficiencies in the construction process.

In Ireland, a key development within the profession has been the advent of the recent Capital Works Management Framework (CWMF) for public sector projects. The CWMF is a structure developed to deliver public sector procurement reform, resulting in a suite of best practice guidelines, standard contracts and generic template documents which together form four pillars of the framework (namely public works contracts, standard conditions of engagement, cost planning and control and guidance notes). Public sector construction projects under the new framework are awarded on a fixed-priced basis thus transferring risk onto the contractor. The full realisation of the effect of

such a contract has not been apparent given recent construction price deflation and few projects have been completed using the new contract.

As is evident, the current and potential role of the QS is considerable. The profession has become the second largest division in the membership of its professional body. The Society of Chartered Surveyors (SCS), which is broadly in line with the UK counterpart, the Royal Institution of Chartered Surveyors (RICS). QS's are employed by contractor organisations, public sector and in private practice.

3.4.2 Education, Training and Employment

The RICS in “*The Core Skills and Knowledge Base of the Quantity Surveyor*” (1992) (www.rics.org) note the knowledge and expertise of a practicing QS should include:

- construction technology
- measurement rules and conventions
- construction economics
- financial management
- business administration
- construction law

While the key skill base needs to include management, documentation, analysis, appraisal, quantification, synthesis and communication, Nkado and Meyer (2001) add information technology and “professional practice” to the list of skills required to undertake the role. The QS is increasingly employed as the lead consultant on many large projects due to the diverse range of skills and expertise held by the profession (Hore et al. ,2009).

In Ireland there are a number of third level institutes offering degree programmes in Quantity Surveying/Construction Economics at both level 7 and level 8 under the National Qualifications Authority of Ireland (NQAI) framework. Several programmes are accredited by the SCS. Education and training does not, however, cease on

graduation from a third level institution. The SCS provide a number of routes to further educate and train members.

A QS is deemed to be “chartered” on successful completion of the Assessment of Professional Competence (APC), through the SCS. At least fifty percent of company directors must be chartered for a QS practice to be awarded chartered status. Continuous Professional Development (CPD) is also encouraged in recognition of the need for lifelong learning within the profession. The benefits of engaging in CPD (Ashworth & Hogg, 2002) are strongly noted by Maister (2003) who proclaims that:

“What you know now and are able to do now, what your current success is built on, will unavoidably depreciate in value unless you actively work on learning new things and building new skills. Continual professional development is a lifelong requirement, not an option.” (Maister, 2003, pp. 147)

Changes within the industry and the profession are presenting opportunities for qualified QS’s to diversify the range of services provided (see section 3.7.1), thus reinforcing the need for further training and continuing professional development.

3.4.3 Role of the Professional Body – The Society of Chartered Surveyors

In Ireland, the professional body representing the QS profession is the Society of Chartered Surveyors (SCS), which maintains a close link to the Royal Institution of Chartered Surveyors (RICS) in the UK. Currently there are in excess of 2000 full members of the SCS plus 1000 undergoing APC. The Society’s main function is to regulate the profession from education/qualification through to CPD.

The SCS also provide expert advice on built environment matters; make submissions to government on behalf of the profession, formulate the professional code of conduct, publish bi-annual cost indices and provide information to members via the website and quarterly magazine.

In June 2010 members of the SCS and the Irish Auctioneers and Valuer's Institute (IAVI) voted in favour of merging institutions into a new single professional body representing members of each institution. The new institution will be named the Society of Chartered Surveyors Ireland (SCSI) and will be operational from 1st March 2011.

3.5 Quantity Surveying Practice Organisation and Management

A QS may be employed in the public sector, by contractor organisations or in private practice. The focus of the study at hand is centred on Quantity Surveying (QS) practices.

The management of a professional service firm (PSF), such as a QS practice, displays many differing characteristics to that of a manufacturing organisation and thus warrants detailed consideration. A crucial difference between the two lies in the fact that manufacturing firms have routine and standardised operations for the production of a product within a repetitive process. The work of a PSF is client-specific and a highly customised service (Løwendahl, 2005).

The next number of sections outlines some of the key considerations in the management of a QS practice.

3.5.1 The Professional Service Firm (PSF)

The term “profession” is synonymous with the presence of specialist knowledge in a particular area of competence (Ashworth and Hogg, 2002; Maister, 2003; Grönroos, 2007), a large amount of customisation hence a high degree of interaction with the client (Greenwood et al., 2005). All of this is undertaken within an ethical framework and professional code of conduct (Løwendahl, 2005).

Professional services differ from manufacturing in that they are produced and consumed simultaneously and the customer participates in the “production” process (Grönroos, 2007). This has important implications for the PSF as the client will evaluate the service provision throughout the life of the project rather than solely on its completion (Hoxley

et al., 2007). A professional service provider must therefore instil a confidence in the client not only for the technical expertise and knowledge they possess, but in all aspects of the service provision. Maister (2003) notes that

“...while goods are consumed, services are experienced. The professional service provider is (or should be) as much in the business of managing the client’s experience with respect to professional services as in the business of executing technical tasks.” (Maister, 2003, pp.71)

Maintaining positive client relationships is hugely important to the firm in securing the reputation upon which repeat business depends. Maister (2003) prompts us to recall that the client often engages a professional firm in times of “*significant uncertainty, importance and risk. It is this atmosphere of risk and importance that makes them prepared to pay the traditionally high fees of the professional service sector*” pp. 73.

3.5.2 Human Resources

Central to the success of a PSF are the people employed in it (Greenwood et al., 2005). Human resource management (HRM) is therefore an important component in the management of a QS practice. Ultimately, the three requirements a client demands in engaging a professional service firm are human resource issues, namely expertise, experience and efficiency, however, the priority given to each by the client will vary (Maister, 2003). The need for customisation of service requires face-to-face interaction with the client and therefore “*the core of the resources base of the professional service firm thus resides in the professionals employed and their ability to solve whatever problems the clients may want them to solve*” (Løwendahl, 2005; pp. 45). The emphasis on internal resources of the PSF is clearly aligned with the RBV of strategic management (Barney, 1991; Teece et al., 1997) outlined in section 2.2.

3.5.3 Marketing

Marketing a PSF differs to that of a manufacturing organisation given that production and consumption overlap in the former. It is also possible that no tangible product is created at the end of the process to use as a marketing tool or exemplar of work completed (Barrett, 1993). An architectural practice will have a portfolio of previous designs, however, not so in the case of the QS. Furthermore, within the construction industry particularly, no two units of output are identical therefore there is a level of uncertainty in the ex-ante evaluation of the service quality (Løwendahl, 2005).

Maintaining high quality service provision positively affects the firm's reputation, which is a crucial aspect of professional practice marketing strategy. It has been said that:

“To succeed, PSF's must generate a superior reputation. The importance of reputation, moreover, permeates core strategic decisions, bounding the appropriate form of diversification.” (Greenwood et al., 2005, pp. 661)

In the study of accounting practices undertaken by Greenwood et al. (2005) a definite link between reputation and firm performance was discovered, thus highlighting the importance of maintaining a high-quality reputation. Maintaining the reputation may afford the company the opportunity of repeat business.

It has been noted that the most probable source of new business stems from existing clients (Maister, 2003), and as previously noted, firm reputation is a critical aspect of the marketing function. Word of mouth is one way in which a firm's reputation is communicated, however, how reputation is managed, enhanced and used as a strategic tool remains unclear (Davies et al, 2010). Ironically, it is believed that considerably more resources are invested in pursuit of new clients than in attempting to engage existing clients in new business (Maister, 2003).

Murugavarothayan (2000) proposes a conceptual model of criteria for the evaluation of profession services practices. The model divides the process quality (tangibles, reliability, responsiveness, empathy and assurance) from outcome quality (function,

cost, time, and quality). The relative importance of each component to clients was tested by means of a survey of 94 construction professional service clients. Based on the survey the top five dimensions that clients consider important are:

1. reliability (ability to perform the promised service accurately)
2. assurance (knowledge and courtesy of employees and their ability to inspire trust and confidence)
3. time (certainty of programme, project completed on time, early commencement, early notification of delay)
4. empathy (caring, individualised attention to customers)
5. responsiveness (willingness to help customers and provide prompt service)

If it is the case that clients measure PSF performance based on the five criteria above, it is prudent to be aware of these issues throughout the course of undertaking the project, and build a reputation based on achieving them.

3.5.4 Quality Assurance

Quality assurance and the marketing function are inextricably linked with the QS practice. Delivery of a quality service, within budget and time constraints, are the three components necessary for the successful delivery of a project. The perceived quality of service provision is subjective. Good service quality occurs when the experienced quality meets the expectations of the customer (Grönroos, 2007). This is particularly important given the involvement of the customer throughout the process.

A client employs a PSF to fill a gap in their knowledge in a particular area, and is willing to pay for such knowledge and experience. The knowledge gap between the client and QS must be managed. The wider the gap “*the more pedagogical the service provider must be*” and the greater degree of trust in the professional required (Løwendahl, 2005). Membership of the relevant profession body will instil confidence in the PSF so too may independent quality certification.

Quality assurance can be certified by the International Organization for Standardization (ISO) as a measure of the quality of service provision by the firm. Importantly, for ISO certification firms must satisfy a number of criteria including the clear articulation of a business plan (which is subject to an annual review) and soliciting client feedback. The process for gaining certification is necessarily laborious requiring the documentation of every aspect of the PSF. This may act as a deterrent to seeking certification.

3.5.5 Finance

Company finances are obviously important to the QS practice. Given the current downturn in the construction industry in Ireland, it is difficult to accurately estimate the financial situation of professional practices. Turnover has undoubtedly declined, and the number of corporate failures is disproportionate in construction, with reports of c. 40% of all corporate failures in the first six months of 2010 arising from construction (DKM, 2010; pp.62).

Access to finance is increasingly difficult with Irish banks imposing stricter lending conditions, and the Financial Regulator compounding the situation with the implementation of tighter control mechanisms. Although the measurement of the financial performance of QS practices would undoubtedly be beneficial, there is a significant gap in terms of the information currently available in this regard.

Furthermore any assessment of the financial performance of QS practices in the current study would only serve to present a very exceptional perspective rather than the norm. Consequently the examination of financial wellbeing, as well as company financial performance as a relationship to strategic planning remains outside the scope of the investigation.

3.6 Conclusions

The preceding analysis has detailed the nature and importance of the construction industry in Ireland. The QS plays a fundamental role within the process with ultimate responsibility for construction project cost control (amongst other functions). QS's may be employed in the public sector, in contracting organisations or by QS practices. The focus of the study at hand relates to QS practices, therefore particular attention is given to aspects of QS practice management.

Construction by its nature is complex for many reasons, and differs greatly from manufacturing on a number of levels, not least of which is lack of uniformity of final output. The strategic management of construction firms will therefore necessarily differ from that of manufacturing. This is clearly evident when considering professional service firms (PSF's) such as QS practices.

The construction industry in Ireland is undergoing a period of enormous change, following unprecedented growth over a prolonged period of time. The need for QS practices to think and act strategically has never been more apparent. Chapter 2 provided a comprehensive analysis of strategic management and planning practices and demonstrated the importance of engaging in the process, be it on a formal or informal basis. This chapter has proven the importance of the construction industry and the role of the QS within it. The following chapter investigates strategic planning processes in QS practices.

4. STRATEGIC PLANNING IN QUANTITY SURVEYING PRACTICES

4.1 Introduction

The previous chapter demonstrated the importance of the construction industry in Ireland and the role of the QS profession within it. At a macro level, comprehensive research is undertaken to ascertain trends and forecasts in the industry, however, the micro-level investigation lags significantly behind.

Strategic planning is an important aspect of any business regardless of industry structure, organisation size or nature of the business, and the importance of the discipline is reflected in a plethora of research spanning several decades (Ansoff, 1957, 1970; Porter, 1979; Steiner, 1979; Pearce et al. 1987). While general principles of strategic planning may apply in any industry (Desarbo, 2005; Gibbons and O'Connor, 2005; Brews and Purohit, 2009) there remains a notable lack of focus on construction (Hillebrandt, 1994; Venegas & Alarcon, 1997) and specifically on the QS profession (Jennings and Betts, 1996).

The limited research undertaken within the construction industry is heavily biased towards large contracting organisations (Betts and Ofori, 1992; Hillebrandt and Cannon, 1994; Dansoh, 2005; Green et al., 2008) and while it is reasonable to assume that such investigations are applicable to the industry as a whole, it is important to ascertain how the principles apply in practice to QS firms.

This chapter focuses on strategic planning within the QS profession. Aspects of the process are aligned with general strategic planning theory such that a comparison may be made with the existing literature base and its application to the profession. As noted previously, a large proportion of the existing body of research in construction is related to contracting firms, much of which is equally applicable to professional service firms (PSF's). Where differences occur, or are likely to occur, they are highlighted and discussed where applicable.

4.2 Strategic Planning in the Quantity Surveying Profession

Determining the extent of strategic planning in the construction industry is limited, as the focus of strategic planning research concentrates on manufacturing rather than construction (Hillebrandt, 1994; Venegas & Alarcon, 1997). Research undertaken in construction is heavily weighted in favour of large contracting organisations (Betts and Ofori, 1992; Hillebrandt and Cannon, 1994; Dansoh, 2005; Green et al., 2008) rather than the professions, including QS practices (Jennings and Betts, 1996). Additionally, significant emphasis is placed on project planning and management within construction rather than organisational planning:

“The scant empirical attention devoted to investigating the performance determinants at the firm level is in stark contrast to the heavy focus given to the investigation of the performance determinants at the project level.”(Phua, 2006, pp.309)

Limited as construction strategic planning research is, there are opposing views regarding the prevalence of strategic planning within the industry. On the one hand Betts and Offori (1992) posit that:

“One can observe a significant and dominant structural shift in the emphasis of business planning from the tactical to the strategic. There is also a shift from internal concerns with such narrow performance criteria as ROI to external concerns with such concepts as value and competition in global markets.”(Betts and Offori, 1992, pp.513)

On the other hand Hillebrandt and Cannon (1994) argue that there is a lack of strategic planning in construction firms because it is not necessary to plan for large investments in fixed assets.

The lack of consensus as to the degree, extent and formality of strategic planning in the industry necessitates further investigation. The profession must be analysed along the dimensions outlined in chapter 2, including approach to strategic planning, organisational type and planning characteristics. This will facilitate the transition from a

theoretical discussion of existing strategic planning literature to its practical application within QS practices.

4.2.1 Construction Industry Environment and Strategic Planning

The importance of environmental analysis has been established (see section 2.2.3) within the context of numerous industry settings (Fredrickson and Mitchell, 1984; Eisenhardt, 1989; Grant, 2003). Examination of the construction industry environmental analysis is equally important (Lansley, 1983; Warszawski, 1996).

Within the construction industry, and hence the QS profession, the macroeconomic environment is exceedingly important with factors such as inflation, employment, interest rates, government programmes and general demand influencing strategic decision making (refer to Chapter 3). The dependence on government in construction is perhaps more pronounced in construction than other industries as the government is a significant client of the industry. The cyclical nature of the industry requires QS practices to keep abreast of trends and to remain flexible and responsive in their strategic approach under such conditions (Lansley, 1983).

QS practices must also work within the legal and regulatory framework governing the profession. Such legal and regulatory influences may stem from government, EU and international agreements as well as from accreditation from professional bodies including the SCS, RICS and ISO. The impact of these forces cannot be ignored in the development of strategy given the opportunities or constraints such factors may present.

Internal analysis is especially important for PSF's (see section 4.4.), and much of the analysis of the internal organisation for such a practice bears resemblance to the RBV of the firm. Phua (2006) notes the importance of industry and internal environments by declaring that:

“...the endowment of unique resources of firms coupled with the existence of certain rules, regulations and norms that are present within the industry

determine the kinds of strategies that firms pursue to achieve optimal economic performance.” (Phua, 2006, pp. 310)

Despite the importance of examining the relationship between the construction firm and its environment “*little research has been undertaken to examine the extent of empirical association between the two.*” (Phua, 2007;, pp.753). The complexity of the construction industry and fragmented nature of the strategic management discipline, as noted previously, may explain the deficit. One study of contracting firms goes some way to sealing the gap (Lansley, 1987), demonstrating the implications of a changing environment on strategy, skills, structure and style. Three periods of time were investigated by Lansley (1987) and key findings are summarised in the table below.

Table 4.1 Effect of environmental change over time

| Characteristic | 1960's | 1970's | 1980's |
|---------------------------------|-----------------------------|-------------------------------------|--------------------------------------|
| Environmental Change | Operational | Strategic | Competitive |
| Critical Success Factors | | | |
| Strategy | Specialization & efficiency | Broadening and survival | Selection and efficiency |
| Skills | Technical | Organizational | Extra-Organizational |
| Structure | Tight control | Looser control; boundary regulation | Tighter control; boundary regulation |
| Styles | Task | People; Corporate | Task Corporate |
| <i>*Miles & Snow</i> | <i>Defender</i> | <i>Prospector</i> | <i>Analyser</i> |

Lansley, (1987); pp. 154

**not contained in table in article, but discussed in the text.*

From the table above it is evident that changes in strategy, structure and style evolved in a similar pattern to that of strategic management theory (see section 2.2), and the drive towards efficiency resulting from intense competition requires an analytical approach to strategy formation. Incorporating Miles and Snow (1978) typologies in such a way demonstrates how the environment influences the approach to decision making, which as noted in section 2.3, will influence strategic planning process characteristics.

The role of the strategist is thus of paramount importance (Phua, 2007). The decision maker(s) will be faced with numerous sources of data with potential implications to the firm including inflation, interest rates or unemployment trends etc. The importance placed on each indicator by the decision maker, will ultimately shape strategy formulation. It is likely that it will vary from one firm to the next operating within the same sector. Junnonen (1998) goes one step further by asserting that:

“...environmental uncertainty, turbulence and understanding are not the primary driving force of strategy development and formation. These are simply the part of the cognitive structure of the organisation’s managers that becomes the context for making strategic decision.” (Junnonen, 1998, pp.111)

The assertion above is important in determining a cause and effect relationship between the environment and strategy. It is argued that an uncertain environment will not cause a practice to develop strategy, rather the environment forms part of the context within which strategic decisions are reached.

There remains little doubt of the importance of environmental analysis for any firm. Excluding environmental analysis from strategic decision making is potentially a grave mistake. Lansley (1987) claims that “...*the failure of a firm to approximate its structure and processes to its environment will lead it to become uncompetitive*” (pp,142).

Given the complex, multi-faceted nature of strategic planning and environmental analysis, models have been developed to assist in the process of environmental analysis (Porter, 1980) and strategic planning (Lynch and Roche, 1997) alike. As noted previously, many of the models have been empirically tested in various industry settings yet there remains inadequate testing within the construction industry, and in particular QS practices.

The following section expands on previous analysis to ascertain the context in which strategic management theory (and models) may be applied to the construction industry and QS profession.

4.2.2 Application of Strategic Planning Theory in Construction

The practical application of traditional strategic management and planning theory in practice within the construction industry is disputed (Langford and Male, 2001).

In a study of large UK contracting organisations, Price et al. (2003) presented Chandler's (1962) ten step model to participants in their survey and drew interesting conclusions including:

- few organisations state that environmental scanning should be done before setting objectives or even before formulating a mission
- 25% state that they did not formulate a mission
- 30% did not establish performance indicators
- 20% stated that they do not identify critical success factors. (pp. 353)

The findings demonstrate that a notable proportion of construction firms do not follow trends in traditional strategic planning practice, such as the development of a mission or performance indicators. Despite the focus centring on contracting firms, it is reasonable to assume the same applies to PSF's within the industry. In the same study it was also concluded that little emphasis is placed on competitor analysis when compared to customer analysis, with the most common ratio being 2:8 (pp. 356). One explanation provided was that:

“Most construction organizations try to build good relationships with customers in order to ensure repeat work, which is considered as a primary source of all work, rather than “over-competing” with rivals to attract their customers.” (Price et al., 2003, pp. 357)

Competitor analysis is regarded as an important component of the strategic planning process (Scott, 2007) and has featured in many highly regarded models of strategic management (Porter, 1980). The lack of competitor analysis evident in construction represents a significant divergence from strategic planning research in other industries, and one which requires further empirical testing. The emphasis on the customer stems from the unique nature of the output and clearly takes priority over competitor analysis.

In the case of QS practices it is unsurprising that emphasis is placed on client relationships for the reasons noted above. However, why both client and competitors are not considered requires further investigation.

As noted previously, a large proportion of strategic planning literature concentrates on manufacturing with proportionately less on construction (Hillebrandt and Cannon, 1994; Venegas & Alarcon, 1997). Given the findings above, it is clear that strategic planning in construction differs along a number of dimensions to that of manufacturing. Prior to examining these dimensions (see section 4.4) one may ask whether traditional strategic management and planning theory be applied within the construction industry?

The answer of course is that strategic planning and management models can be applied to research undertaken in the context of the construction industry. Betts and Offori (1992) demonstrate this in their scrutiny of the industry applying Porter's (1980) five forces model to the industry. The analysis provided valuable insight into the industry. However, the extent to which such models are used by firms in practice is doubtful when they concluded that "*there is little evidence of construction enterprises systematically examining these five forces and their relevance to the strategic planning and management of their firms.*" (pp.516). The conclusion drawn by Betts and Offori (1992) demonstrates that the use of such models may remain in academia and certainly in the case of construction, are not rigorously applied in practice.

Furthermore, in PSF's such as QS practices the potential application of strategic planning models may be even more limited. This view is made explicit and extended to incorporate Porter's (1985) value chain analysis when Løwendahl (2005) with reference to PSF's comments:

"...the value chain (Porter, 1985) is difficult, if not impossible, to adapt to a firm where no linear production process with input, transformation, and output exists. Similarly a portfolio analysis with emphasis on market shares and market growth seems meaningless for a firm which is used to changing in size and competitor ranking with every large project added or completed." (Løwendahl, 2005, pp. 33)

All is not lost, however, since the emergence on the RBV. The RBV of strategy provides a considerable contribution to the analysis of strategic planning within PSF's across any industry sector. As outlined in section 2.2, the RBV proclaims that the competitive advantage of an organisation is based on the internal resources and competencies of a firm which are heterogeneous, and often intangible. Traditional strategic planning models are replaced with an emergent approach to strategy formation, centering on the capabilities of the firm in developing value creating strategies (Barney, 1991; Teece et al., 1997).

The RBV is particularly relevant to PSF's in the management of intangible resources such as "*reputation*" (Løwendahl, 2005). The management of reputation is of paramount importance to QS practices, whereupon the future of the practice is largely dependent upon repeat business and client referrals. How this features in the characteristics of the strategic planning and decision making process are considered in the following section.

4.3 Strategic Planning Characteristics in Quantity Surveying Practices

Previous sections (see section 2.3) have analysed and discussed strategic planning characteristics as they relate to a varied range of industry sectors. The next number of sections analyse the characteristics as they apply in QS practices.

4.3.1 Strategic Planning Formality and Approach

As is evident from section 2.2.2, the degree of strategic planning formality will differ from one organisation to the next and may have implications on organisational performance.

Company size plays an influential role in the type, scope and extent of strategic planning undertaken in construction firms. Large firms are more likely to engage in the process (Bausman, 2002). Price et al. (2003) revealed that 75% of large construction

firms and 50% of medium sized firms had formal strategic planning processes, proclaiming that:

“...as an organisation grows its business processes and environment become more sophisticated; it becomes increasingly important that the direction is clear, and that it strives for the same purpose and in the same way.” (Price et al., 2003, pp. 353)

The process is also more likely to be documented in the former than the latter and the aim of the process was to clarify company goals and policy which is consistent with findings of Larsen et al. (1998). Furthermore, construction firms which are subsidiaries of international firms are more likely to engage in formal strategic planning, and despite the conclusion being drawn from contracting organisations, professional practices are likely to follow this pattern (Dansoh, 2005).

A very significant contribution from the comprehensive study undertaken by Hillebrandt and Cannon (1994) is that many construction firms undertake strategic planning without realising it. Company principals are thinking and acting strategically, however, often do not formalise strategic planning into a distinct, structured process. Strategic decisions are made continuously but are not necessarily formally recorded or form part of a systematic decision making procedure.

Strategic planning in construction thus bears resemblance to the emergent approach to strategy formation (Wilkinson, 2003; Green et al., 2008). This is particularly apparent in PSF's when it has been noted that:

“...an evolution without any explicit overall plan or strategy seems to be the rule in professional business service firms, rather than the exception. In a sense, then, proactive strategic management is often more or less neglected in professional service firms, at least in the early years.” (Løwendahl, 2005, pp. 76)

In professional practices, the tailoring of services provided and interaction with the client necessitates a great degree of judgement on the part of the professional. Therefore

professional practices must have flexibility built into the strategy to ensure that client needs are met by the professionals responsible for the project (Løwendahl, 2005). The need for flexibility in strategic planning is strongly linked to the emergent approach to strategy formation (Mintzberg, 1994) and is particularly relevant to PSF's. Client involvement in the process of service delivery results in heterogeneity of services provided by the practice, thus corporate strategy must remain sufficiently flexible to allow for a varied client base as well as movement across construction industry sectors.

What remains unknown, particularly in an Irish context, thus requires further investigation, is the extent to which strategists consider aspects of traditional models of strategic planning, even unbeknown to themselves. Are components such as industry and competitive analysis undertaken, even informally? Does the QS practice have specified objectives or a clear vision of where they would like the practice to be in the future? These are key considerations for any organisation and must not be neglected despite the informal, unstructured approach to strategic decision making.

The emergent approach, and likelihood of an informal strategic planning process has implications on other characteristics of the strategic-decision making process. Strategic planning flow and participation in the process are considered in the following section.

4.3.2 Strategic Planning Flow and Participation

Participation in the strategic planning process is an important characteristic for analysis (as outlined in section 2.3.2). The degree of participation may influence the sense of ownership and implementation of a strategic plan (Maister, 2003). Once again, there is scant evidence of the degree of participation in QS practice strategic planning.

The limited available research in the industry suggests that strategic planning initiatives have a top-down flow with limited company-wide participation (Price et al., 2003; Dansoh, 2005). It has been argued, however, that professional practices require a consultative strategic decision making process rather than a top-down approach, in order to increase the ownership and thus effectiveness of the process (Maister, 2003; Wilkinson, 2003).

This view is shared by Løwendahl (2005), who contends that a consensus-based process is required based on the premise that in PSF's strategy must be sufficiently flexible to allow for independent judgement to be made by professionals within the organisation in order to meet individual client needs. Without participation in the process, the strategy may not be disseminated clearly amongst staff dealing directly with clients. Although the investigation was not originally specific to the construction industry, the unique nature of construction professional service provision and increasingly demanding client undoubtedly requires the suggested flexibility.

Participation of clients in the decision making process is another factor for consideration, particularly for practices with ISO certification. Client feedback is part of the quality assurance process whereby feedback may be solicited on completion of a project, this may happen on an exception basis only.

4.3.3 Strategic Planning Tools

The complexity of the strategic planning process has led to the development of tools to facilitate the process. Section 2.3.3 investigated the extent of strategic tool usage and it was concluded that in practice, tools were not often used and thus remained in the realms of academia. While the discussion incorporated many industry sectors, the construction industry has yet to be analysed in this regard.

Evidence suggests that construction companies do not favour the use of strategic planning tools (Price et al., 2003). Two possible explanations were put forward, namely a shortfall in the necessary skills for use of strategic management tools and a lack of recognition of the benefits of tool usage. Furthermore, it was noted that the low level of response to the study from small organisations was because:

“...these organizations may have had little knowledge of key strategic issues and do not employ strategic planning tools and techniques...Their main aim was to survive and continue in operation with an acceptable level of profitability.” (Price et al., 2003, pp. 352)

The lack of tool usage within construction firms presents a constraint on the development of strategic decision making and perhaps even a wasted opportunity of QS practices. Tools such as scenario planning provide a useful mechanism for determining alternative courses of action within an uncertain environment (Benes and Diepeveen, 1985), and have potential for use within QS practices, both at strategic as well as project level. The benefits of scenario planning are noted by Langford and Male (2001) whom declare that:

“A scenario attempts to portray the future shape of the construction world and how the company can adapt to fit it. In a sense this is corporate ecology – the firm evolves to suit the environment in which it lives.”
(Langford and Male, 2001, pp. 167)

The potential benefit of strategic planning is apparent, however, what is also notable is the necessity for the firm to “evolve” to suit the environment thus reinforcing the need for an emergent and flexible approach to strategy formation (Mintzberg, 1994). The emergent approach, as noted previously, is more likely to result in an informal strategic decision making process in construction (Larson et al., 1998).

It is important to remember that the education and training of a QS in quantitative analysis, economics and project management equips them with the skills to carry out such analysis, therefore it is surprising that it is not prevalent in practice (Price et al., 2003).

4.3.4 Strategic Planning Time Horizon

Section 2.3.4 discussed the variations of strategic planning time horizon as an important dimension of the process. Strategic planning within the construction industry tends to focus on a relatively short time horizon of up to five years (Price et al., 2003; Dansoh; 2005) which is broadly consistent with findings from previous research undertaken in other industries (Brews and Hunt, 1999; Stonehouse and Pemberton, 2002).

The short time horizon is not unusual given the uncertainty in the construction industry environment, as noted by Benes and Diepeveen (1985):

“In a situation of uncertainty the firm’s planning should be based upon a shorter period, its capacity upon minimum workload and management should look for quite new solutions. This all leads to a need for flexible planning.” (Benes and Diepeveen, 1985, pp.29)

Interestingly, however, Price et al. (2003) discovered that although the majority of firms engage in the strategic process annually, nearly a quarter of those with a time frame of less than three years intended to increase their strategic planning horizon. However, ISO certification is awarded on an annual basis therefore it is usual to undertake planning within that timeframe.

4.4 Strategic Choice for Quantity Surveying Practices

The process of strategic planning, whether undertaken on a formal or informal basis using a planned or emergent approach, ultimately requires making choices between alternative strategies. The use of strategic planning models and tools have been developed to assist in the process, however, within construction firms and hence QS practices, the models are limited in their practical application (Price et al., 2003).

Teece et al. (1997) noted the importance of considering past performance, and the “path” that the organisation has travelled in determining future strategy. Similarly the history of the firm was also noted by Mintzberg (1994) as being an important factor in the decision making process. This is particular important to a QS practice that depends on repeat business and the strength of its reputation for future business (Maister, 2003).

It is within the context of a changing environment, intense competition and influence on the history of the organisation that strategic choice is considered.

4.4.1 Corporate Level Strategy

Corporate strategy is discussed in section 2.4.2.3 using Porters (1980) framework of analysis. Limited data is available regarding the corporate strategy of construction firms, indeed much of the research in the area focuses on business level strategy (Hillebrandt and Cannon, 1989; Betts and Ofori, 1992; Price et al., 2003).

At the time of writing, no data is available regarding the corporate strategies being pursued by QS practices in Ireland. Clearly there is a necessity to undertake such an investigation.

Anecdotal evidence suggests that QS practices are ultimately pursuing a “survival” strategy given the economic downturn however, there is no empirical evidence to support this.

Benes and Diepeveen (1985) posit that in times of greater uncertainty with fewer opportunities for growth, firms must be able to plan for stability or even a regression strategy. It is argued that even with the necessary flexibility incorporated into the strategic plan it should cover no more than a year. They also outline a model for corporate planning in construction firms, however, do not provide evidence of it’s use in practice.

4.4.2 Business Level Strategy

Business level strategy, as defined by Porter (1980) has received proportionately greater attention than corporate level within a construction context (Hillebrandt and Cannon, 1989; Betts and Ofori, 1992; Jennings and Betts, 1996; Price et al., 2003). The challenge of applying traditional strategic planning models to construction firms has been noted (section 4.2.2), however, the use of Porter’s (1980) generic strategies does not pose a similar challenge. On the contrary, the generic strategy framework is extremely useful in the analysis of construction firm behaviour and has practical application to contracting and PSF’s alike.

Cost leadership is prevalent in the construction industry particularly with the change in tendering methods. The intensity of price competition is clearly visible in light of tender price indices, which in part is influenced by the competitive tendering process for public sector projects in Ireland. The potential for cost leadership in QS practices lies in creating internal efficiencies and to “*optimise the level of resources*” to reduce the cost base (Jennings and Betts, 1996; pp.176). Cost leadership is more suitable to an industry whereby there is little room for differentiation (Warszawski, 1996) therefore is clearly not the only option available to a construction firm where the products and services provided are heterogeneous. In some instances it is the change in procurement methods that have resulted in construction firms concentrating on a differentiation strategy (Price et al., 2003).

Differentiation occurs when a firm tries to make the product/service more appealing to the customer than the competition thereby potentially commanding a higher price. Many mechanisms for product differentiation in construction contractors are outlined in the work of Hillebrandt et al. (1995) and Warszawski (1996) and for QS practices in the work of Jennings and Betts (1996) which are discussed below.

A focus strategy involves applying either of the aforementioned strategies to a particular segment within an industry in order to develop a specialisation. Examples of which for QS practices may include focusing on a specific sector (e.g. private non-residential construction), geographical area or developing a specialist expertise (e.g. sustainable construction). This strategy is particularly appropriate to a smaller firm (Warszawski, 1996). Caution must be expressed with a focused strategy based on specialist expertise, as it may be imitable over time therefore may not provide a sustainable competitive advantage (Barney, 1991).

Porter (1980) warns of the potential dangers of becoming “*stuck in the middle*” (see section 2.2.2).

Possibly the most significant investigation of QS business strategy is contained in the work of Jennings and Betts (1996) which went a considerable distance in addressing the dearth of research in the profession within the UK. The application of Porter’s (1980) generic strategy to QS practices was the aim of the investigation undertaken. The results

of a survey of senior management discovered that 60% of QS practices were pursuing a differentiation strategy, 32% a focus strategy and 8% cost leadership (pp.169). This has important implications, and the authors contend that:

“...the QS profession considers clients to be influenced more by the quality of the service they receive than the price they pay for it. Such a low preference for cost leadership may reflect the profession’s dissatisfaction with the fee tendering systems (since the abolition of fee scales), which has reduced the fees charged to the bare minimum, and they therefore feel that there is no long term competitive benefit in trying to reduce fees any further.” (Jennings and Betts, 1996, pp. 174)

Further testing of the data revealed that the size of QS practice impacted on the aspect of differentiation being followed, with larger practices (over 20 QS’s) competing using their reputation and smaller practices (fewer than 5 QS) on repeat business with a “*faithful group of clients*” (a view that is shared by Hillebrandt et al, 1995; Green et al, 2008). Medium sized practices (6-20 QS) tended to have a diverse strategy choice ultimately differentiating through the range of service provision. However, regardless of how the practices differentiate from competitors, the most important element across the board was deemed to be “*punctuality of service, identifying the client’s requirements and maintaining good relationships.*” (pp. 175). This supports the work of Maister (2003) and Løwendahl (2005) in other PSF’s and is crucial in enhancing the QS practice reputation, upon which repeat business depends (see section 3.5.3).

Greenwood et al. (2005) identify two common strategies amongst PSF’s, namely “boutique” (which resembles focus strategy) or diversified. The former occurs when the firm provides a narrow range of services and specialises in these services, and the latter resulting in a multidisciplinary practice (MDP) which offers a number of “*competitive benefits*” for the client as well as employees. At present there is no evidence to determine the extent to which QS practices in Ireland pursue either strategy

The findings outlined above provide considerable insight into a previously under-investigated area and clearly demonstrate the prevalence of differentiation over other generic strategies. However, Jennings and Betts (1996) concluded that:

“The results of this study indicate that Porter’s generic strategies may generally be suitable for use by QS practices in strategy formulation; however the unpopularity of cost leadership indicates that Porter’s work does not provide a balanced definition of competitive strategy for QS practices.” (Jennings and Betts, 1996, pp.176)

Jennings and Betts (1996) combine elements of Porter’s (1980) generic strategies with Maister’s (2003) approach to strategy and produce a model of competitive strategies for QS practices. The model defines strategy on the basis of the client base (be it specific or varied) and level of service (simple or complex) which then forms the basis of four generic strategies for QS practices, namely:

1. Execution: varied client base and simple level of service
2. Expertise: varied client base and complex level of service
3. Efficiency: specific client base and simple level of service
4. Experience: specific client base and complex level of service

(adapted from Jennings and Betts, 1996, pp.178)

The strength of the model lies in the fact that it was developed specifically for QS practices, however, it lacks discussion of the mechanisms by which a practice may identify which quadrant(s) it is currently in or indeed which it should strive towards. Furthermore, there is no correlation considered between each quadrant vis-à-vis profitability. The issues resulting in lack of strategic planning tool usage previously identified (see section 2.3.3 and 4.3.3) are likely to be equally applicable to this model.

Another important study of strategic planning QS practices was undertaken by Boon (1996, 2001, 2008) whom tracked changes in strategic management of QS practices in Auckland, New Zealand over several years. A five-point framework was developed to assess survival strategies of participants which identify the key factors to be addressed by management of QS practices, including:

1. market orientation
2. knowledge base

3. flexibility in cost structure and productive capacity
4. efficiency and price competitiveness
5. financial resources

The initial study discovered that during the construction downturn the majority of practices downsized, new business came from repeat clients, practices expanded the range of services provided and a general tightening up of budgeting and control process. The experience of the downturn resulted in practices taking steps to protect the firm against the financial impact of another downturn, the most notable of which included competing on price, offering a value added service and provision of additional services (Boon, 1996). These practices competed on price and value added concurrently in order to survive, therefore were classified as being “stuck in the middle”.

In subsequent years, the participants were re-interviewed using the original framework. Changes within the five components of the framework were investigated and presented at RICS Cobra conferences in 2001 and 2008. A summary is contained in Appendix D, however, the most notable long term changes may be summarised as follows:

- dominant firms had international linkages
- return to core QS business
- more formalised quality assurance (yet only 1 ISO certified)
- increased emphasis on staff training and mentoring
- half of the practice competing on price, half on the basis of value-added

The key limitation of the study is that it is based on a sample of only four “significant” QS practices therefore the findings may not be generalisable across all QS firms. Despite this limitation the results provide invaluable insight into the changing strategy of QS practices over time, which are largely related to changes in the environment within which they are operating.

4.5 Monitoring and Implementation

The changing nature of the construction industry environment (section 4.2.1) necessitates continuous monitoring to determine the best way to respond to shifting circumstances. To this end Maister (2003) notes that:

“The strategy development task is not an exercise in forecasting. Rather, the goal is to create the responsive organization; to put in place a set of operating procedures which force the practitioners to listen to their marketplace on an ongoing basis, not as a one-time piece of market research...” (Maister, 2003, pp. 230)

In practice, this advice may be easier said than done. Many hindrances to strategic planning are clearly evident (see section 2.4.2.4). In construction, lack of knowledge of the core concepts related to strategic planning is a key internal factor (Hillebrandt and Cannon, 1990) which must be addressed. The fragmented nature of the industry, the unique nature of each project (Betts and Ofori, 1992) and changing market demand further impose challenges to the process. Venegas and Alarcon (1997) in their study of the strategic decision making process for construction firms noted that:

“...the inability of construction executives to collect all relevant information pertaining to their decisions makes this process notoriously complex, novel, uncertain, open and endless.” (Venegas and Alarcon, 1997, pp.388)

QS practices must retain organisational flexibility (Lansley, 1983) as well as flexibility in the strategic planning process (Benes and Diepeveen, 1985) to cope with these demands. Despite the challenges, QS practices have considerable expertise (and experience in many cases) in project management, many of which could be applied at the strategic level in order to overcome the challenges and sustain competitive advantage.

4.6 Conclusion

Strategic planning is clearly an important function of any business, and the construction industry is clearly an important industry for any economy. The question therefore becomes: why do construction firms neglect strategic planning given its potential benefits and why does this continue to be the case given the importance of the industry to the global economy?

It may be the case that the purpose and benefits of strategic planning are not known by the strategist, and hence it is not undertaken (Dansoh 2005). Or perhaps it is being undertaken and the strategist is not aware that the decisions they make and process by which they are reached is in fact strategic planning (Hillebrandt and Cannon, 1990). Consequently, the type, scope, extent and purpose of strategic planning in the industry remains unclear. The available research suggests that strategic planning, when undertaken, involves an informal top-down process with an emergent approach.

Reviewing the research it is apparent that the strategic planning process is complex, particular for firms within the construction industry. A paucity of research relating to the strategic management of professional services within the industry, specifically QS practices is evident and compounded by a complete lack of empirical scrutiny of Irish QS practices. At the time of writing not a single empirical study was available. Clearly there is a need to undertake an investigation as to the type, scope and extent of strategic planning within the sector.

5. LITERATURE SYNTHESIS

5.1 Introduction

Extensive research has been undertaken in the field of strategic management with numerous contributions from several authors over a number of decades (Ansoff, 1957; Hamel and Prahalad, 1996; Grant, 2001 and 2003; Mintzberg, 1994; Porter, 1980, 1985 and 1996; Steiner, 1979). It is assumed that an organisation seeks to achieve and maintain advantage over competitors (Porter, 1985) and strategic planning is instrumental in such endeavours. The link between strategic planning and performance continues to be debated and there remains a lack of consensus in this regard (Boyd and Reuning-Elliott, 1998). Clearly strategic planning has potential benefits to the organisation in shaping its future direction, however, no single definition of precisely what strategic planning entails is universally agreed upon (Chafee, 1985)

What cannot be disputed is that strategic planning is a multi-dimensional discipline which may be examined in terms of formulation or implementation, process or content. The research at hand focuses on strategic planning processes specifically.

The strategic planning process will vary from one organisation to the next and concentration on certain aspects of the process will also differ depending on the industry sector (Langley, 1988; Pearce et. al 1987, 1988; Grant, 2003). The degree of formality of the process has been well documented (O'Regan and Ghobadian, 2007), in particular as it relates to organisational performance (Fredrickson, 1984; Pearce, Robins and Robinson, 1987). However, there are a number of alternative approaches to strategic planning which are equally valid (Mintzberg, 1994) and in certain circumstances, such as a turbulent environment, are more applicable in pursuit of competitive advantage (Grant 2003). The approach to the process will be largely dependent upon the strategist and a taxonomy of strategic organisational behaviour is presented by Miles and Snow (1978) to facilitate analysis in this regard.

Due to varying approaches to strategic planning, characteristics of the process will also differ from one organisation to the next. Areas such as flow, participation,

comprehensiveness, tools, intensity and planning horizon (Fredrickson and Mitchell, 1984; Glaister and Falshaw, 1999; Papke-Shields et al. 2006) are attributes which may be examined to provide insight into features of the process.

The environment within which a firm operates will clearly influence the extent and scope of strategic planning undertaken, and it has been argued that the need for strategic planning increases with the degree of environmental uncertainty (Eisenhardt, 1989; Grant, 2003). Industry environment, competition and the firm's position within this context will also be critical in deciding organisational strategy (Porter, 1980). Whether the process is formal or informal and whether the strategy is written down or otherwise, elements such as these must be considered.

The challenges in embarking on such a complex, multi-faceted process have been aided by the development of a number of strategic planning tools (Frost, 2003) and process models (Scott, 2007), however, the extent to which such tools and techniques are used in practice remains uncertain (Stonehouse and Pemberton, 2002).

To date the concentration of existing research lies within manufacturing while there remains a scarcity of empirical investigation of strategic planning processes in the construction industry (Green et al., 2008), and in particular QS practices. Construction is a hugely important industry for the global economy and is by nature complex and fragmented (Ashworth and Hogg, 2002; Hillebrandt and Cannon, 1994). There remains limited empirical research undertaken within the industry and what has been undertaken has focused primarily on contracting organisations (Dansoh, 2005; Green et al., 2008; Price et al., 2003) and seldom on professional service firms (PSF's) including QS practices.

When research has been conducted to examine strategic planning in QS practices it has been conducted in the context of practices in Hong Kong (Phua, 2006), the UK (Jennings and Betts, 1996) and New Zealand (Boon, 1996, 2001, 2008), and to date no empirical study investigating the strategic planning practices within Irish QS firms is known to exist. In Ireland the construction industry was the key driver of growth over several years, and now the industry is suffering most significantly in the downturn. The need for strategic planning in QS practices in Ireland has never been more apparent, yet

little is known about the type, scope, extent and key considerations influencing the strategic planning processes of such firms.

There are mixed findings relating to the applicability of general strategic management theory to the industry (Betts and Ofori, 1992; Price, 2003) and to professional service practice (Maister, 2003; Løwendahl, 2005). The purpose of this exploratory study is to investigate the type, scope and extent of strategic planning in Irish QS practices by using existing strategic planning theory and the EBS SPPM to aid the analysis.

5.2 Merging Two Strands of Investigation

The preceding literature review has established the importance of strategic planning to an organisation and the significance of the construction industry to the economy as a whole. The literature also demonstrates the multi-dimensional nature of strategic planning and the fragmented characteristics of construction. Consequently investigating strategic planning within the industry is both challenging and complex.

Strategic planning and management research in construction has concentrated on contracting firms, however, they may display characteristics which are not applicable to PSF's. It is thus not appropriate to discuss the industry in its entirety, with a "one size fits all approach" in the knowledge that it is multi-faceted and fragmented. That being said, elements of the strategic planning process are undoubtedly relevant across firms, particularly the affect of the macroeconomic environment.

The service sector is growing in importance to the Irish economy and thus supports the necessity to investigate professional services within this important industry. As has been noted, there remains limited empirical investigation of the strategic planning processes of such firms. This research seeks to address the apparent gap in existing knowledge by investigating strategic planning within QS practices. Although the study focuses on QS practices elements may be equally applicable to other professional practices within the industry such as architecture or engineering firms.

5.3 Defining Measurement Criteria

This exploratory study in a multi-dimensional discipline requires the selection of criteria against which the subject matter is analysed. The discipline of strategic management and planning may stretch across an immense range of related disciplines so it is necessary to define the scope relevant to investigating the process of strategic planning. The EBS SPPM acts as a framework within which key areas of the discipline relevant to the investigation are considered.

Organisational Objectives and Strategist

The basis of analysis for this component lies in organisation types identified by Miles and Snow (1978) and approaches to strategy noted by Mintzberg (1994)

Environmental Analysis

The work of Porter (1980) plays a significant role in analysing the industry and competitive environment within which a firm operates. The uncertain nature of the profession has an impact on the strategic planning process, therefore this component draws on research by Eisenhardt (1989) and Grant (2003) amongst others.

Internal organisational analysis is an important facet of the strategic planning process, and is particularly pertinent for PSF's. Two key experts in the field of strategic management and planning within service firms are Maister (2003) and Løwendahl, (2005), whose invaluable contribution shapes analysis in this area.

Strategic Choice

Although several authors have investigated the strategic choices available to firms the most prominent is undoubtedly Porter (1980) who noted four alternative corporate and business level strategies available to a firm. These strategies are the yardstick against which QS strategies are measured.

Strategic Planning Characteristics

A number of distinct characteristics are apparent in the strategic planning process, which vary from one organisation to the next. Once again the potential scope is enormous in this regard therefore the selected characteristics and the authors that

dominate research for the particular characteristic under investigation for this research are noted in the following table:

Table 5.1 Strategic planning characteristic and relevant author(s)

| Characteristic | Author(s) |
|--------------------------|---|
| Comprehensiveness | Fredrickson and Mitchell (1984); Eisenhardt (1989); Segars and Grover, (1999); Papke-Shields et al. (2006), |
| Flow | Baker et al. (1993); Segars and Grover, (1999); Papke-Shields et al. (2006), |
| Participation | Dyson and Foster (1982); Segars and Grover, (1999); Collier et al. (2004); Papke-Shields et al. (2006), |
| Planning Horizon | Glaister and Falshaw (1999); Koufopoulous (2000); Stonehouse and Pemberton (2002); Papke-Shields et al. (2006), |
| Formal/Written Plan | O'Regan & Ghobadian (2007) |
| Strategic Planning Tools | Frost (2003); Stonehouse and Pemberton (2002) |

Implementation

Strategic planning is a continuous process and the importance of communication and feedback has been noted in chapter 2. Challenges may be encountered in the implementation of the strategic plan (regardless of whether it is formally written or not) hence the obstacles noted by Mintzberg (1994), Baker et al. (1993) and Dansoh (2005) particularly, inform the analysis in this regard.

The requirements under ISO certification incorporate feedback processes which are particularly relevant to QS practices.

5.4 Conclusion

The gap in existing knowledge in the strategic planning processes of Irish QS practices has been clearly established. The research at hand is an exploratory study the foundations of which are entrenched in strategic planning literature, therefore parameters must be established to define the scope of the investigation. The previous section has outlined dimensions of strategic planning to be addressed in the study.

Strategic planning is a complex discipline and the process will be influenced by numerous, often firm-specific considerations. As a consequence, the primary research method for this exploratory study is qualitative in nature in order to discover not only the type, scope and extent of strategic planning but to gain insight into the influences and factors shaping the process itself.

The qualitative component is subsequently supported by a quantitative phase which involves a widespread survey of QS practices in Ireland.

The mixed methods approach to the investigation not only provides statistical data against which characteristics of the process may be measured, but also insight into how and why decisions are made regarding the strategy and strategic planning processes within QS practices in Ireland. The following chapter provides further detail regarding the chosen methodology.

6. RESEARCH METHODOLOGY

6.1 Introduction

The preceding chapters provided a comprehensive examination of existing literature in the field of strategic planning in the Quantity Surveying (QS) profession. A significant gap in the knowledge has been identified with regard to the strategic planning and management of QS practices, specifically in Ireland. This chapter outlines the methodology employed in the investigation to tackle this disparity and to address the stated research question, aims and objectives.

A flexible design using mixed methods provided the optimum approach given the exploratory nature of the study. The research was thus undertaken in two phases. The predominant method was qualitative in nature and took the form of semi-structured interviews with the managing director/partner of eleven QS practices. The second phase involved a large scale online survey of all QS practices registered with the SCS, for which a response rate of over 40% was achieved. Triangulation was achieved through the use of the two methods and the inclusion of phase one participants in the second phase.

This chapter provides an outline of the methodologies chosen to address the research question, aims and objectives.

6.2 Research Aim

Following a thorough investigation of the literature in the field a gap in the knowledge was identified regarding strategic planning process within Irish QS practices. This formed the basis of the research question, aims and objectives.

The research question is:

“To what extent are systematic strategic planning processes evident within Irish Quantity Surveying practices?”

The aim of the research is:

“To investigate current and recent strategic planning processes evident within Irish Quantity Surveying practices.”

The research has the following objectives:

1. to investigate current and recent trends in strategic planning in Irish QS professional practices
2. to evaluate existing strategic planning practises within the Irish QS profession against the strategic management literature
3. to develop a set of guidelines to assist systematic strategic planning in Irish QS practices

As determined in the literature review, the Edinburgh Business School Strategic Planning Process Model (EBS SPPM) provides a practical framework for the evaluation and analysis of the strategic planning processes within QS practices. The research design is loosely based on the process model structure, while incorporating further elements from relevant strategic planning literature.

6.3 Research Paradigm and Theoretical Framework

Two major research paradigms exist in the field of business research, namely positivism and phenomenology. This study follows the usual social science methodological assumptions about these research paradigms, and both are evident within the study.

The choice of research method must be appropriate to the study at hand. In terms of strategic management research, the appropriateness of methodologies has changed in line with the evolution of the discipline itself. A comprehensive overview of strategic management research and methodology is provided by Hoskisson et al (1999) whom

refer to the choice of methodology “*swings of a pendulum*”. The dominant methodologies used over four periods is summarised as follows:

Table 6.1 Evolution of primary research methods in strategic management

| Decade | Examples of key authors | Primary emphasis of research | Primary Method |
|---------------|--------------------------------|-------------------------------------|-----------------------|
| 1960’s | Ansoff, Chandler | Primarily internal | Qualitative |
| 1970’s | Porter | Primarily external | Quantitative |
| 1980’s | Williamson | Primarily internal | Mixed |
| 1990’s | Barney, Conner | Resource based view | Mixed |

Abrided from Hoskisson et al. (1999)

The table above purports the use of mixed methods when the emphasis of research is centred on the RBV of the firm. Any investigation of the strategic management of PSF’s is heavily influenced by the RBV of the firm (Løwendahl, 2005), consequently mixed methods are appropriate for such an investigation. The literature review contained in previous chapters demonstrates the dearth of research into strategic planning practices in construction firms (Phua, 2006) particularly in the context of PSF’s such as QS practices in Ireland. This research seeks to address the existing gap in this regard and is thus exploratory in nature. The use of mixed research methods is appropriate in such circumstances to gain insight into the strategic planning processes of QS practices, as well as to gain deeper insight into factors which influence the process and ultimately how decision are made in this regard.

The phenomenological philosophy is apparent in the initial phase of the research which sought to discover the extent of strategic planning and provide an understanding of the strategic planning process within QS practices. This phase involved in-depth semi-structured interviews with the principal of eleven QS practices, and provided significant insight into the type, scope, extent of strategic planning as well as the process by which strategy was formulated.

The positivist approach is evident primarily in the second phase of research, whereby a widespread survey was undertaken of QS practices registered with the SCS. Once again,

the type, scope and extent of strategic planning was identified and the identification of relationships between variables was possible.

Triangulation was used in the study as a strategy to ensure against possible threats to validity and in this study the primary mechanism of triangulation was methodological triangulation (Robson, 2002).

The research was deductive in nature, in that specific aspects of strategic management and planning theory were investigated within the QS profession as a whole. Deduction is noted to be:

“...a form of inference that purports to be conclusive – the conclusion must necessarily follow from the reasons given. These reasons are said to imply the conclusion and to represent a proof. There is a much stronger and different bond between reasons and conclusions than is found with induction.” (Cooper and Schindler, 1998; pp.30)

The combined research findings provide empirical data results rather than a conceptual framework of analysis.

6.4 Research Design

6.4.1 Phase 1: Semi-Structured Interview

The nature of the subject matter necessitated the involvement of senior management/principal with input into the strategic planning and management of participating QS practices. To gain a full understanding of the numerous facets of strategic planning processes, interviews were deemed the most appropriate mechanism by which to collect the data. Interviews are commonly known to provide a deep understanding of the phenomena being investigated, assist in the portrayal of multiple views (Gubrium & Holstein, 2002) and are particularly useful where the investigation is exploratory in nature (King, 1994).

A number of techniques exist for conducting interviews (Robson, 2002) and a semi-structured interview approach was applied for the purposes of this investigation. A set of questions (or Interview Prompt Sheet) was developed in advance of the interviews addressing the key dimensions and characteristics of the strategic planning process identified in the literature (see appendix E). The semi-structured interviews ensured a clear focus to each meeting while ensuring flexibility in how issues were addressed. Considerable scope remained to probe respondents for fuller explanations when required which is one of the overriding advantages in the use of this method (Bryman and Bell, 2007).

The interview prompt sheet formed the basis of each interview thus comparison between cases was made possible. Questions were not necessarily asked in the same order in each interview, rather depended on the breadth of response provided thus matters were often discussed out of sequence. Each component was ultimately addressed in every interview.

The interview prompt sheet contained five sections which are outlined in the next section.

6.4.1.1 *Semi-Structured Interview Structure*

Section 1: General Company Information

Interviews commenced with questions relating to company demographics which were easily answered and served to establish a rapport with the respondent. Company size, number of years in business, range of services provided, sectors serviced, number of employees and changes within each of the aforementioned were addressed.

At times respondents discussed strategies pertaining to changes in these issues over time and the process by which such decisions were made. Respondents were encouraged to speak fully on the topics as and when they arose, rather than sticking rigidly to the interview prompt sheet sequence.

Section 2: Organisational Objectives and Strategist

The second group of questions centred on organisational objectives. What they are, how had they changed, who was involved in the development of objectives and how did the company seek to achieve the objectives? The strategist type and approach to strategy were also addressed.

The existence of a written strategic plan was identified in this set of questions. Where a written plan was confirmed, respondents were probed as to the driver for formulating the plan, process for plan formulation, participation, time horizon, content, use of strategic planning tools and other matters as they arose (e.g. influence of head office where practice formed part of a larger international construction cost consultancy).

Section 3: Environmental Analysis

The extent of analysis of the industry, competitive, macroeconomic and internal environments undertaken by QS practices is unknown. This section sought to identify the comprehensiveness of such analysis within the chosen sample.

Questions relating to critical factors of the environment affecting the practice were put forward. Changes and drivers of change were queried and the processes by which the organisation gathered and communicated relevant information in this regard were solicited.

Section 4: Strategic Choice

The next series of questions centred on the corporate and business level strategies pursued by respondents, both at the time of interview and recent past. Drivers of change and challenges in pursuit of the chosen strategy were identified and addressed.

Section 5: Implementing Strategy

The final section of the semi-structured interview related to the implementation of strategy. Matters surrounding challenges in implementation, communication and feedback were considered.

Respondents were provided with the opportunity to raise any other issues they deemed relevant to the discussion prior to concluding the interview. The confidentiality of responses was assured, and respondents were informed that the written transcript of the interview would be forwarded on completion for their approval prior to any analysis being undertaken. It was also agreed that an overview of the key findings would be forwarded on completion for information purposes, which informants were invited to provide feedback on. This is an important tactic for testing and confirming findings (Miles and Huberman, 1994).

6.4.2 Phase 2: Questionnaire

Following the initial phase of research a meeting was held with the SCS who expressed an interest in extending the research to incorporate a widespread survey of all members of the QS division of the Society. A research proposal was submitted to the SCS Research Committee and a modest amount of funding was secured subject to presenting findings of the survey in a Continuous Professional Development (CPD) event as well as publishing an article for the SCS magazine (see Appendix F for a copy of the article).

The questionnaire was designed to cover similar issues as those addressed in the semi-structured interviews undertaken in Phase 1. Questions were informed by the findings from the initial phase as well as existing literature in the field. Some terminology that could be perceived by practitioners as being ambiguous was reworded. The decisions not to replicate verbatim from existing studies, as well as shortening the question length were significant contributions of pilot study feedback (see section 7.3).

The questionnaire comprised 31 questions in 3 sections, including open ended, multiple choice and Likert-scale questions. Likert scale questions remained consistent

throughout the survey and consisted of five answer choices, where one was always the negative and five the positive end of the scale. The navigational guide was also consistent throughout the survey, a simple style and symmetry was employed plus a dark print for questions and light print for answers was used to make the response task easier (Dillman, 2000).

The following section outlines the structure of the online survey (which is contained in Appendix H).

6.4.2.1 *Survey Structure*

Section 1: General company information

The first number of questions sought demographic information regarding the QS practice. The questionnaire was designed such that the questions were applicable to all and were straight forward to answer (Dillman, 2000). Questions asked regarded company size, number of years in business, ownership structure, ISO certification, sectors serviced and services provided. Changes in service provision, sectors serviced and numbers employed between peak and trough over the current construction cycle were also recorded.

Similar demographic information has been obtained in other major studies in the field of strategic management (Koufopoulos and Chrysochoidis, 2000; O'Regan and Ghobadian, 2002) and is particularly important for the comparative analysis of strategic planning practices between cases.

Information gained from this section alone represents a sizeable contribution to knowledge given that it, at the time of writing, it was not available through any other source.

Section 2: Strategic Management Practices

This section lies at the heart of strategic planning and management literature. The purpose of this section was to ascertain the corporate and business strategies (as identified by Porter, 1980) currently being pursued as well as reflecting changes in this regard from construction cycle peak to trough.

Questions were posed regarding strategic type (Miles and Snow, 2003), risk attitude (Covin and Slevin, 1989), extent of environmental analysis undertaken (Phua, 2006) and communication of strategy (Brews and Hunt, 1999). A further question regarding the influence of lifestyle choices was included as it became apparent from phase 1 that this may influence strategic decision making in some instances.

Once again, this section provides a sizeable contribution to knowledge for reasons previously stated.

Section 3: Strategic Planning and Decision Making Process

The purpose of this section was to identify the extent, type and scope of strategic planning in Irish QS practices. This section was largely derived from existing studies in the field. Characteristics of strategic planning (Papke-Shields, 2006), experience with strategic planning and formality of strategic planning process (Baker et al., 1993; O'Regan and Ghobadian, 2002) were addressed.

When a company confirmed the existence of a formal/written strategic plan, further questions regarding content (Larsen, 2000), plan horizon (Brews and Hunt, 1999), difficulties in formulation, strategic plan use and obstacles to implementation were posed (Baker et al., 1993). It was possible for respondents with no written plan to exit the survey at that point, however, it was also possible to answer the remaining questions if they desired. This produced very valuable information regarding the strategic decision making process of practices without a formal/written strategic plan.

Although a number of questions were influenced by existing empirical studies within the field of strategic management, additions were made where relevant to the QS profession, and the wording of questions was often amended for clarity.

As is evident, matters pertaining to company finance were not addressed in the survey. The strategic planning/performance relationship is clearly an important one, however, remains outside the scope of the research. It was considered prudent to “*minimize requests to obtain personal information*” (Dillman, 2000) to encourage a greater response.

Furthermore the role and effectiveness of the professional body were not addressed in the survey. This was a strategic decision by the researcher as the timing of the survey coincided with a controversial merger proposition (which has subsequently been approved) between the SCS and the IAVI (Irish Auctioneers and Valuers Institute) which may have negatively influenced responses in this regard. The pilot test of the qualitative phase had highlighted the lack of involvement of the SCS in the strategic management of QS practices, therefore the inclusion of such questions would serve to increase the number of questions without contributing significantly to the research.

Notwithstanding the two conscious exclusions from the survey, the responses provided a substantial contribution to knowledge within the field. At the time of writing, no demographic information was available regarding Irish QS practices and no empirical investigation had taken place as to the type, scope and extent of strategic planning in Irish QS practices. The contribution to knowledge is thus apparent.

6.5 Sample Design

6.5.1 Phase 1: Qualitative Data

A selective sample of eleven QS practices were chosen based on access to the CEO/Managing Partner in practices of varying sizes.

Classifications of small, medium and large firms differ from one source to the next. Price et al. (2003) classify firm size based on number of employees and turnover however, the bands provided are not appropriate to professional practices. Nkado and Meyer (2001) classify QS practices as being large if they employ over 20 people and small if it employs fewer which is arguably too broad to be meaningful. Jennings and Betts (1996) are very specific in their survey of QS practices providing respondents with 8 options relating to number of employees (it was revealed that 55% of respondents employed between 3-10 people).

For the purposes of the first phase of research a middle ground was found between the aforementioned studies and practices were classified based on three bands of employment as follows:

Table 6.2 Phase one practices and number of employees

| Company Size | Number of QS Practices |
|---------------------|-------------------------------|
| 0-10 | 2 |
| 11-20 | 4 |
| >20 | 5 |
| Total | 11 |

Participants were initially contacted by telephone to outline the purpose of the study and to secure participation. Interviews were scheduled to take place at a date and time of their choosing and a letter of confirmation was subsequently forwarded to each participant.

6.5.2 Phase 2: Quantitative Data

A list of QS practices registered with the QS Division of the SCS, together with the company contact details was provided by the Society. In order to ensure the accuracy of the list and to avoid coverage error (Denscombe, 2002), each respondent on the list was investigated. The nature of the research required the participation of a key informant from the senior management team, where possible the CEO or managing partner. A

research assistant was temporarily employed to contact each company by telephone in order to:

1. establish if the practice was operational
2. outline briefly the purpose of the study
3. gain confirmation, in principle, of the company's participation
4. determine the direct contact details of the key informant i.e. CEO/senior partner (i.e. strategist)
5. provide notice that an e-mail with survey link would be forwarded
6. ensure confidentiality of responses

A number of discrepancies were uncovered in the data provided by the SCS. For example, a number of contracting organisations were included in the list, therefore they were removed as the study concentrated on QS practices. A small number of practices were no longer operating due to the principal(s) having retired. There were also a number of companies included in the initial list which despite offering cost consultancy as part of their services, were not QS practices and were thus removed.

It became evident that there were a number of errors in contact details provided by the SCS, which is a cause for concern given the contact details were those advertised in the "*find a surveyor*" section of the SCS website. The researcher undertook a comprehensive investigation of each anomaly to ascertain the correct contact details, through searches on the internet and local business directories. In a large number of cases the correct details were discovered and included for data collection purposes.

In some instances telephone numbers were no longer in service, and/or website decommissioned. It is assumed that given the number of reported construction company closures, that these practices are no longer operational and were hence removed from the sample for data collection purposes. This is an important assumption underlying the sample therefore these practices were investigated once again by the researcher a number of months after the initial attempt with the same conclusion drawn in each case.

The final aspect in refining the sample was to identify those practices that did not wish to participate in the study. For various reasons, primarily company policies, a small number of practices were excluded from the final sample upon their request.

The following tables outline the survey population, sample size and response rate:

Table 6.3 Survey Population

| | Number of QS Practices |
|--|-------------------------------|
| List received from SCS | 285 |
| Double entries (i.e. regional offices) | 43 |
| Listed but not QS Practice | 39 |
| Survey Population | 203 |

Table 6.4 Sample Size and Response Rate

| | No. of QS Practices |
|----------------------------------|----------------------------|
| Closed | 4 |
| Assumed Closed | 20 |
| Undeliverable | 6 |
| Did not wish to participate | 23 |
| Final Sample Size | 150 |
| Total Number of Responses | 62 |
| Response Rate | 41% |

Phase one participants are included in the total above. This served to triangulate findings from the initial phase, and also to record changes within these practices given the time lag between phase one and two.

The necessity to answer each question was not imposed on respondents (key contribution of pilot study. See chapter 7). In some instances the response rate is marginally lower than above. Where this is the case, it is noted during the course of analysis (chapter 9).

6.6 Conclusion

Mixed methods were employed for the purposes of this exploratory investigation to address the stated research objectives. The initial phase comprised semi-structured interviews with the director/partner of eleven QS practices and the second phase a widespread online survey of QS practices registered with the SCS, which achieved a response rate of 41%. Participants from the first phase took part in the second.

Although different research instruments were used in the study the research design was such that comparisons could be made between cases in phase one as well as between phases. Both methods were broadly based on the EBS SPPM as well as the extensive literature base pertaining to strategic planning process characteristics.

The exploratory nature of the study necessitated the rigorous pilot testing of both methods, the detail of which is contained in the following chapter.

7. PILOT STUDY

7.1 Introduction

The preceding chapter outlined the chosen methodology for undertaking the research. To test the appropriateness of the methodology a pilot study was undertaken prior to the main study. The importance of pilot testing cannot be overstated. Experience from undertaking a pilot “*helps to throw up some of the inevitable problems of converting your design into reality.*” (Robson, 2002; pp383)

This chapter provides the results of pilot testing of both phases of research. Feedback and amendments as a result of pilot testing are highlighted and discussed as well as mechanisms by which the issues were addressed for the main study.

7.2 Pilot Testing Phase 1: Semi-Structured Interviews

The literature drew attention to the paucity of research into the strategic planning processes of Irish QS practices. The pilot testing of phase one was therefore crucial in shaping the design of the main study into somewhat unknown territory.

The objectives of undertaking the phase one pilot study include:

1. to gain insight into the strategic management of QS practices in Ireland.
2. to ascertain the extent of strategic planning undertaken in Irish quantity surveying practices
3. to identify critical factors affecting QS practice strategy planning processes
4. to determine the extent of application of strategic management theory to practice
5. to secure participation for future stages of the research.

Over a three day period five semi structured interviews were undertaken with senior management in Dublin based QS practices. The practices were of varying sizes (in terms of numbers employed) and some had affiliations with larger, global quantity

surveying practices. The practices were chosen based on known information as regards size and ownership structure such that a representative range of companies could be included in the study.

Table 7.1 Pilot study participant practice size and ownership structure

| Practice | Number of Employees | Ownership Structure |
|-----------------|----------------------------|----------------------------|
| A | 11 | Independently owned |
| B | 40 | Independently owned |
| C | 100 | Subsidiary of UK company |
| D | 25 | Subsidiary of UK company |
| E | 11 | Independently owned |

Initial contact was made by telephone outlining the purpose and scope of the research followed by a request to participate. Dates and times were agreed to suit respondents and took place in the respondent's office.

In all but one case interviews were tape recorded with the consent of respondents. Transcriptions were made of each recording to ensure reliability and validity of analysis. As recommended by Miles and Huberman (1994) contact summary sheets were also drawn up following each meeting with key aspects and points of note made, again, to facilitate analysis. One respondent appeared reluctant to participate and in this case it was decided not to tape the interview. The respondent ultimately provided a thorough insight into the strategic planning practice within the company which may be as a consequence of not being recorded (the respondent participated in the main study, which was tape recorded, and was noticeably more guarded in his responses).

Interviews were observed by a research fellow from Edinburgh Business School. The role of the observer was to provide guidance regarding interview technique as well as to gain an insight into the challenges in undertaking the research. The observer did not participate in the interview process, however, brief notes were taken to provide feedback to the researcher.

Each interview commenced with an outline of the study, scope of the research as well as an indication as to how the respondent's participation would contribute to the research. Permission was sought once again for the use of a Dictaphone, and the role of the observer was clarified and confidentiality was assured.

The pre-prepared interview questions contained five sections broadly using EBS SPPM as a guide. The general areas addressed included:

1. General Company Information – Company demographics
2. Organisational Objectives and Strategist
3. Environmental Analysis
4. Strategic Choice
5. Implementing Strategy
6. Strategic Planning Process

Participants were not provided with questions either in advance or during the course of the interview. The interviews were semi-structured in orientation to facilitate and encourage discussion and to enable respondents to provide as much detail as they wished. The semi-structured interview ensured each issue was addressed, however, there was considerable flexibility in the sequencing of questions and explanations were provided when necessary (Robson, 2002). Probes were used to gain deeper insight into issues the respondent was willing to discuss pertaining to the strategic management and planning practices of the firm. Interviews were on average ninety minutes in duration.

The EBS SPPM diagram was presented to the first two respondents, however, it served only to confuse the respondents and it was not revealed in subsequent interviews.

Preliminary questions sought information regarding company demographics: company size, sectors serviced and services provided, number of years in business and ownership structure in an attempt to relax the respondent and slowly build up a rapport, as suggested by Robson (2002).

Section 2 sought to discover the extent of strategic planning and thinking within the company. Issues surrounding company objectives, how they are developed and by

whom, methods by which objectives are achieved and difficulties associated with achieving them formed the basis of this section. Characteristics of the strategies and the approach to strategy were discussed as well as the existence of strategic plans and their formality. Where a written strategic plan was in place, further detail regarding the process was sought.

The environment (competitive, macroeconomic, internal and industry) was the focus of the next number of questions. Respondents were asked to describe the company's experience over the last number of years to determine the critical environmental factors influencing the practice. The process for monitoring changes in the environment, as well as the extent of environmental analysis undertaken, was determined following which mechanisms for monitoring and communicating such information were discussed. Crucially the mechanisms for coping with environmental demands were addressed by discussing the strategic choices made by respondents.

Matters pertaining to the current organisational corporate and business strategy were discussed as well as the method(s) by which they were being sought. Through discussion of these fundamental issues difficulties in the pursuit of organisational goals were identified as well as the existence of contingencies.

The final section related to issues of implementation of strategy such as monitoring and reporting structures, information technology as well as human resources issues.

Respondents were asked for advice as regards other matters that could usefully be examined in the main study, however, no suggestions were made. The researcher also enquired as to what respondents envisaged as being the key challenges which may be encountered at future stages of the research. The overriding challenge identified was perceived to be in securing commitment and full engagement of quantity surveying practices given the severity of market uncertainty currently facing the industry (and consequently focus being elsewhere). Notwithstanding the challenges, each respondent noted the importance and usefulness of the research and all expressed a willingness to participate in the main study.

As noted in the objectives above, the pilot study further sought to secure participation in future stages of the research. In qualitative research it is not uncommon for pilot study informants to be used in the main study. As noted by Robson (2002):

“Most flexible designs can incorporate piloting within the study itself. The effort needed in gaining access and building up acceptance and trust is often such that one would be reluctant to regard a case study or ethnographic study simply as a pilot”. (pp. 383)

All pilot study participants agreed to be involved in the main study.

7.2.1 Findings from Phase 1 Pilot Study

The pilot study provided invaluable insight into the strategic planning practices of QS firms in Ireland. There is clear evidence to suggest respondents were thinking and acting strategically in line with existing models of strategic planning. Whether this was undertaken on a formal or informal basis or indeed whether the output was formally recorded or not differs between respondents. Often planning formed part of ISO certification and was thus seen as a quality assurance exercise rather than a strategic planning function.

A notable difference in approach to strategic planning centring on ownership structure and size of the organisation was also apparent. Strategic planning was a formalised, comprehensive process with widespread participation in practices that are wholly owned subsidiaries. This group tend to be larger firms offering a wider range of services on a domestic and international basis. These characteristics were in contrast to smaller practices which tended to have an informal process driven by the principal which was often not formally recorded or communicated.

In general the use of strategic planning tools, and indeed strategic planning terminology was limited in practice. This proved an important contribution of the pilot study and consequently strategic planning terminology found in academia was necessarily

adjusted to better reflect practice for undertaking the main study (both qualitative and quantitative phases).

Firms tended to develop strategy along the lines of existing models contained in strategic planning literature whether they knew it or not. One notable area of divergence from the literature lay in competitor analysis. In no instance was competitor analysis undertaken and information pertaining to competitors relied on the industry “grapevine”. This is a crucial aspect given that it is widely accepted the competition is becoming more intense in the ever shrinking market, and perhaps the lines separating the segments may become increasingly blurred in the future.

7.2.2 Phase 1 Pilot Study Conclusions and Adjustments for Main Study

The pilot testing of in-depth interviews proved invaluable for the main study. A number of conclusions were drawn:

- QS Practices engage in the strategic planning process to varying extents.
- Ownership structure is a key influence on strategic planning formality and comprehensiveness
- Principals think and act strategically, whether they realise it or not
- Limited competitor analysis conducted regardless of practice size.
- Reputation of the firm is crucial for the repeat business on which many firms rely
- Limited use of strategic planning tools, regardless of strategic planning formality
- Use of management/strategy “buzz-words” need to be kept to a minimum in main study
- Use of EBS SPPM diagram confusing to industry practitioners, not to be shown in main study
- Firms recognise the importance of the study and expressed willingness to participate in future stages of the research.

Further lessons were learned in terms of interview technique. The pilot study revealed that keenness to ensure each area was specifically addressed at times resulted in the researcher moving quickly to the next item on the interview prompt sheet. As Robson (2002) noted, detailed information will be obtained by letting respondents talk, even if it

is away from the topic. One should listen more than you speak and this should encourage more depth in discussion. This important lesson was beneficial for the main study.

A limited number of amendments were made to the interview prompt sheet following the pilot test, the most notable of which was the inclusion of a question on how practices set about reducing cost and yet maintaining the quality of services provided. Any other changes to the “Interview Prompt Sheet” revolved around the sequencing (rather than wording) of questions and as stated previously, given that questions were not necessarily answered in sequence the impact of this on the main study was minimal.

Finally, analysis of pilot test results was undertaken manually by the researcher. Given the breadth of information gained and the larger number of respondents involved in the main study, it was determined that an electronic qualitative analysis software package be used for the main study.

7.3 Pilot Testing Phase 2: Online Survey

A questionnaire was developed following extensive research and analysis of existing literature. Previous empirical studies on the type, extent, scope and characteristics of strategic planning provided a useful framework within which to formulate questions. Furthermore core matters arising from phase one were incorporated into the questionnaire. For example, phase one had proved that respondents are not necessarily familiar with strategic planning terminology, thus care was taken to ensure questions were phrased with this in mind.

The breadth of the data required necessitated the inclusion of a large number of questions. In order to maximise the response rate questions were formulated to be as concise as possible with a minimum number of open ended questions. This is consistent with Dillman (2000) who noted that:

“Questionnaires that appear shorter and easy to fill out lessen the perceived costs of responding. Such appearances can be reinforced by

indicating in the cover letter that responding should only take a few minutes.” (Dillman, 2000, pp. 18)

Dillman (2000) also notes the importance of designing a user-friendly questionnaire:

“...some research has shown that making a questionnaire respondent-friendly is most likely to improve response among people who are least likely to respond to surveys, and thus help reduce non-response error.” (Dillman, 2000, pp.81)

A variety of professionals were involved in the pilot testing of the questionnaire including 4 practicing QS’s and three research professionals. One QS professional was also involved in phase 1 of the research so clearly understood the purpose of the research at hand. The contribution of this respondent was thus particularly valuable.

A single page questionnaire was administered with the pilot study to gain feedback from respondents (see Appendix G).

Based on feedback received, changes were made to the original questionnaire primarily in sections two and three on the basis that:

1. question length was excessive in some cases
2. strategic management/planning terminology was not clearly understood
3. the requirement to provide a response to every question was off-putting, and may result in a lower response rate.

The final point above relates to a function on the survey software that requires respondents to answer a question(s) prior to being permitted to proceed to the next. The pilot study survey contained a number of such restrictions; however, respondents expressed frustration that it was not possible to skip a question if they did not wish to answer it. The restriction was thus removed for the main study to maximise the response rate. The result of which is that the response rate may not be uniform across all questions. Where a divergence occurs it is noted during analysis (chapter 9).

Examples of changes made to the pilot study are outlined (but are not limited to) the following:

Section 1

- Question 7: wording changed from:

“The following is a list of services provided by Quantity Surveying Practices. Please indicate the key services currently provided by our organisation” to:

“Please indicate the key services CURRENTLY provided by your organisation”

- Question 8: restructured from:

“If the range of services provided by your organisation has changed within the last three years, please indicate the range of services provided by your organisation during the construction boom (c.2007). If the range of services has remained unchanged, please select the first option (i.e. no change in services provided)”. (This was a multiple choice listing various QS services) to:

“Has the range of services provided by your organisation changed in the last 5 years?” The question was a Y/N multiple choice, with if Yes, please specify

- Question 9: Question shortened from:

“The following is a list of key sectors within the construction industry. Please rank the sectors in accordance with the proportion of work your organisation undertakes within each. Where 1=greatest proportion of work and 4=smallest proportion (Note: only one response per column is permitted).” to:

“Please identify the proportion of your overall workload CURRENTLY being undertaken within each of the sectors listed below.”

Section 2

- Description of section contents removed as it served only to provide more reading for respondents
- Questions 12, 13, 15 and 16 on pilot study reworded and shortened.
- Questions 14 and 17 in pilot study removed (thus numerical order changed in main study).
- Questions 18-21 in pilot study reworded but options in multiple choices did not change. Amendments made to the question are, for example, from:

“Generic corporate strategy relates to the scale and scope of a company’s operations
Please select the strategy that best describes your CURRENT corporate strategy.”

To:

“Corporate strategy. Please select the strategy that best describes your CURRENT corporate strategy/business objective.”

Section 3

- Question sequence was changed to improve the flow
- Question 25 on pilot study (23 in main study). The question is largely based on the work of Papke-Shields et al. (2006), however, many options provided in the original study were omitted and remaining options shortened.
- Question 27 and 28 (benefits and disadvantages of strategic planning) were omitted in main study. The questions, although interesting, were not directly related to the research aims and objectives and only served to lengthen the survey.

Validation was achieved by returning the amended questionnaire to three pilot study informants for review and comment. All informants confirmed that the questionnaire was user-friendly, clearer to understand and took less time to complete. The questionnaire was thus finalised (see appendix H).

7.4 Conclusion

The purpose of a pilot study is to “test drive” the chosen methodology such that changes and improvements may be made prior to administering the main study. Mixed methods were used therefore both qualitative and quantitative methods were pilot tested. The experience gained through pilot testing served to improve both research methods.

For the qualitative phase, the pilot study was instrumental in fine tuning not only the questions asked but also interview technique. Importantly the use of strategic planning terminology was reduced and the EBS SPPM was not shown to participants. Furthermore the pilot study proved the necessity to utilise Computer Assisted Qualitative Data Analysis Software (CAQDAS) for the main study.

The quantitative pilot test served to fine tune the questionnaire to ensure clarity of questions, optimum sequencing of questions and thus increase the response rate.

Following the pilot testing of both research instruments, the main study was administered. The qualitative phase took place in June/July 2009 and the quantitative phase in June/July 2010. The following chapter provides a detailed account of the data collection and analysis techniques used for the main study.

8. DATA COLLECTION AND ANALYSIS

8.1 Data Collection

Data was collecting in two phases reflecting the chosen mixed methods approach. Ethical considerations were borne in mind in the handling of data at each stage and every possible effort was made to ensure the integrity of the data collection and analysis processes.

8.1.1 Phase 1 Data Collection: Semi-Structured Interview

Qualitative approaches require a rigorous data collection and analysis procedure to compensate for the apparent reliability and validity difficulties associated with a flexible design (Robson, 2002). Furthermore such rigour can ensure a transparency to prevent against research bias and facilitate the replication of the study in other industry or professional service contexts. Data was collected for this phase of research by means of semi-structured interview whereby questions were prepared in advance of the interviews and followed comprehensive pilot testing (see chapter 7). Participants were not provided with questions either in advance of or during the interview.

The process of data collection commenced with the researcher contacting participants by telephone to outline the scope and purpose of the study, as well as what was required of them should they agree to participate. Interview dates and times were scheduled to take place at a date and time most suited to the respondent and in all cases took place in their own office. Permission was sought at the outset to record the interview for transcription purposes, and in every case it was granted. Confirmation of interview date and time was forwarded in writing to each participant.

Interviews were on average 90 minutes in duration and tape recordings were transcribed by a professional transcription company with experience in transcription for doctoral research. A confidentiality agreement was signed in advance of forwarding the recordings for transcription. For validity purposes, transcripts were returned to

informants to confirm the accounts as accurate (Miles and Huberman, 1994) prior to analysis being undertaken. No significant amendments were required.

8.1.2 Phase 2 Data Collection– Online Survey

The second phase of research involved a widespread survey of QS practices registered with the QS Division of the SCS. The questionnaire was administered with use of an online survey facility called “survey monkey” (www.surveymonkey.com). Key informants had been identified and where possible personal e-mail addresses were sought in place of “info@xyz.ie” addresses, to increase the response rate (Dillman, 2000).

A three wave approach to data collection was undertaken. Initially an e-mail was forwarded to each practice which outlined the purpose of the study and assured participants of the confidentiality of responses (see appendix I). The covering e-mail contained a direct link to the survey and also provided the opportunity for respondents to click on another link if they did not wish to participate. This ensured that no further correspondence or follow-up e-mails would be sent to those that did not wish to receive them. E-mails were personalised where possible and informed respondents of the relationship between the research and the SCS. Reference to the SCS is in keeping with recommendations made by Dillman (2000) who contends that the response rate may be improved if the request comes from “*an authoritative source*”. Covering e-mails differed between those whom had participated in phase one and those who were participating for the first time (see appendix I). On completion of the survey a “thank you” page was displayed providing contact details of the researcher should respondents have further queries. This final page reiterated the confidential nature of the information provided.

The first prompt resulted in 37 responses. Two weeks after the initial contact, a second e-mail was forwarded only to those that had not responded to earlier correspondence. A covering e-mail encouraging participation accompanied the link to the survey, and once again confidentiality was assured (see Appendix I). In this wave of correspondence a closing timeframe was identified and a further 19 responses were received. The third

and final wave of correspondence was forwarded two weeks after the second which prompted 7 additional responses.

The table below provides an overview including the final response rate:

Table 8.1 Response rate to questionnaire

| Contact | Number of Responses |
|------------------------------------|----------------------------|
| Administer questionnaire. | 37 |
| Second wave - additional responses | 19 |
| Third wave – additional responses | 7 |
| Total number of responses | 62 |
| Sample size | 150 |
| Overall Response Rate | 41% |

The response rate is good and despite it being lower than some studies (Dansoh, 2005; Robinson and Pearce, 1983) it is considerably higher than many often cited works (Pierce, Robbins and Robinson, 1987; Covin and Slevin, 1989; DeSarbo et al., 2005; Phua, 2006).

As with many surveys, a number of people did not respond (Bryman and Bell, 2007). A difficulty arose in determining the potential for non-response bias, as the SCS do not maintain a company profile of its members. It is difficult to make a definitive judgement regarding non-response bias, however, it is reasonable to assume that the majority of non-responses were from small QS practices. Some practices of a similar size, on initial contact chose not to participate in the study as they believed they did not engage in strategic planning. The researcher contacted a random sample of 10 non-respondents and determined that in every instance the firms had no more than eight employees. Approximately 50% of those that did respond had fewer than ten employees hence the contribution from this group is considerable and is clearly represented in the findings. In light of this contribution, it is concluded that non-response bias is negligible.

Respondents were not obliged to answer every question on the survey (as a result of pilot study feedback). Eight respondents failed to answer the final section of the survey. Given the exploratory nature of the study it was deemed pertinent to follow up with these people to ascertain possible causes of excluding the final section.

The researcher telephoned each respondent in this regard. During the conversation respondents were thanked for participating in the research and were reminded of the important contribution they had already made. Respondents were informed that follow up was being undertaken as the questionnaire was not completed in its entirety and feedback was requested for the purposes of improving future studies. Specifically, the following questions were asked:

1. Were you aware that you did not complete section 3?
2. If yes, was there a reason why you complete sections 1 and 2 and not section 3?
3. Would you be willing to complete section 3 now over the telephone?

In those cases where contact was made, two respondents were not aware there was a third section and both completed it over the phone. In two cases there had been an issue with IT systems. The survey link was e-mailed once again to these respondents however, they failed to complete the final section of the questionnaire.

Given the contribution to knowledge of the first two sections alone, the eight responses were included in the analysis of those sections. The marginally smaller sample (55 responses) was included for the final section, rather than disregarding incomplete responses as “unusable”. The 55 responses represent a response rate of 37%.

As previously noted, those that were involved in phase one were included in phase two. It was therefore possible to track the answers provided by this group which served to triangulate results in a number of instances. Where answers varied between phases, respondents were contacted again to confirm and discuss the developments. The relevant changes are discussed in section 9.4.2.

8.2 Data Analysis

8.2.1 Phase 1: Qualitative Data Analysis

The transcripts of interviews, once confirmed by respondents to be accurate, formed the basis of analysis (see Appendix J for excerpt of transcript of exemplar case, Company A). Field notes were taken during each interview, and as recommended by Miles and Huberman (1994) contact summary sheets and summary sheets were compiled for each case based on the field notes taken. Pertinent points and observations of the researcher were also documented and considered during analysis (see Appendix K for sample from exemplar case, Company A). A summary of findings from phase one was forwarded to participants to validate results.

A considerable amount of data was accumulated which favoured the use of qualitative data analysis software. Nvivo 8 was the software chosen as a licensing agreement was already in place for its use through the researcher's workplace. Training was required and provided by a specialist training company. A confidentiality agreement was signed in advance of training taking place.

The use of computer assisted qualitative data analysis software (CAQDAS) is becoming increasingly prevalent in qualitative research reducing many time consuming activities like multiple copying of transcripts or cutting out chunks of text for sorting (Bryman and Bell, 2007). The code-and-retrieve approach is common amongst many CAQDAS and provides many advantages. The researcher must still examine the data in great detail in order to code it, however, the retrieval process is considerably more efficient and one may argue that the whole process of analysis is more transparent with the use of such electronic tools (Bryman and Bell, 2007).

Limitations in the use of CAQDAS are outlined by Silverman (2010) when it is noted that word processors could provide similar tools for retrieval of coded data, too narrow an approach to analysis may be adopted and also for small data extracts it may be more time efficient to process manually. The research at hand produced several hundred pages of interview transcripts therefore the manual processing of data would prove too

cumbersome, particularly in light of the numerous facets of strategic planning being considered. The potential limitations of CAQDAS were thus not applicable to the study.

A project in Nvivo 8 was established for the research at hand, wherein data files were uploaded including interview transcripts, interview audio-files, pertinent points from interviews, contact summary sheets, company documents (when provided) as well as key literature pertaining to the study. Interview transcripts were once again tested for accuracy by the researcher against audio files uploaded into the software, prior to codification.

A “Case file” was established for each respondent and within the software “Attributes” assigned to each case (see appendix M for exemplar in this regard). Attributes for the project included strategic planning characteristics, generic strategies (current and past), sectors serviced and services provided as well as preliminary company demographics. Once attributes were assigned it was possible to view individual case attributes or alternatively to run queries between cases on a particular attribute.

As noted previously, Nvivo 8 software is a code-and-retrieve system, consequently considerable care must be taken in the design of the coding framework. The main headings (“*tree nodes*”) under which interviews were coded hence analysed were derived from components of the EBS SPPM as well as existing strategic planning process literature. Sub-headings (“*child nodes*”) were derived in a similar fashion and also incorporated elements which arose during the course of the interviews. The coding strategy for the research is detailed in Appendix L. The attention given in designing the coding framework served not only as a basis for the analysis of individual cases, but also for cross case comparison and ultimately the categorisation of QS practices into groups (refer to section 9.2.8 and 9.4.3).

Following the coding of interview transcripts within the software, a random check of coded data was carried out by a third party to verify the appropriateness of same. In no instance were amendments suggested or made.

The coding strategy developed for phase one was mirrored in the design of the questionnaire for phase two. The consistency in approach in this regard is a significant

strength of the research design ultimately resulting in the triangulation of research findings.

8.2.2 Phase 2: Quantitative Data Analysis

Quantitative data was analysed using the online survey tool for the questionnaire (www.surveymonkey.com). Responses to the questionnaire are stored online and basic analysis and display tools were available directly from the survey website.

Statistical information such as the number of respondents to a particular answer choice and response percent was available online. Individual responses to the questionnaire as well as a summary of all responses were also accessible online. For more detailed analysis filtering and cross-tabbing of responses was possible following which displays could be generated. All results were exported to MS Excel for further analysis and comparison.

8.3 Validity and Reliability

Accuracy in the collection and analysis of research data is essential in a research project. The mixed approach employed for the research permits triangulation thus increasing the reliability of findings. The pilot testing of both phases further contributes to the reliability of the chosen methods.

A number of provisions were made to increase the validity and possibility of replication of the qualitative phase of research, including:

- interview prompt sheets were developed prior to undertaking interview
- interviews were taped and transcribed
- transcription accuracy was confirmed by respondent
- a summary of findings was forwarded to respondents
- a third party randomly checked coded data

The second phase of the research was developed in such a manner that satisfies many of Denscombe's (2010) criteria for research reliability in that it is possible that the questionnaire administered may be used:

- in different settings, or
- by different researchers, or
- with the same people at different times, or
- with separate groups of similar people at the same time

(adapted from Denscombe, 2010, pp, 144)

The questionnaire was informed by existing research in the area thus satisfying criterion validity (Denscombe, 2010).

8.4 Research Ethics

Ethical considerations are an important aspect of undertaking research. Ethics are concerned with what is good or bad and influence the:

“...norms and standards of behaviour that guide moral choices about our behaviour and our relationships with others.” (Cooper and Schindler, 1998, pp. 120)

The potentially sensitive nature of the data being collected for the study necessitated considerable care to be taken not only at data collection but also analysis stages of the research. At the commencement of each phase the purpose of the research was clearly outlined to respondents and anonymity of respondents was repeatedly assured.

Prior to commencing the first phase of research, permission was sought in advance of to tape record each meeting. Interviews were transcribed using a professional transcription company and as previously noted a confidentiality agreement was signed prior to forwarding the recordings. Company and director names were replaced with a letter in each of the transcripts and information which may identify respondents was not specifically referred to during the course of analysis. In one instance a respondent

specifically asked for a piece of information (which could identify the practice) to be excluded, and his request has been honoured. It should be noted that it did not in any way detract from the quality of data nor scope of discussion. A hard copy of the interview transcript was mailed to each informant, as suggested by Miles and Huberman (1994) to secure confirmation of transcript accuracy. A feedback form was enclosed for completion to confirm the precision and/or to identify any amendment(s) to be made. A deadline date was provided for the completion of the form and respondents were informed that if a feedback form was not returned it was assumed no amendment was to be made.

Nvivo 8 was used in the analysis of the qualitative data for which assistance was required. Once again, a confidentiality agreement was signed with the training company prior to commencement of the training.

Respondents for the second phase of the study were drawn from the SCS QS Division database. Anonymity was assured to all participants and neither individual nor company names were identified either in the analysis of results nor to the SCS. The researcher had sole access to the online survey database used.

8.5 Limitations of Methodology

Strengths and limitations of various research tools have been identified in many previous studies (Miles and Huberman, 1994; Robson, 2002). In order to address the limitations, a mixed method design was employed for the purposes of this investigation. This is important with an exploratory study whereby the researcher endeavours to investigate a phenomenon in previously unexplored territory. Consistency in facets of the strategic planning process being considered between phases of research as well as methodological triangulation ensured that many of the limitations in conducting business research have been overcome.

However, the research was conducted on a single profession within a single industry therefore an inherent limitation as regards generalisability may exist. The paucity of

research undertaken in the sector at the time of writing necessitated a thorough and detailed investigation of the profession and legitimises the narrow sample frame.

One could argue that a constraint exists with the sample selection. The phase two sample was chosen from QS practices who are members of the QS Division of the SCS. There are several QS practices that do not hold chartered status, are not members of the SCS, and are therefore excluded from the research. Future studies could usefully draw comparison between the strategic management of each classification of QS practice; however, the difficulty in obtaining data pertaining to practices without chartered status presents a significant obstacle.

8.6 Conclusion

This chapter provided a detailed overview of the chosen methodology for the study. Mixed methods were employed to gain an understanding of the exploratory investigation, thus elements of the phenomenological as well as positivist paradigms are evident. A rigorous research design enabling triangulation as well as a comprehensive data collection process ensured the integrity of the data, thus facilitating the replication of the study by other researchers.

The use of IT in the collection and analysis of data not only increased the efficiency in the process but further ensured a transparency and potential for replication. In order to test the chosen research methodology prior to its administration for the main study a pilot test of both components was carried out. Fine tuning of both methods prior to the main study improved the potential to replicate the chosen methodology.

9. RESEARCH FINDINGS AND ANALYSIS

The previous chapters outlined the methods by which field work was undertaken in order to ascertain the type, scope, extent and process of strategic planning within Irish QS practices. Mixed methods were employed to address the research question. This chapter presents the findings from the two phases of fieldwork.

The first section presents the findings from semi structured interviews, which were conducted with eleven senior managers in QS practices. The second section presents findings from phase two of the research, namely, a widespread survey of QS practices in Ireland. Participants from phase one were included in the survey sample for triangulation and generalisability purposes. The final section of the chapter provides a summary of the key findings of the combined approaches to the research.

9.1 Phase 1 Findings – Semi-structured Interviews

The EBS SPPM provided a framework for undertaking and analysing semi-structured interviews, thus the following sections are presented broadly in line with components of the model.

9.1.1 General Company Background

Every practice in phase one was established at least two decades prior to the interview taking place, thus each had considerable experience within the industry. The practices had survived a previous recession and recognised that as a cyclical industry, the current recession would eventually give way to growth, and as such, practices needed to “weather the storm”. Despite the pragmatic approach displayed by respondents, the severity of the current recession had a notable effect on the number of people employed. On average, staff numbers had reduced by 40% from the peak of construction employment (2007) to the time of interview (July 2009).

Table 9.1 **Number of people employed in Phase 1 QS practices**

| Company | Number of Employees (peak 2007) | Number of Employees (current July 2009) | Percentage Reduction |
|----------------|--|--|-----------------------------|
| 1 | 14 | 10 | 29% |
| 2 | 17 | 8 | 53% |
| 3 | 35 | 17 | 51% |
| 4 | 85 | 45 | 47% |
| 5 | 9 | 6 | 33% |
| 6 | 27 | 17 | 37% |
| 7 | 15 | 9 | 40% |
| 8 | 60 | 30 | 50% |
| 9 | 300 | 200 | 33% |
| 10 | 140 | 75 | 46% |
| 11 | 6 | 4 ½ | 25% |
| Average | | | 40% |

[Note: Company names have been replaced with numbers solely for the table above and do not necessarily correlate with subsequent alphabetical names given. This is to protect data which may potentially identify respondents in later analysis.]

The table above demonstrates the extent of the reduction in staff numbers amongst all participant companies. There is no distinct correlation between practice size and percentage reduction in numbers employed.

Measuring changes in employment levels within the profession provides important information regarding the structure of the profession, which prior to the research being undertaken, was unknown. Further detail regarding the change in practice size is demonstrated in the following figures.

Figure 9.1 Number of employees at peak (2007)

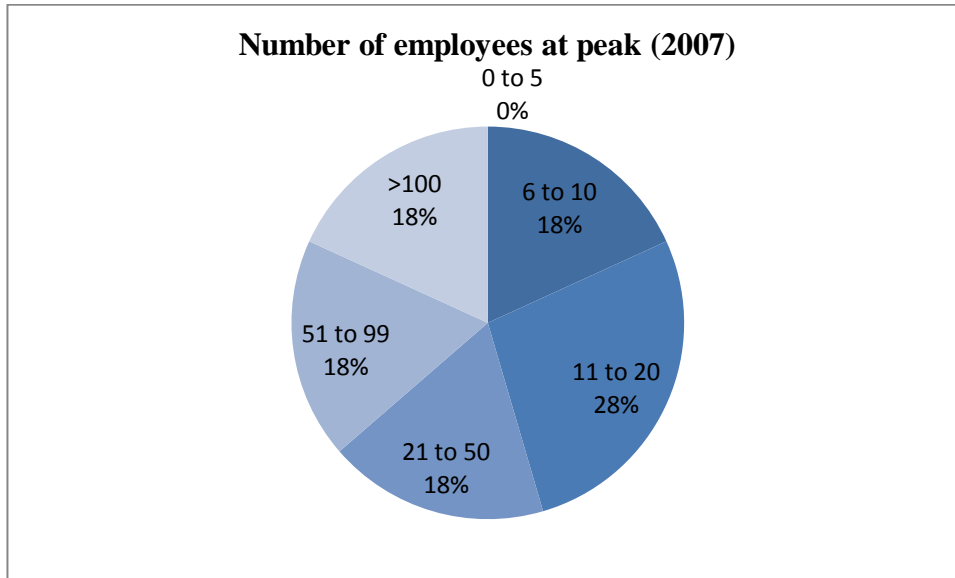
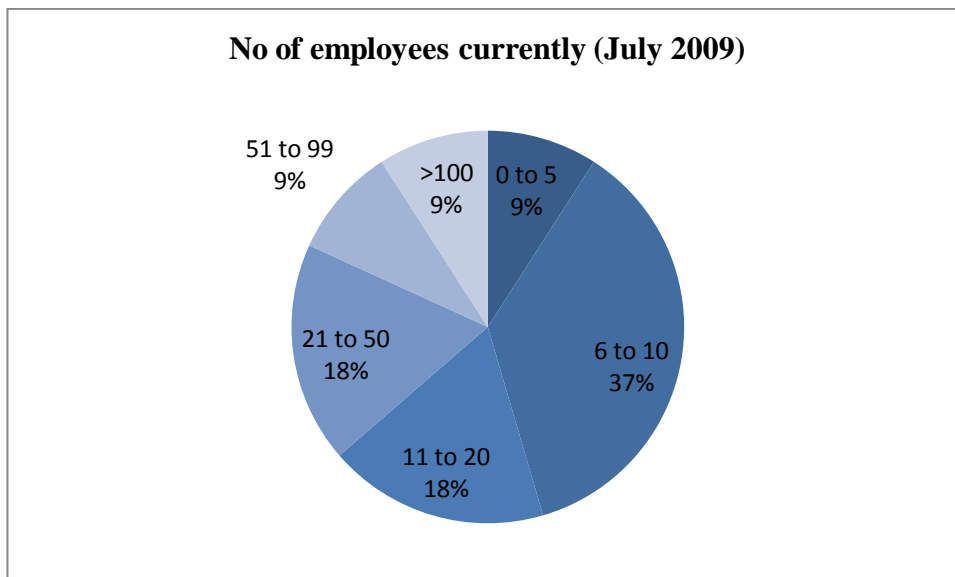


Figure 9.2 Number of employees – July 2009



The increase in number of small and medium size enterprises (SME's) in the profession is visible, with the majority of practices involved in phase one having fewer than fifty employees. A critical aspect affecting company size lies in the number of practices that made a strategic decision (prior to the recession), to limit the size of the company. In most cases this was driven by the desire to remain a "practicing" quantity surveyor. It was believed that increasing the size of the practice would negatively impact on the quality of service provided:

“We made a conscious decision, even at the height of the thing (*construction boom*) that 16 people was our upper limit. Actually, this office can accommodate 20 people, but we never envisaged going near that because... You start to delegate out more and more, you lose quality control - we're control freaks, we're not great delegators!” (Company A)

In some instances lifestyle choices influenced the decision to restrict practice size:

“The driving force behind the decisions we have made and our decisions not to grow... we are only here once and I have no intention of going and dying of a stress related heart attack because we decide to grow the organisation.”
(Company K)

A direct correlation can be made regarding the strategic decision to restrict the size of the practice to risk attitude, with three quarters of those restricting the size of the practice categorised as being risk averse.

Considerable change is evident within the industry. With the tide turning in the private sector, a change in emphasis towards the public sector has occurred; not as a consequence of increased capital expenditure by the government, but rather as a result of the severity of the reduction in private investment. The figures below reflect the extent of this change.

Figure 9.3 Sectors serviced during peak (2007)

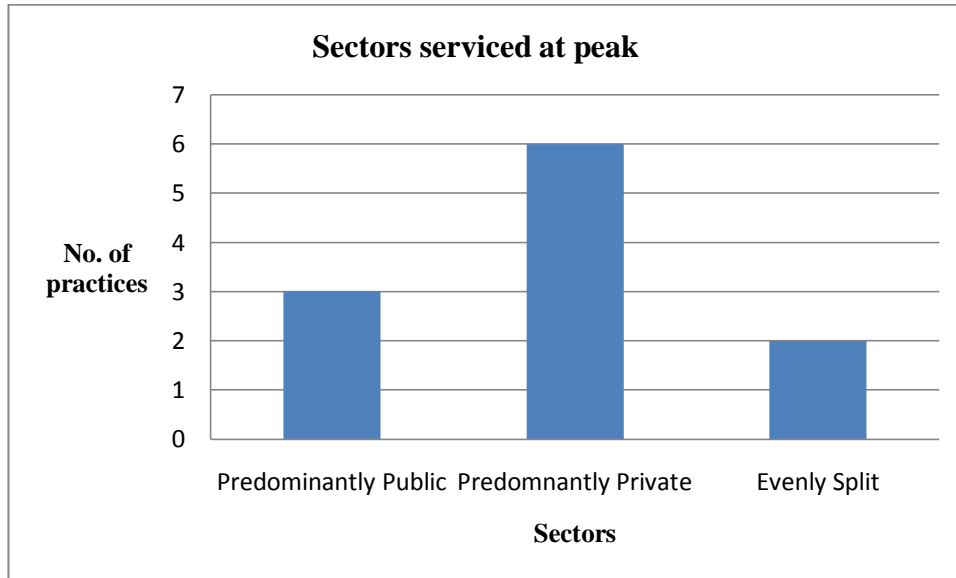
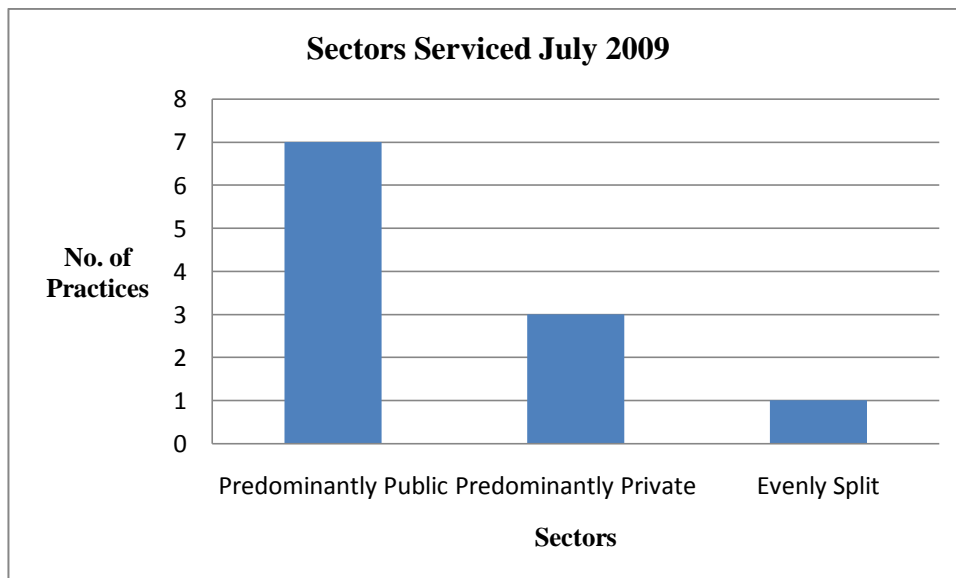


Figure 9.4 Sectors serviced – July 2009



The range of services offered varies between practices, and no unambiguous link exists between the size of the organisation and the range of services provided. Larger practices tend to offer a greater range of services, however, many smaller practices are beginning to diversify the range of services beyond “core quantity surveying”. Intense competition, demanding clients, as well as an emphasis on sustainable construction are key aspects in the emergence of new service offerings.

Each of the five larger practices has its head office in Dublin with regional offices in other large cities around the country, and the remaining practices are based solely in

Dublin.

An important differentiating factor amongst respondents lies in the ownership structure. Three practices have formal links with a larger UK construction cost consultancy, two of which are subsidiaries of a UK organisation (the remaining one is part of a legally formed strategic alliance). In the case of the former, the practices worked together on previous projects and subsequently formalised the arrangement. In the case of the strategic alliance, although no equity has been exchanged between the partners, the alliance is advantageous for information sharing as well as (from the Irish firms' perspective) providing the capability of undertaking large scale projects in the domestic market.

A link is evident between those practices with international associations and the strategic planning process, which ultimately results in the existence of groups within the profession (see section 8.2.9). This is consistent with the findings of Dansoh (2005) within the construction industry in Ghana. The significance of the relationship is outlined by Porter (1980) who identified the importance of the inclusion of a firm's relationship with its parent in the definition of strategic group dimensions, noting that:

“Often relationships to the parent also translate into differences in the other dimensions of strategy...because the relationship has a lot to do with the resources and other strengths available to the firm and the philosophy with which it is operated.” pp. 130

9.1.2 Strategic Planning in Irish QS Practices

The following section provides an analysis of strategic planning processes within the QS practices in phase one. The analysis is broadly structured around components of the EBS SPPM.

9.1.2.1 Strategic Type and Risk Attitude

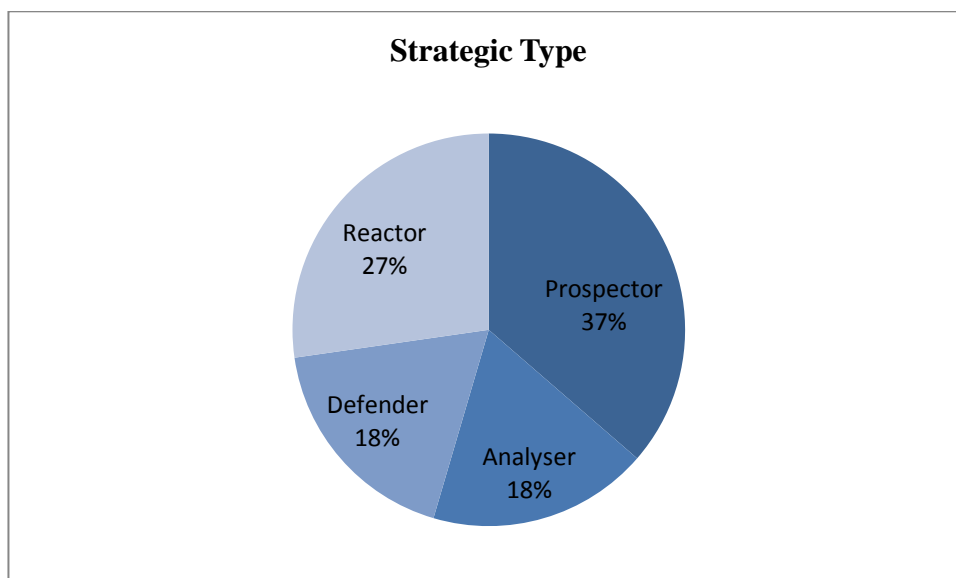
Strategist

Regardless of the size of the organisation, senior management ultimately drives the strategic decision making process. In some instances employee feedback is collected; however, despite claims of flat organisational structures and open communication, the lines of demarcation are apparent regardless of the size of the practice.

“They actually all like to have an involvement in management but that’s clearly just not practical in any organisation I don’t think.” (Company J)

Strategist characteristics vary broadly based on the size of the company with the strategists of small/medium sized practices displaying primarily “defender” or “reactor” characteristics and the larger practices being categorised in the main as having “prospector” characteristics (Miles and Snow, 2003). A summary of types as they relate to participants in phase one is represented in the figure below.

Figure 9.5 Strategic type



Risk

The risk attitude varied amongst respondents. In the case of one of the smaller practices the attitude was described as being “conservative”:

“We’re an old established company, we were conservative during the good times, we’ve continued to offer the service that we always did during the bad times...We were always being highly conservative so our cost base never expanded hugely and our revenues just marched on.” (Company A)

In one of the larger practices, the risk attitude may be described as risk neutral in that significant data gathering was conducted prior to making strategic decisions, but that did not mean that the risk would not be taken:

“...it’s about information, it’s about knowledge. So you can often discover it’s better to keep your powder dry and a lot of people jump first and then wonder where they are. We tend to do it the other way, we debate something before we move and we tend to be cautious in that sense.” (Company H)

Whereas one respondent rated the practice seven on a scale of one to ten (where ten was the most risk-taking) and another noted that:

“I wouldn’t have viewed myself as being a major risk taker but I am here where I am and I didn’t get here without taking risks ... they (the organisation) would take risks, yes; they do all the time. You know working here is a bit of a risk, you work in the private sector it is a bit of a risk.” (Company C)

A small number of practices provide risk management advice to clients as part of the service. One company (company B) noted that “*We actually do a risk analysis of the costs of either settling them or going to arbitration and you can usually project it fairly well.*” When probed about risk analysis at corporate level, the response was “*we don’t structurally risk analyse*”. In another instance (Company I) a computerised qualitative risk assessment package is used at project level, however when asked whether the

database was used at strategic level “*We don’t do a formal risk assessment in our internal strategic reviews; we would just run various scenarios when we are looking at options.*”

Operational risk management is addressed in partial fulfilment of the ISO certification requirements hence the ISO certified practices have undertaken a degree of risk analysis. Notwithstanding the ISO requirement, in no case was a whole-scale strategic risk assessment conducted for the practice as strategic risk management is tactical rather than strategic.

9.1.2.2 Macroeconomic, Competitive and Industry Analysis

The environment within which a firm operates has a significant impact on strategic decision making (Junnonen, 1998; Grant, 2003; Brews and Purohit, 2007). An unequal emphasis is placed on each of the four environmental components (macroeconomic, industry, internal , competitive), within the QS profession based on the chosen sample. Considerable analysis of the macroeconomic, industrial and internal environments are undertaken (not necessarily systematically), with considerably less focus being placed on the competitive environment.

Macroeconomy

The severity of the macroeconomic environment and the consequences for the industry are considerable. Changes within the macroeconomy are monitored by all respondents.

“The level of competition in the market is huge. The supply side is as competitive as it could be. The demand side is as low as it could be and all the factors that would usually be positives to demand, are going in the wrong direction, with the exception of interest rates, but there’s a barrier to that, so you can’t avail of that because there’s no access to finance...uncertainty about the public purse, difficulties in both the private sector both in terms of commercial status, but also access to finance - people aren’t anticipating and planning for their projects next year.”
(Company A)

The general consensus amongst respondents is that signs of recovery are unlikely to be evident for at least 2-3 years. In the words of one respondent:

“At this moment in time our expectation is pretty poor. I think the market is going to be stagnant, stuck for the next 6 months at least until Christmas, until NAMA get themselves squared off. I like to think that once the bank situation is regularised and is back in train, that the market might start to move again but it will only be playing catch up to a certain level... it won't be anywhere like it was over the last 5-7 years.”

(Company F)

The significance of the role of government in the construction industry cannot be overstated. Respondents noted five important aspects of government intervention as having a significant impact on the construction industry and specifically on the QS profession namely:

- the effect of reduction in capital expenditure
- the new form of government contract (GCCC)
- the revised Conditions of Engagement for construction professionals
- the establishment of National Asset Management Agency (NAMA*)
- the blame for severity of impact of economic downturn

**NAMA was established in December 2009 to buy property-linked loans from five key banks in Ireland so that the loans would be removed from their balance sheets*

A further change made by government is the implementation of a new form of government contract for construction projects.

“The new platform for contracts that we have for public sector are suggesting not necessarily lowest cost but a definite cost and the difference is that they want to know one figure and that the thing will come through at that one figure.” (Company H)

There remains considerable scepticism regarding the contract which was “imposed” on the industry, unnecessarily, according to some.

Further changes have taken place regarding the procurement and conditions of engagement of consultants, which followed (but were not necessarily caused by) the new form of government contract. Each of these issues separately would have a significant affect on the industry, however, their concurrent implementation is posing a significant challenge for the profession. Interestingly the reaction to the reduction in fees has varied from general acceptance:

“You can negotiate your fees, but then the public bodies for instance, will impose an 8% cut in your fee, unilaterally. There’s certain bodies resisting that, but again we’re price takers not price makers. I do a lot of work for Dublin City Council ...it does not behove me to be giving them two fingers and saying well f*** you and your 8%. I would rather focus on having 92% and glad of it” (Company A)

to encouraging some practices away from public sector work:

“The government’s new forms of contract, the government’s new conditions of engagement, competitive fees...they are all adding weight to pointing us in other directions, or encouraging us to point in other directions to find new ways of developing our business, increasing our specialisation and hopefully surviving.” (Company C)

However, many respondents were of the belief that these changes were wholly unnecessary and there is obvious concern as regards the effect on the quality of service provision, as noted by one respondent:

“I have to say that this relationship that I feel worked very well where you were judged on the service you provide not necessarily on the financial fee that you are going to offer. And that seems to be the road that we are going down now. The breakdown of this professional relationship with a client where you are professional, it’s now down to a money value you win it on and God knows what kind of service you are going to get, what kind of relationship I don’t know.” (Company E)

At a macro economic level, the government is accused by one respondent of not keeping an eye on the "*big dials*", not having a coherent strategic plan for investment and of imposing unilateral changes on the industry. The lack of counter-cyclical investment in Ireland was cited by this respondent as being a critical factor:

“They (*the government*) threw an awful lot of money into the industry in the boom times and they are withdrawing it in the downturn. Government investment should be counter-cyclical and we have been saying this for 20-30 years that Government grants should be counter -cyclical. That they save the money in the boom times and they invest in the down times and that would retain the core skills.” (Company K)

It is clear that respondents apportion a considerable amount of blame to the government for the severity of the crises within the industry. However, the government’s continued inaction was also criticised:

“But in the meantime they could very easily have set up a group to deal with short term issues which could have got things going while these are being set up, there are a number of projects which are either self-financing or are viable and will give a return that are out there at the minute... And if there was a special group set up, a whole heap of projects could be started straight away while we are waiting for all these things to happen... I don’t see why that type of group (similar to IFSC*) couldn’t be put together to just identify projects, seek information from people who have it, I could give them 2 or 3 jobs, I’m sure other people know of other jobs that are out there that could get going, to give things a kick-start.” (Company I)

**IFSC: International Financial Services Centre. Established by the Irish government in 1987 to boost activity and employment in the financial services sector.*

An analysis of the macro economy is common amongst respondents. The principals monitor trends in the key macroeconomic indicators, however, there is little evidence of how trends are disseminated throughout the organisation. Seldom do procedures exist to

communicate macroeconomic analysis amongst staff members, who are presumed to keep themselves informed on such matters.

Competitive Environment

The extent of competition within the industry is contributing to the “*firestorm*” facing the profession. The intensity of competition has resulted in the reduction in price levels and “*fees in the quantity surveying profession are changing dramatically and they are being driven downward on a very steep curve*” (Company F). On the public sector side of the industry, an 8% reduction in fee levels as well as changes to the terms of engagement of construction consultant professionals are cited as being the key issues.

The reaction of firms to the above differs amongst QS practices. From competing for numerous projects in the hope of securing one:

“We did 130 submissions last year which I suppose we got back responses to 2 or 3 of them. You know we don’t know whatever happened to them, but that was very much the spatter gun approach. We were well into 60 or 70 when the penny dropped and we said Jesus, we can’t keep going like this, you know.” (Company C)

to not competing at all for particular projects:

“If you go public; public sector work, the level of competition is such that you don’t want the work at that price... it’s almost like the perfect competition, except I’m 100% certain that guys are having to take work way below cost. They’re buying turnover. Now, you cannot sustain that.” (Company A)

Others believe that it is simply part of the changing nature of the industry, and given that many practices are price takers it is simply a fact of the market:

“That’s the environment you are in now...you can bemoan it, you can say “I don’t know, I don’t like doing this”, but at the end of the day do you want the

work or do you not want the work? If you want the work you've got to compete for it, if you don't want it well then good luck to you." (Company B)

However, the change in fee structures provides a challenge for some practices that heretofore differentiated their service and charged a premium price for it:

"We would tend to be a company that would be one that provide additional services within a fee, rather than a stripped down fee - "if anybody wants one thing extra bill them for it". Traditionally we have not been a company that did that and that is a challenge for us to change, it requires a directional change." (Company H)

The implications of the reduction in fee levels are enormous and have been instrumental in two practices seeking work abroad, practices diversifying the range of services provided (see section 9.2.9 below) and all in having suffered financially at as a result of reduced prices within the profession. This becomes apparent when one considers the reduction of staff numbers and initiatives undertaken to create greater organisational efficiencies (see "Internal Organisation").

As previously outlined, the QS profession is characterised by a small number of large practices and a large number of small practices. Those within each group are very aware of the differences between the groups with references to the "*big practices in town*" made by smaller practices. Similarly larger practices do not compete for projects below a certain size yet have the capability of undertaking large scale projects for which smaller firms simply cannot compete. Many smaller practices have remained so following a strategic decision not to expand the organisation beyond a certain point (see section 9.1.1), which in some instances has been beneficial for survival through the downturn:

"We're a small to medium size enterprise. There's a niche for us there, we're comfortable in what we do, we're big enough to take on decent size projects and we're small enough to roll into a ball when we have to." (Company A)

The size of the practice is also reflected in the range of services offered and generally the larger the practice, the greater the range of services being offered. The correlation between practice size and services offered is somewhat tenuous however, given the evolution of the profession as a whole into different areas such as sustainable development and legal aspects. In one instance the size of the practice has resulted in the use of strategic partners in order to compete on the range of services provided. The sporadic requirement for certain services means the QS practice does not develop expertise in all areas but rather uses strategic partnerships for the provision of specialist services as and when they are required.

Competition takes place both in the domestic market and abroad. Over the last several years many Irish QS practices have developed an international dimension as evident by having:

- international offices
- a wholly owned subsidiary of UK Construction Consultant
- strategic alliances with UK Property and Construction Consultant
- alliances specifically for entering a foreign market

Those practices with formal links to UK based global construction consultancies believe that the link strengthens the practice in terms of scope of service provision as well as gaining from experience in the UK market:

“We have seen great benefits in a lot of what’s happening in England with PPP’s* and PFI’s**...and we just touch on their experience and knowledge for submissions, they have it straight off whereas we would be trying to find it.” (Company D)

**PPP- Public Private Partnership*

***PFI – Private Finance Initiative*

The UK company may also provide the knowledge and experience necessary for the practice to service Irish clients in international markets:

“Because we have clients coming in here, they want to look at building things in Qatar or somewhere and we have a local office so we know the local costs and we know local market conditions so we... you can do a lot of the traditional QS’ing stuff in terms of measuring and quantifying the building here, but you can get the cost information from our local people on the ground there. (Company F)

Furthermore, opportunities for staff development in foreign markets may also be utilised as a consequence of the link with the larger practice:

“So I think you should (if its effective –the international relationship) be able to get people to go to different locations for periods of time and then if you get them back, which we have done before in instances, they do definitely come back with a much more rounded experience, which I think is always a good thing”. (Company J)

Those practices without links to an international partner and who have interests in international markets, believe that they are better placed to do so in the absence of this relationship (as they have flexibility to investigate wherever foreign market they chose without having to consider a parent company strategy).

“It’s actually one of our key strengths as well, in that a lot of other firms in Ireland tied up with international firms over the last 10 or 15 years and while that gave them some advantage over their size in Ireland if you like, its disadvantage now is that they are locked into Ireland a little bit because of their associated firm...So we have no such restrictions, the world is our oyster and we intend to go out and pick as many pearls as we can!”
(Company I)

Finally, one practice is using the downturn in the Irish construction industry as the driving force behind exploring international markets for the first time. Due to the size and lack of experience abroad it has chosen to form a partnership with another Irish QS practice to enter and compete in an international market.

Given the importance of the competitive environment in shaping strategy, it is somewhat surprising to note that the overwhelming majority of QS practices do not undertake any formal competitor analysis. A similar lack of competitor analysis was noted by Price et al. (2003) in the context of medium and large UK construction organisations. Respondents in the study put forward a number of explanations for the lack of such analysis, including one stating that:

“We wouldn’t have a policy (*for analysing competition*). We kind of stick to our own devices really. No, we wouldn’t have a strategy for understanding who our competition would be.” (Company C)

“No we don’t worry about our competition too much... Well we obviously check pricing levels but we get feedback now from government tenders so you know, there’s not much research to be done on that. Other than that no we don’t worry too much about the opposition. We try to let them worry about us more than we worry about them!” (Company I)

However, informal (cursory) competitor analysis tends to rely on the industry grapevine emanating from a number of informal sources, including staff members, SCS networking and the bank monitoring process.

Reasons behind the absence of competitor analysis included:

“No, too busy worrying about ourselves.” (Company A)

“It’s very difficult to find out about competitors. That’s the issue there. We try to keep our ears to the ground as best we can, but getting factual information on our competitors’ activity is always very difficult.” (Company F)

One practice has undertaken formal and comprehensive competitor analysis, and uses an external marketing group to survey practices.

“We would have had surveys conducted about what was happening at our level in the business... We concentrate on what areas people are interested in as diversification and new development, we look at..., and what mix they have between private and public, and even within that what areas and locations, all that kind of thing, you know the geographical spread, and what perhaps international links they would have and why and where they see the industry heading and where they see the profession heading.” (Company H)

Industry Analysis

In general, the extent of analysis of the construction industry in QS practices is more comprehensive than competitor analysis, however, not necessarily amongst all respondents. A comprehensive industry analysis is undertaken by two of the larger practices which have specialist teams in place to publish an annual review of the construction industry. These publications are referred to by the other practices and form the main source of industry-specific information alongside SCS publications and the annual industry review published on behalf of the government by DKM Economic Consultants.

Respondents were unanimous in their view that the industry is in the midst of the greatest crisis it has faced in recent history. There is a confluence of issues affecting the industry in terms of the level of competition and its affect on fees, lack of government investment, changes in procurement process, lack of availability of finance on the private side leading to projects being postponed, all of which contribute to the uncertainty within the industry.

On the public sector side of the industry, a number of changes have been implemented in the last two years, some of which were made without consultation, and which have resulted in resentment towards government in particular. Competitive tendering as well as the enforced reduction in construction profession fees in the public sector have had a snowball affect when considered in conjunction with the reduction in construction costs. Anecdotal evidence suggests that individuals are competing at below cost, which has obvious consequences for the profession as a whole in the long run:

“There is a lot of pain in the industry now with companies that are in financial difficulties...the big worry for us all is that companies will be bidding for projects that would be below costs and it’s going to lead to further problems down the road now with liquidations and uncompleted projects.” (Company E)

Given the intensity of competition, serious concern was expressed regarding the level of service that can be provided at a greatly reduced fee (see “Internal Analysis”). The sharp deterioration of the industry as a whole coupled with the reduction in fees has raised concerns regarding the quality of the service that can be provided at the new level.

“If we want to compete with market levels we just can’t provide the same quality documentation and that’s the way it’s going to go.” (Company D)

“Well the one challenge for the profession is the competitive bidding is pushing fees below the service that should be given.” (Company I)

“I think because of the levels of fees now that it’s been dropped down to the quality of service is going to suffer big time.” (Company J)

The quality of service is a key determinant in the demand for repeat business, particularly within the QS profession, hence the current trends and forecasts in this regard could prove devastating in the long run.

As is clear from the above, a number of challenges are facing the QS profession. However, a number of respondents noted positive trends in aspects of the industry such as tender price inflation, and they view them as potential opportunities for creating efficiencies:

“If you look at the levels of the industry, you’ll see output has fallen back to 2001. 2001 wasn’t a bad year. So, what you need to do is put your 2001 hat on and say, “how is it we did business then” and you know, retrace your steps and go back to first principles, and do what you were always

doing... A lot of it will be good. It's going to be painful but there's a purge, there's a huge amount of deadwood and inefficiencies." (Company A)

and for improving the level of service to clients:

"We're getting to a level that we were at in 2002 which is probably the right level... I think it's fair to say that the service we provide is better now than it ever has been. It's more focused towards clients. Clients have become... well certainly clients have become more demanding and rightly so in what they want from us." (Company B)

The role of the QS continues to evolve. At the height of the boom QS's became increasingly involved in the residential sector, (particularly in mixed use developments) and many practices grew with the huge surge in demand for this sector. The range of services offered by many practices developed at the same time into project management, bank monitoring as well as services reflecting changes in construction techniques and embracing areas of sustainable development and M&E services.

The profession heretofore relied heavily on personal relationships between stakeholders to ensure repeat business (on which many practices at present rely), and it is generally argued that the new procurement methods will have a negative impact in this regard. It is widely anticipated that the QS will increasingly play a legal role as regards dispute resolution as well as the valuation and management of distressed assets and the training and education of QS's is believed to equip them with the skill necessary to undertake such roles.

Changes in the macroeconomic and industry environment will undoubtedly steer the QS in new directions as it has done in the past.

"We saw that the cake from which we traditionally fed shrink, and unless we made more bread some way or other it wasn't going to happen for us" (Company C)

A structural change in how the QS performs his or her function as a consequence of industry forces was outlined by many respondents, none of whom were particularly enthusiastic about the prospect, as it signals a change in the way the QS has traditionally done business:

“And I suppose the American way of doing things, of having the number of hours allocated to a job, that’s what we priced and that’s what the fee is based on, and when it comes towards the end of a job the American client, sorry the provider of the service would say to you “now Mr Client or Mrs Client, you only have 10 hours of my services available left in this project. As to how you want me to spend that is up to you. It’s not enough to give you what you are looking for; if you want me to do more I have to charge you more”. (Company E)

Notwithstanding the above, there is an air of optimism regarding the future role of the QS. The issue is discussed by many respondents and analysed at length by one respondent, who identified many areas within which the QS is involved with the construction process. It is believed that the QS will continue to be retained by the client, the developer, the financier and in the words of one respondent:

“So in that way that’s how I see the industry and our industry and our function in that industry changing...Now eventually we will be doing the same things as we are doing today but we will be doing them for different masters or different client bodies.” (Company H)

Practicing QS’s must be members of the Society of Chartered Surveyors and a practice will receive ‘Chartered’ status once at least 50% of it’s Directors are chartered. Only one practice considered within this research is without chartered status, and it is deemed by the respondent in that instance, to be a significant weakness of the organisation. This practice is the ‘deviant case’.

Active participation in the Society however varies in the extreme, and probes regarding the SCS uncovered very mixed views. The positive elements tend to indicate those practices which have an active involvement in the SCS, whilst negative comments tend

to emanate from those that are less active in the Society.

The perceived weaknesses of the SCS were noted by a number of respondents, and tend to focus on the degree to which the Society will put “its head above the parapet” in support of members:

“It’s lacking direction, its lacking focus, its lacking industry representation. They do nothing for us, it’s a talking shop. A complete and utter waste of time.” (Company A)

“I am sceptical about the SCS and what they deliver to their membership. I think that their back was broken several years ago by the government...it was just either: ‘put up and shut up’. So, really as a union, if you would like to call them, we are definitely very poor. We wouldn’t even hold the coat of the medical consultants; those people know how to throw a punch, but we haven’t been able to do that.” (Company C)

While strengths tend to centre on information provision:

“I suppose benefits (*of membership of the SCS*), you’re introduced to regular updates...They keep you well informed with e-mails and the website is very good now. They keep you informed just on surveying matters, the government reduction in fees, rules of measurement, any core issues they are very good on.” (Company D)

and technical knowledge:

“... the completely indecipherable info. that comes out of Revenue for that sort of thing. It needs the interpretation of a group of people who sit down with Revenue, work it out for our particular part of building... And that sort of work has to be done and comes out and it is (promptly I hope) and to the benefit of the members. (Company K)

Interestingly the comments varied across practices of all sizes, and in the main were

negative. The significance of the finding lies in the necessity for QS practices to be members of the SCS, yet despite their membership many find little practical value in the professional body and are members of same purely because they cannot trade as Chartered QS practices without such membership.

9.1.2.3 Internal Analysis

Analysis of the internal organisation was comprehensive in most cases. As professional service practices, every participant was acutely aware of the importance of the resource base of the firm are particularly of human resources. The structure for undertaking internal analysis in many instances stemmed from either ISO requirements or head office requirements in the case of practices that were part of a larger construction consultancy organisation.

Human Resources

Analysis of human resources (HR) is an essential task of any organisation, and QS practices are no different. Arguably the strength of any professional practice lies with its people therefore a significant analysis of HR matters is undertaken at every level from recruitment, training and development, to retention and work practices.

The experience of QS practices as regards human resource management, has varied from having difficulty recruiting adequately qualified staff during the peak of the construction to retaining staff during it's downturn. The number of people currently employed has changed considerably in the recent past. Staff numbers have reduced in every participating practice primarily as a consequence of reduced workload, however, in a number of instances there has been a natural turnover of staff (people retiring or foreign workers returning home) who have not been replaced. The average reduction in staff numbers is presented in section 9.1.1.

Remaining staff in each practice have taken a pay reduction as practices seek to further reduce costs. In a number of cases changing work practices have been implemented, such as a shorter working week or job-sharing. Some respondents expressed concern at the level of job loss and the potential 'brain drain' from Ireland and the implications for the industry when the economy recovers.

Staff training and development is ongoing and comprehensive in all practices. Training of staff is essential for chartered status in the SCS, and CPD is a crucial component of ISO certification. All respondents confirmed that staff members are financially supported, where possible, to undertake training programmes.

A small number of practices have a monthly in-house training programme, whereby staff members are asked to present a paper on a construction-related topic to peers, or external specialists are invited to speak about a particular issue. In-house training programmes are not limited (where they exist) to larger practices.

One practice has won the “50 Best Places to Work” award for two consecutive years. This award is centred on the staff and their response to a detailed survey over a number of months.

In practices with links to a UK company, the relationship is utilised to train and develop staff in international markets:

“We have relocated some staff to the Middle East, or we have relocated them to Australia or wherever. Some of them to pick up different skill sets, others to just experience a different market...and then if you get them back (which we have done before in instances), they do definitely come back with a much more rounded experience, which I think is always a good thing.” (Company J)

ISO Certification

The majority of respondents are ISO certified (8 out of 11) and are audited on a regular basis for re-certification. Professional practices seek ISO certification both as a marketing tool and to ‘tick the box’ when making applications for public sector projects. QS practices without certification, have chosen not to seek it due to the time and resource commitment required for completing the process.

As part of the ISO process, the practice must outline the company mission, objectives and many other issues similar to those associated with strategic planning, however,

what is of interest is that for certification the practice must have a business plan. On questioning respondents as to whether they had a strategic plan some confirmed that they did not, of which two are ISO certified. Based on the assumption that they would not be awarded ISO certification without a business plan, one may conclude that they have formulated a business plan for ISO purposes but do not consider it to be a strategic plan. Notwithstanding this, the requirements for ISO certification provide a structure for systematically analysing core aspects of the business which may otherwise not exist.

ISO certification represents a standard of quality. The quality of service provision in a private quantity surveying practice is essential for repeat business. Concern was raised regarding recent trends in fee levels and the implications on quality of service provided (see section 9.1.2.2.). Word of mouth is also a fundamental part of the marketing effort, thus the possible reduction in service quality may seriously impact on the level of repeat business. The quality of service provision as a differentiating factor was also noted by Jennings and Betts (1996).

Marketing

Reputation and word of mouth are the key marketing tools used by QS practice (Boon, 1996; Green et al, 2008). Maintaining a profile within the profession is considered important and may involve attending SCS functions, playing golf with clients (or indeed offering a client tickets to the opera) and keeping a profile in the national media.

Two practices publish an annual review of the construction industry which is compiled in part to address a gap in industry analysis but also as a marketing tool. Both practices invite industry and government representatives to the reception held at the publication of its review.

In two participating practices established for over 50 years, the long history of operating within the industry contributes positively to the reputation of the practice. The number of years in business and the reputation and experience of the longer established practices has been noted positively in a number of previous studies within the construction industry (Green et al. 2008; Jennings and Betts, 1996)

Marketing for the profession as a whole is undertaken by the SCS, however, this is one

of the weaknesses currently identified in the professional body, according to some respondents. This issue will become increasingly important with the downturn in the industry.

Information Technology (IT)

There is evidence of an increasing dependence on IT in the construction industry and in the QS profession. It is generally accepted that IT creates efficiency in undertaking a project, and it is recognised that IT is an essential form of communication.

The use and extent of dependency is not uniform between practices. In fact, many remain sceptical regarding the use of IT for undertaking profession-specific tasks and hence they continue to require paper copies of drawings and correspondence. Whilst at the other end of the spectrum, many practices have an almost total dependence on the use of IT in completing projects as well as in practice management.

Use of IT is influenced by the principals' attitude towards it. This is particularly apparent in cases where IT is used extensively, whereby initiatives are driven by the Director. One practice has developed an online collaboration website used by all construction team members which has resulted in improved communication, efficient meetings, elimination of need for minutes and a data bank of information. In two other instances, detailed cost databases are maintained with trends in construction cost and construction prices tracked and indices produced and published accordingly.

Overall, the use and dependence on IT increases with company size. This is unsurprising given the nature of the services provided, size and complexity of projects undertaken and the number of staff involved in larger practices. Smaller practices on the other hand rely on informal communication systems and personal involvement at Director level, which is simply not possible for larger practices. Although not specifically discussed, it is fair to assume that larger practices have the financial capacity to invest in IT, and enjoy economies of scale from so-doing which smaller practices may not benefit from to the same extent.

Finance

The reduction in construction activity resulting in fierce price competition has resulted

in practice finances coming under scrutiny. Financial efficiencies are sought by reducing overheads, which is having particularly far reaching consequences in terms of employment levels, as outlined previously.

Financial turnover is hugely important for firms competing for public sector projects as it is one of the criteria against which a practice is measured during the application process. In some instances, practices are competing aggressively in order to meet turnover thresholds for this reason:

“Turnover is very important, well it’s important financially of course but it’s even more important when you are applying for Public Sector contracts because there are turnover thresholds that you have got to try and take cognisance of.” (Company B)

A decision was made not to probe respondents on financial performance, as the focus of the study relates to strategic planning processes and thus was beyond the scope of the research. Furthermore, given that financial analysis lay beyond the scope of the research, it was deemed unnecessary to seek such sensitive data for fear that it might erect a barrier in answering subsequent (relevant) questions.

9.1.2.4 Strategic Choice

Corporate and business level strategy, like most aspects of the industry, is in a state of transition while the market adjusts to changing circumstances and the challenges therein. Porter’s (1980) generic strategies form the basis of analysis of strategic choice. Corporate and business level strategies pursued by respondents vary despite the underlying objective of survival being apparent.

Corporate Strategy

The overriding corporate strategy being pursued in QS practices was survival and in many instances medium term plans were being “*thrown in the bin*” in place of emergency strategising. An important similarity is apparent to the conclusions drawn by Phua (2007) in her empirical study of construction firms, where she revealed “*a*

conspicuous lack of adoption of high-end strategic functions by firms even when perceived environmental uncertainty is high” (pp. 760).

Despite the number of employees being reduced, retrenchment was not the core corporate strategy being pursued in many cases.

The following table identifies changes in the corporate strategy being pursued:

Table 9.2 Change in Corporate Strategy

| Company | Past Strategy (Pre 2009) | Current Strategy (July 2009) |
|----------------|---------------------------------|---|
| A | Stability | Combination : Domestic market stability; expansion abroad |
| B | Stability | Retrenchment |
| C | Expansion | Retrenchment |
| D | Expansion | Stability |
| E | Stability | Retrenchment |
| F | Expansion | Retrenchment |
| G | Stability | Retrenchment |
| H | Expansion | Stability |
| I | Expansion | Combination: Domestic market stability; expansion abroad |
| J | Expansion | Stability |
| K | Stability | Stability |

A number of notable issues are evident from the table above. First, of the five practices that in the past pursued a strategy of stability, four had made a conscious decision to restrict the size of the practice (section 9.1.1). This group of practices remained small and had no more than twenty employees during the peak of the construction cycle.

A second pattern to be explored involves the relationship between corporate strategy and ownership structure. Three practices have a relationship with a larger UK construction consultancy organisation. In each instance the UK practice is expanding internationally, however, the expansion is not currently reflected in the Irish practice strategy. One could conclude therefore that a combination strategy is being pursued, however, the research at hand is solely related to the Irish practice and consequently the strategy being pursued in the Irish market. All three practices have previously pursued growth strategies domestically; two of the three are currently pursuing a stability strategy while the remaining practice is retrenching in the Irish market.

In the two practices pursuing a combination strategy, the combination is based upon the presumed stability in the domestic market and expansion into international markets. Neither practice referred to in this instance is part of a larger UK construction consultancy group.

Finally, the practices that are now pursuing stability have already downsized operations and have created efficiencies within their firms. To some extent retrenchment has taken place already and the practices are now seeking stability rather than further retrenchment.

Business Level Strategy

Respondents are unanimous in their belief that quality of service provision is crucial for a professional practice and therefore it is no surprise that it is used as a key differentiating factor between competitors. Quality of service provision is inextricably linked to the reputation upon which all practices depend for repeat business (Jennings and Betts, 1996; Maister, 2003).

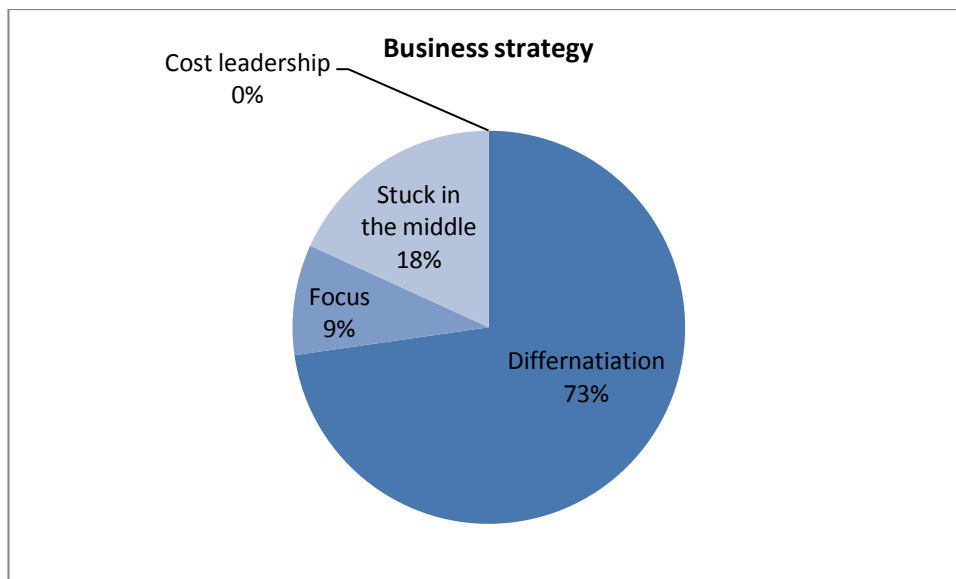
In smaller practices, the quality of services provided involves direct participation of Directors in client meetings thus offering a personal service. The extent of direct participation of senior management in larger practices was less clear, and despite quality of service being equally important for these practices, it rested upon the reputation of the practice, rather than on personal service.

QS Practices offer broadly similar services to clients, however, larger practices tend to

offer a wider range of services which is a further indication of differentiation. However, it must be noted that the turbulent construction industry environment and the evolving role of the QS within that environment is contributing to the expansion of service provision regardless of practice size.

The dominance of differentiation strategy is clearly evident from the following figure.

Figure 9.6 Business Level Strategy



The dominance of a differentiation strategy lends support to the findings of Jennings and Betts (1996). The importance of providing a personal service and clearly identifying clients' needs are particularly important in the smaller firms.

Another key issue in this regard is that the business level strategy being pursued has not changed significantly over time. Considerable emphasis continues to be placed on differentiation which is likely to continue into the future. One exception lies with the practice that has focused on servicing the needs of a single client which is unlikely to be sustainable in the long run.

Two practices are classified as being 'stuck in the middle' and in one instance market segmentation (between domestic and international) is possible and consequently, despite caution being expressed in pursuance of this strategy, the practice in question is well placed to achieve a successful outcome. The other practice is simultaneously

embarking on a cost leadership as well as differentiation strategy within the domestic market. The driver behind the combination is to increase turnover such that the firm may be better placed to compete for public sector projects (which have turnover thresholds). In this instance it is not classified as ‘best-cost’ as the tenders being submitted are not necessarily covering costs and the differentiation is not necessarily based on value-added for the client.

Price competition is a feature of the construction market and all QS practices must be competitive in the prices charged for services provided. This is not to be confused with a cost leadership strategy, whereby low cost relative to competitors’ costs becomes the over-riding focus of strategy. In fact, some practices do not compete for certain projects due to the low fee level of a project which may result in compromising on the quality of service provided.

‘Lifestyle choices’ influence the strategic decisions of the principal in a number of firms. This was particularly apparent in the smaller practices where the principal recognised the potential to have grown during the boom, but for various reasons, including lifestyle choices, made the strategic decision to restrict the size of the practices (see above).

“We were prepared to remain a reasonably small outfit that’s easy to manage...We were always happy to be at our size, we never wanted to become the biggest practice in town because of the fact that what we felt is that we could manage this size practice without breaking into a sweat”
(Company E)

9.1.2.5 *Implementation and Feedback*

Once strategy is developed it must be implemented and according to Mintzberg (1991), remain sufficiently flexible to allow for changes in the environment.

The discussion with respondents in this area focused on internal communication as well as client feedback. It should be noted that the discussion of this component could equally be relevant to the ‘internal analysis’ section above.

Communication

Respondents outlined the necessity of effective communication to staff which is achieved through regular staff meetings and increasingly through personal communication. Mentoring systems are evident and open plan offices are preferred in many cases to ensure effective communication. The need for personal communication with staff was highlighted (in place of electronic communication) in a number of instances given the current environment and the necessity to communicate sensitive information.

“We certainly would be going back to much more reliance on individual communication.” (Company J)

“I would make a point of sitting them down once a month, everybody, and just communicating. This is where we are, this is where we want to be, this is what we need to do, this is what we need to be careful of...and these are the threats and opportunities...They all hate being called in for that ...for the last six months every one (meeting) has been grimmer than the previous.” (Company A)

Electronic communication is still important and the use of Blackberry's® (for practices operating abroad in particular), intranet and collaborative systems and remains invaluable particularly to those practices with regional offices:

“I meet with them (regional office team) on a regular basis, they come here occasionally; the entire group is interlinked on IT so they have daily communication with everybody through the Intranet. They can also have access to the company office database information, very importantly. They will be originating submissions, proposals, things of that nature, some of that is centralised through here. (Company H)

In smaller practices, director involvement in client meetings and signing-off on correspondence ensures that they have considerable involvement at an operational level.

“We are fairly open in terms of we all know what’s in the office and around the office, the office is run on an open plan fashion and there directors are hands on so the directors have a lot of knowledge about all projects that are ongoing.” (Company F)

Another important component in the implementation process is feedback. Client feedback is sought in the majority of cases, which is unsurprising given the requirement from ISO certification. Often client feedback is by exception or as a consequence of non-conformance. The main source of feedback to the profession comes in the form of feedback from government tenders which can be accessed through the Freedom of Information Act (FOI).

Staff feedback in the main is informal, however, in the larger practices there are more formal mechanisms for staff feedback through a staff forum or “quality review group”. In one case feedback was solicited from staff such that the practice has been twice awarded as being within the top 50 “Great Places to Work”.

Flexibility

The need for flexibility in the industry given its competitive environment is crucial for survival and many respondents raised this issue, unprompted, in several different contexts including the range of services provided to clients:

“We also like to believe that we listen to clients and we’re flexible in the way we operate in terms of bending our systems to suit them”. (Company B)

“We are very flexible in services that we can offer. We are...just listening to clients and what they want and we’ll do it...if there’s 20 hours work to be had there, we’ll go and we’ll do the 20 hours work and “thank you very much.”(Company C)

as well as flexibility of staff:

“Well I suppose the fact that everybody is flexible now in salaries... The future of this practice is based on young people here so everybody has to kind of agree that keeping employment levels is one of the objectives but to try and keep it by everybody being flexible and reducing back.”(Company E)

and finally in the context of strategic planning:

“You can’t make it too rigid, and in the environment we are in at the moment. So it does need to be flexible enough that it can be kept under fairly constant review. I think at the moment, because of business the way it is, you can’t have too long-term planning, it has to be very hands on immediate action as opposed to waiting around for the next quarter, you just can’t do that any more. So I think the plans do need to be flexible.” (Company J)

Recognition of the need for flexibility in all aspects of private QS practices is clearly apparent which concurs with the work of many leading authors in the area (Mintzberg, 1994; Hamel and Prahalad, 1994; Grant, 2003 and Løwendahl, 2005). This is a significant finding in the context of construction professional practices.

9.1.3 Summary

The preceding sections have provided a considerable contribution to knowledge in the structure and strategy of QS practices in Ireland. Respondents for this phase were selected to represent practices of varying sizes such that comparisons are possible across a number of dimensions.

There has been a reduction in the number of people employed within the profession and there is universal agreement that the QS profession is undergoing a period of change. The confluence of issues facing the profession, include a rapid reduction in demand for construction output, the domestic banking crisis, global financial crises, rising national unemployment and the deplorable state of exchequer balances. Respondents were very aware of the key trends in each facet of the macroeconomic and industry environment.

Many also realise that now more than ever they need to think and act strategically to survive. The analysis thus gave an insight into the workings of the profession, which to date were unknown.

An aspect for consideration in the profession is the size and ownership structure of participating practices which influences the strategy pursued at both corporate and business levels. The link to a larger international construction consultancy practice or lack thereof impacts the strategic planning process and thus forms the initial basis for the determination of distinct groups within the profession (see section 9.2.9 below).

The extent of research and analysis undertaken to inform QS practice strategic choice is varied. Macroeconomic and industry analysis is comprehensive in most instances, however, limited competitor analysis has been undertaken, which is an area of divergence from the strategic management literature. Internal analysis is comprehensive and the recognition of the importance of human resources in particular was evident in each case, which is consistent with the RBV of strategy (Barney, 1991 and Hamel and Prahalad, 1994) and of PSF management (Maister, 2003 and Løwendahl, 2005).

QS practices are in 'survival mode'. Stability is the dominant corporate strategy with a number of practices combining stability in the Irish market with expansion abroad. Differentiation is the overriding business level strategy, which has not changed considerably over time. As professional practices, the importance of delivering a quality service to clients is essential in developing a positive reputation. The range of services provided may act as a differentiating factor amongst QS practices with larger practices tending to offer a broader range of services. The extent of change within the profession, however, is contributing to smaller practices expanding the suite of services provided.

Ownership structure and size are critical factors not only in shaping strategy, but also in determining strategic planning process characteristics, which are analysed in detail in the following section.

9.2 Strategic Planning Characteristics in Irish QS Practices

The previous section detailed general company information as well as the strategies pursued by QS practices in Ireland. The next area for consideration and analysis concentrated on the strategic planning process within each practice, be the process formal or informal.

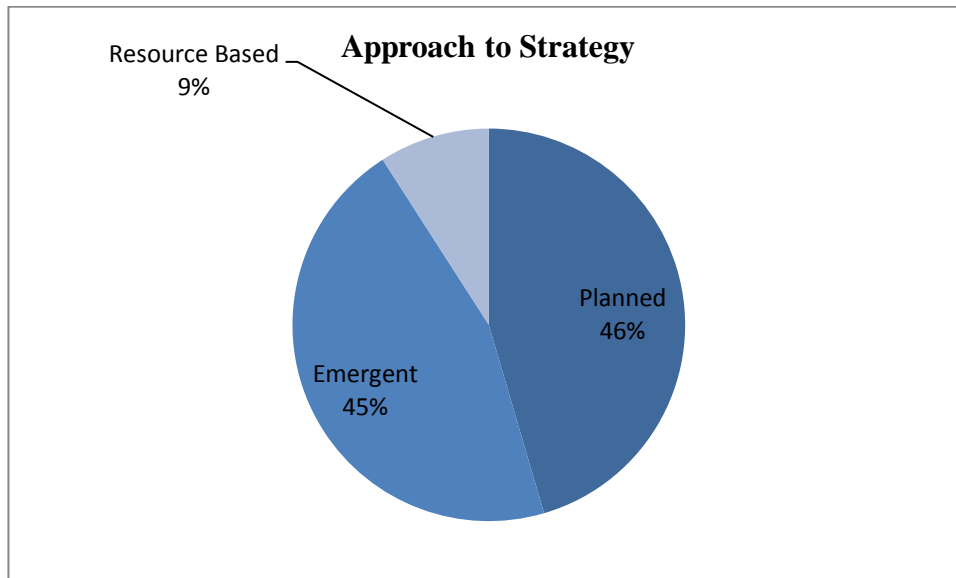
A distinction must be made between the formality of the strategic planning process (the existence of a systematic process) and the formality of the written strategic plan. Every practice with ISO certification is required to have a short term (1 year) and medium term (3 year) plan for the company, however, the nature and comprehensiveness of the process of developing the plan is far from uniform amongst respondents. The research at hand is primarily focused on the characteristics, including formality, of the strategic planning process.

The relationship between strategic planning and performance is beyond the scope of the research and is thus excluded from the analysis.

9.2.1 Approach to Strategic Planning

The approach to strategic planning shapes the process by which it is undertaken. Three main approaches to strategic planning have been identified in the literature (see section 2.2.3) which forms the basis of analysis of QS practices. The approach to strategy of phase one respondents is illustrated in the figure below.

Figure 9.7 Approach to Strategy



As is evident from the above, five practices have a planned approach with a similar number having an emergent approach. Only one practice is deemed to have an entirely resource-based approach, which is an interesting discovery in the context of professional service practices.

The strategist ‘type’ is another important consideration. Miles and Snow (2003) provide four strategic types against which the principals of Irish QS practices are categorised (see section 9.1.2.1). By cross tabulating strategic type with approach to strategy the following conclusions may be drawn:

Table 9.3 Strategic type and approach to strategy (Phase 1)

| Strategic Type | Approach to strategy | Company |
|----------------|--|--------------|
| Prospector | 3 planned approach 1 emergent approach | F, I, J C |
| Analysers | 2 planned approach | D, H |
| Defender | 1 emergent approach 1 resource-based approach | A E |
| Reactor | 3 emergent approach | B, G, K |

The three practices with a planned approach and prospector typology are large practices, two of which are linked to a UK practice, the third is the largest QS practice in Ireland. These practices clearly have the resources and capability to investigate new markets and services, thus earning their classification of ‘prospector’. Importantly, prospector types are likely to have a planned approach to strategy. The fourth prospector type has an emergent approach. This practice is a medium sized practice with the capability (through use of strategic alliances) of offering specialist services when the client requires it. The approach is categorised as emergent because clients drive the range of services and markets within which projects are undertaken rather than it being as a result of an internal strategic decision.

The two analyser practices are medium to large practices, one of which has a strategic alliance with a UK practice. They both carefully monitor the industry environment prior to making any strategic decisions. They both have structured and systematic mechanisms for doing so, and each has a written strategic plan.

Defender practices vary in their approach to strategy development with a member of one such firm admitting that they are “*sheep*” and react to the environment rather than driving change, whilst the another claims that all decisions are based upon internal resources. Neither firm has a written strategic plan.

The final three practices have an emergent approach to strategy which corresponds to reactor type. Changes in approach to strategy development are noted between the two phases of the research in section 9.4.2.1

By cross tabulating risk attitude against approach to strategic planning, some interesting conclusions may be drawn. Perhaps the most notable of these is that those that have an emergent approach to strategy formation are deemed risk averse, and similarly the majority of those that have a planned approach are classified as risk takers.

Confirmation of the relationship is presented in the following figure.

Figure 9.8 Approach to strategic planning versus risk attitude



It may be concluded that risk takers do so in a planned way, or similarly that the planned approach allows the practice to take more risks due to a more structured and comprehensive process of strategy formulation being undertaken. Similarly practices that have an emergent strategy generally are risk averse which may be as a result of adopting a “*wait and see*” approach to industry and professional developments.

9.2.2 Strategic Planning and Process Formality

The existence of a formal/written strategic plan is an important characteristic of the strategic planning process itself. Less than fifty percent of QS practices involved in phase one had a written strategic plan. This percentage is considerably less than in other manufacturing and service industries (Koufopoulos and Chrysochoidis, 2000; Stonehouse and Pemberton 2002) as well as in construction contracting organisations (Price et al., 2003).

Although it appears that ISO certification imposes a structure on the strategic planning process, written strategic plans are clearly not the norm in the sample. Eight participants are ISO certified yet only four confirm the existence of a written strategic plan.

In one instance a client required a strategic plan to accompany an application and

consequently the principal downloaded and completed a strategic planning template from the internet and “*cleared it*” with other directors.

Evidence suggests that ISO certification is little more than a ‘box ticking’ exercise, the paperwork for which in one instance was completed by the principal the night before the ISO visit. It therefore may be concluded that the requirements for ISO certification do not form an integral part of a strategic planning process.

The process by which strategic planning is undertaken in QS practices tends to be informal with a top-down approach evident in most cases. The process is more systematic and structured and involves more people in practices that are part of a larger UK construction consultancy practice. In this group, the formal process involves discussions at various levels of the organisation, analysing the organisation’s strengths and weaknesses, market analysis, generation of objectives, developing alternative strategies and determining preferred strategy for achieving the objectives.

The strategic planning process when formally applied takes the general form of existing models (Dess, 1993; Higgins, 1981; Scott, 2003). One such example is outlined below:

“The process of the plan started off with a think tank day when each director was asked to present data and market indicators on particular sectors. The meeting, the think tank meeting or day, developed a couple of key objectives which were then distilled down into the business plan. Exercises involving identification of constraints within the business were also carried out. It also involved some of the more middle level staff, not all directors. So we went through the motions with the yellow stickies and putting them all on the wall and grouping them together under different headings and trying to understand what they all meant...I think that day we actually involved the entire staff. We put everybody into a hotel room and we had a convener with us to help us structure the debate. (Company F)

In the cases where the process is informal, the process is undertaken by the Director(s) in charge and involves little staff participation, which is consistent with the findings of

Jennings and Betts (1996) in particular with smaller QS practices. Despite a number of respondents agreeing that no formal strategic planning is undertaken, it is clear that principals are thinking and acting strategically, even if there is no formal process or indeed written plan. This corresponds to the findings of Hillebrandt and Cannon (1994).

Many reasons were provided for the lack of strategic planning which are presented as constraints on the strategic planning process in section 9.2.6.

9.2.3 Strategic Planning Comprehensiveness

According to Papke-Shields (1997) strategic planning comprehensiveness may be characterised by the:

- exhaustiveness of information gathering process
- thoroughness of organisational evaluation of its present strategic position
- exhaustiveness of environmental evaluation and assessment
- emphasis placed on the generation of alternative strategic options
- extent to which strategic alternatives are evaluated.

There is no distinct pattern as to the comprehensiveness of the strategic planning process based on the above. The comprehensiveness of analysis varies depending on whether it is considered in terms of industry analysis (which tends to be reasonably comprehensive), competitor analysis (which is not comprehensive in most cases) or internal analysis (which is very comprehensive in all cases). Two practices undertake a comprehensive industry analysis which is published on an annual basis and is clearly a comprehensive investigation, however, neither undertake a competitor analysis at all.

The link between strategic planning comprehensiveness and planning formality is also tenuous. In one instance where a formal strategic plan is in place, it was formulated using a template which was not changed significantly, therefore based on the above classification it cannot be considered as "comprehensive". In another case where there is no formal/written strategic plan, significant industry analysis is conducted, discussed at regular meetings with participation from all levels of staff and considered in conjunction with client feedback as well as knowledge gained from active membership

of the SCS and CEEC (Conseil Européen des Economistes de la Construction – The European Council of Construction Economists).

It may be concluded that those with a formal strategic plan have undertaken comprehensive analysis (bar one), however, many practices without a written plan have undertaken a similarly rigorous process.

9.2.4 Strategic Planning Flow

Strategic planning flow may be characterised as “top down” or “bottom up”. It is unsurprising that in general it was found that the flow of strategic planning comes from the directors of the practice, which confirms findings from Jennings and Betts (1996).

In a number of cases employee and client feedback were incorporated into the process, particularly in practices with a formal strategic plan. Practices with ISO certification must comply with guidelines for client feedback, which in some instances is on an exception-bases only.

In one case the flow or driving force behind the formulation of the strategic plan came from a client requirement but this was the exception rather than the norm.

Where the Irish practice formed part of a larger international group, the process tended to be initiated by head office, although plans were tailored to the Irish market.

9.2.5 Strategic Planning Tools

The use of strategic planning tools and jargon is limited, which concurs with the conclusions drawn by Stonehouse and Pemberton (2002). Where strategic planning tools are used, they tend to be concentrated amongst those practices that engage in a formal strategic planning process, with practices identifying the use of SWOT as the main tool being used.

One practice uses “Balance Scorecard” as a strategic management tool, in particular to identify “red light” areas within the organisation. Scenario planning is also used by many practices, however, it tends to be for tactical rather than strategic purposes. Similarly, a number of practices undertake comprehensive risk analysis on behalf of the client, however, seldom (if ever) is it done for their own organisation.

9.2.6 Constraints to the Strategic Planning Process

Difficulties in the strategic planning process are well documented, particularly from a manufacturing firms’ perspective. The following were the key obstacles associated with the strategic planning process for QS practices:

1. Formalising what is known intuitively:

“The hardest thing is translating those general intuitive understandings into a formalised set of goals or objectives.”(Company A)

2. Time Constraints:

“The trouble with this whole situation at the moment is that you’re so busy just doing quantity surveying that you don’t get a chance to do any navel gazing.” (Company B)

“The primary difficulty at the time was over-commitment of individuals. It took longer than expected to put together because people were too busy servicing their project work and couldn’t devote the time required towards doing the interim back of house work. So that was probably the most difficult part.” (Company F)

3. Lack of agreements on the way forward for the practice:

“Getting agreement on what the priority issues are to follow up on. A lot of people I suppose personalities bring different general not agendas, but different insights and they are convinced maybe on their own so we were trying to give them some sense of the best way forward...So it was getting agreement on what were the priorities, that was the main difficulty.” (Company D)

4. Lack of commitment from senior staff:

“The MD wasn’t comfortable with the way it was going and he believed that it was too slow, the management consultants would argue if they were given the chance, that he wasn’t feeding them with the necessary information to allow them to move it faster. So, and there was an element of truth in both sets of opinions in my opinion!” (Company G)

9.2.7 Summary

The preceding analysis highlighted the characteristics of the strategic planning process within QS practices in Ireland. Despite the structure imposed by ISO requirements, it is apparent that formal/written strategic plans are not the norm within the sample.

The size and ownership structure is the overriding factor influencing the extent of strategic planning, with practices forming part of a larger international practice more likely to have a structured process, widespread participation and written plan. Where this is the case, the process and the plan conform to existing planning conventions.

The majority of practices do not have a written plan, and the strategic decision making process is driven by the principal in the firm. Limited participation from staff is evident and the process on the whole is unstructured. However, environmental analysis is reasonably comprehensive albeit undertaken on an individual rather than on an organisational level.

There are a number of commonalities across all practices, the most notable of which is the absence of competitor analysis in the strategic decision making process. Furthermore there is a limited use of strategic management tools amongst all firms, and where such tools are used they are at a project level, hence they are used for tactical rather than for strategic purposes.

It is clear that the foregoing analysis provides considerable insight into the strategic planning process and practices of Irish QS firms. Further scrutiny confirms the

existence of distinct groups within the profession which are considered in the following sections.

9.2.8 Quantity Surveying Practice Groups

The preceding sections have provided a comprehensive analysis of the type, scope and extent of strategic planning in Irish QS practices. A number of patterns have become apparent which allow for the clustering of firms into distinct groups across which themes are further explored and comparisons made between groups. The categories within which the groups are analysed were derived from the EBS SPPM framework, and include specific items which emerged during the interviews. Furthermore, the categories were kept consistent for the second phase of research for comparative purposes. The following table outlines the categories against which cross case comparisons were made. Three distinct groups become apparent within the context of Irish QS practices.

Table 9.4 Phase 1 QS Practice Groups

| Characteristic | Group A | Group B | Group C | Devient |
|-------------------------------------|--|--|--|----------------|
| Company | F, J | C,D,H, I | A, B, E, K | G |
| Link with UK practice | Yes | No | No | No |
| Strategist | 2 x Prospector | 2 x Prospector 2 x Analyser | 2 x Defender 2 x Reactor | Reactor |
| Risk attitude | 1 x Taker 1 x Neutral | 2x Taker 1 x Neutral 1 x Averse | 1x Taker 3 x Averse | Averse |
| ISO | 2 x Yes | 3 Yes 1 No | 3 Yes 1 No | No |
| Macro analysis | Comprehensive | Comprehensive | Cursory | Cursory |
| Industry analysis | Comprehensive | Comprehensive | Cursory | Cursory |
| Internal analysis | Comprehensive | Comprehensive | Comprehensive | Cursory |
| Competitive Position | Large Projects | Large Projects | Small-Medium Projects | Single client |
| Corporate Strategy (Past) | Expansion | Expansion | Stability | Stability |
| Corporate Strategy (Present) | 1 x Stability 1 x Retrench | 1 x Retrench 2 x Stability 1 x Combination | 1 x Combination 2 x Retrench 1 x Stability | Retrench |
| Business strategy | Differentiate | 3 x Differentiate 1 x Stuck in middle | 3 x Differentiate 1 x Stuck in middle | Focus |
| Strategic Variation | Diversify International connections | 2 x Diversify 2 x International | 1 x international 3 x partnership | None |
| Written Strategic Plan | Yes | 2 x Yes 2 x No | No | No |
| Process Formality | Formal | Informal | Informal | Informal |
| Participation in process | Company-wide | Company-wide | Director driven | None |
| Integration | Fully | Fully | Finance/ operations | Not integrated |
| Approach | Planned | 3 x Planned 1 x Emergent | 3x Emergent 1 x Resource | Emergent |

Group A practices are part of a global organisation. The group is characterised by a formal strategic planning process with participation from across the company, comprehensive industry and economic environmental analysis and the strategist displaying “prospector” characteristics. In each instance, Group A practices pursued an expansion strategy in the past and are currently seeking stability. Growth has been achieved through mergers and acquisitions as well as through the diversification of services provided. The practices tend to be organised across divisions specialising in a particular area. As a consequence of the link to a global organisation, the practices have the ability to undertake construction projects of any size and can draw upon their partners expertise in a wide range of specialisms. Furthermore, the global nature of the larger practice enables it to potentially offer services to Irish clients pursuing opportunities abroad, however it also restricts it’s ability to investigate foreign markets independently of the parent company.

Group B practices are medium to large indigenous firms that aggressively expanded their business in the construction boom through diversifying the range of services offered. As a consequence, these practices grew significantly during that period, and have subsequently reduced in size with the downturn in the economy. Growth has been primarily focused on the domestic market, however, one company has offices in a number of cities overseas. These practices have grown to the extent that they possess the capability of undertaking projects of various sizes across the construction sectors. The strategist’s approach, and indeed risk attitude, is more varied within this group and consequently the current strategy being pursued also varies. The strategic planning process is considerably more informal compared to Group A practices. Comprehensive industry analysis is undertaken and in one instance a construction industry analysis as well as cost indices are published annually.

One practice within group B is notable due to the existence of a formal strategic alliance with a large international construction consultancy. The practice displays many similarities to those in strategic group A in that the strategic planning process is formal, involves participation at all levels of staff, facilitated by an external consultant and is reviewed regularly. Strategic planning processes were in situ in this firm prior to the alliance being formed. The alliance is considered something that can be ‘tapped into’ when needs be and the use of the alliance services is perceived to be a useful “*option*”

for the Irish practice. The practice is independently owned with no equity shared between the Irish and the UK practice, thus it is categorised in group B.

Group C includes practices that have consciously remained of a certain size (less than 20 employees) with the strategist tending towards “defender” or “reactor”. In most instances, a strategic decision was made to restrict the size of the practice even when the potential existed to expand, and it is no coincidence, therefore, that risk aversion is the dominant attitude of the principal in the firm. Lifestyle choices were cited as being an important influence in the decision making process. Organisational structure tends to be “flat” given the size of the practices. Although comprehensive internal analysis is conducted only cursory analysis is conducted of the external environment. Interestingly, although past corporate strategy was predominantly concerned with stability, the current corporate strategy varies amongst the members of this group, demonstrating alternative mechanisms being utilised for survival. The strategic planning process is driven by the strategist and is informal in all cases with limited participation from staff in the process. Significant emphasis is placed on the importance of staff which would usually be reflected in a resource based approach to strategy, particularly in a PSF. Members of this group acknowledge that they do not drive but rather react to market trends, consequently the approach to strategy development is primarily emergent.

One participant differed significantly from the others in a number of ways, centring on the fact that it:

- does not hold chartered status with the SCS
- focused on a single client for at least the last decade.

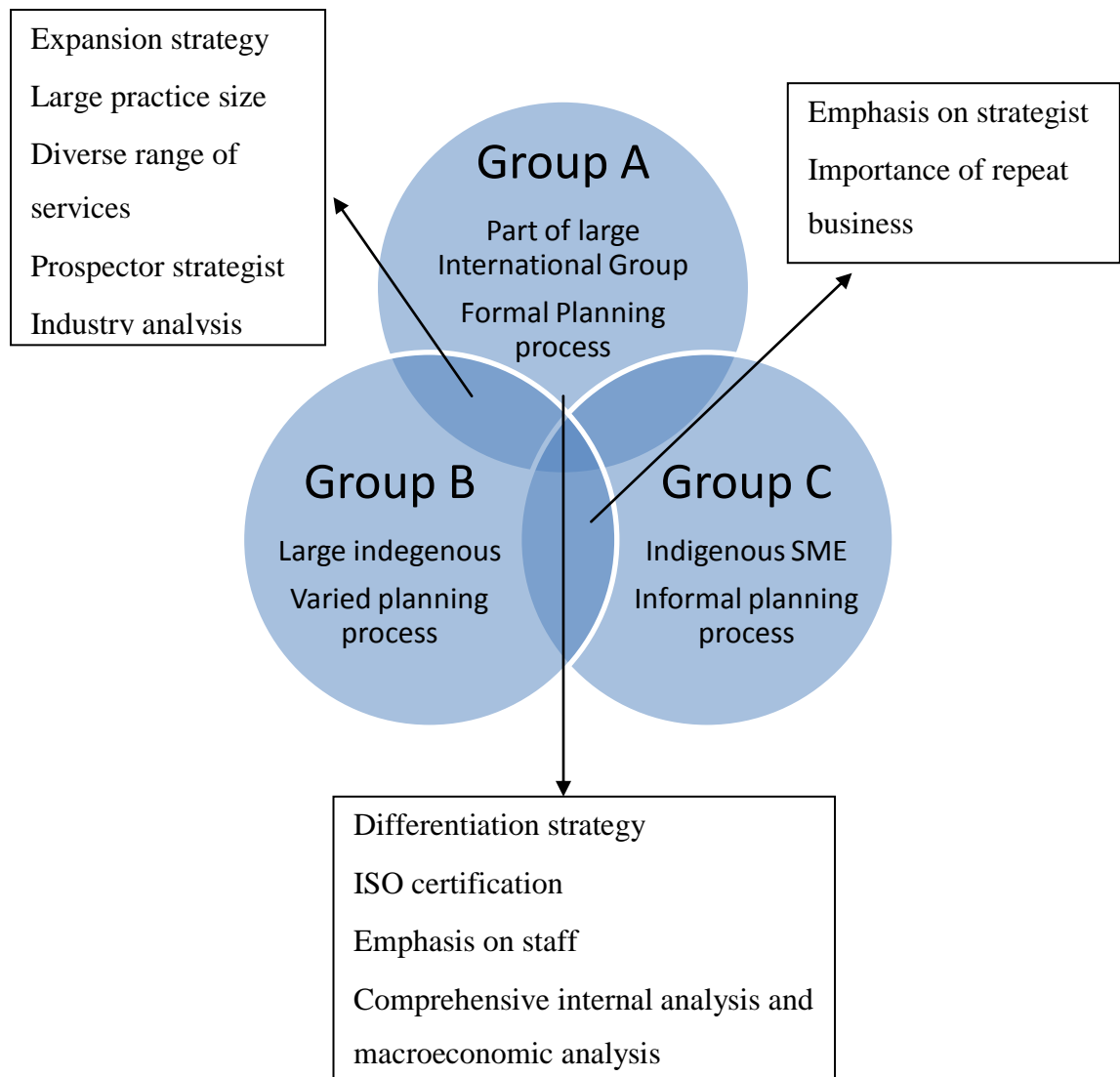
The case is therefore classified as a “deviant” case. The strategy of the practice rested entirely with the managing partner, who was close to retirement and who allegedly shows a limited desire to make significant changes. A single client has been the overriding source of business for a considerable amount of time and the fortune of the practice therefore lies with this client. Unfortunately the client is involved in a sector that has seen a dramatic decline in demand, and the QS practice now has little experience in undertaking work outside of this sector. This in turn leaves the practice in a very weak position when submitting applications for work for which there is already

intense competition. No analysis of the macro economy, competition or industry is conducted, and this case differs from others in that internal analysis is also lacking according to the respondent and the future of this practice is the most uncertain under the present economic circumstances (see section 9.4.2.1 for developments between both phases of research).

9.2.8.1 Comparative Analysis of Groups

The diagram below sets out some of the key linkages between groups.

Figure 9.9 Links between groups



The overriding concern for all practices is survival through the recession. Given the intense competition in light of reducing demand, all practices are seeking to

differentiate their service from competitors by offering superior quality. It is noted by many that this is increasingly difficult to achieve given the sharp fall in fee levels, the new form of government contract and competitive tendering in particular.

Groups A and B share many common characteristics in that they tended to grow quite rapidly during the construction boom in terms of number of employees as well as in the range of services provided. Both are capable of undertaking large projects and are often in direct competition with each other. The key difference between the groups being the existence of a link with a global construction cost consultancy. Strategic planning tools such as scenario planning and risk management are used, however, they tend to be for tactical rather than strategic purposes. One Group A practice is exceptional in that it uses “Balanced Scorecard” which clearly has operational as well as strategic application.

Practices within Groups B and C are indigenous and much of the growth that has occurred has followed this pattern. The approach to strategic planning in both cases tends to be informal, with few practices having a formal strategic plan in place outside of ISO requirements. Particularly in the cases of Group C practices (although it could be equally argued for Group B), much of the success is attributable to the strategist(s) and the personal relationships that have been developed over a number of years with other professionals within the industry as well as clients which is essential in securing the repeat business upon which they rely.

Regardless of classification, all highlight the importance of having quality staff. It is believed that the strength of the practices lies with its people which is not unusual for a PSF. Each practice invests time and financial resources in the training and development of staff which is a requirement for ISO certification and also for the purposes of maintaining chartered status with the SCS. Interestingly, despite the overall reduction in numbers employed, no significant knowledge gap was identified which in many cases may be attributed to the “hands on” management style and consequent involvement at project level.

Another common trait shared by all groups is the absence of any competitor analysis in the strategic planning process with a lack of accurate information as well as being too

busy looking after their own practice to worry about the competition being cited as the reasons for such absence. Macroeconomic analysis is prevalent, however whether this has been driven by the current economic environment, or whether the extent of macroeconomic analysis is always at the same level is unclear.

Effective communication and feedback within practices, (both internally from staff as well as externally from clients) is seen as crucial to the workings of the professional practice. To some extent the process external feedback is driven by ISO requirements and internal communication is believed to be even more important in times of uncertainty than before. Meetings are held frequently with staff which is preferred to electronic forms of communication.

The key differentiating factor between groups lies with the existence of a link with a global construction cost consultancy. It has proven crucial as the type, scope and extent of strategic planning is significantly influenced by the link. Those with the link believe it to be invaluable in terms of potentially providing services to Irish clients wishing to work abroad. Those without the link believe they are better placed to explore international markets themselves without the restrictions such a link may impose.

In terms of competitor behaviour, Groups A and B tend to compete directly with each other as both have the capability to undertake large scale projects across all sectors of the industry. Groups A and C on the other hand view themselves as servicing different markets and consequently have not in the past considered themselves as being in direct competition. Groups B and C often compete for similar projects, in particular the larger of the Group C practices. This issue requires ongoing attention as practices reduce in size and projects (of any size) become increasingly scarce.

9.2.8.2 *Causal Maps*

The use of displays is an important aspect of qualitative data analysis (Miles and Huberman, 1994). The depth of data obtained in this phase of analysis facilitates the development of causal maps along key dimensions of the strategic groups identified.

The causal maps presented have a number of similarities in that the strategist in each case has been trained in Ireland and all practices are members of the SCS. Each strategist has significant experience in the QS profession, albeit in practices of varying sizes. Nonetheless industry experience, training and qualifications, SCS membership and lifestyle choices influence the strategist in each case. Competitor analysis is limited whereas the emphasis on staff is very apparent across all groups. Furthermore, the quality of resources (plus ISO certification in some cases) results in a quality service being provided based on differentiation which ultimately leads to repeat business.

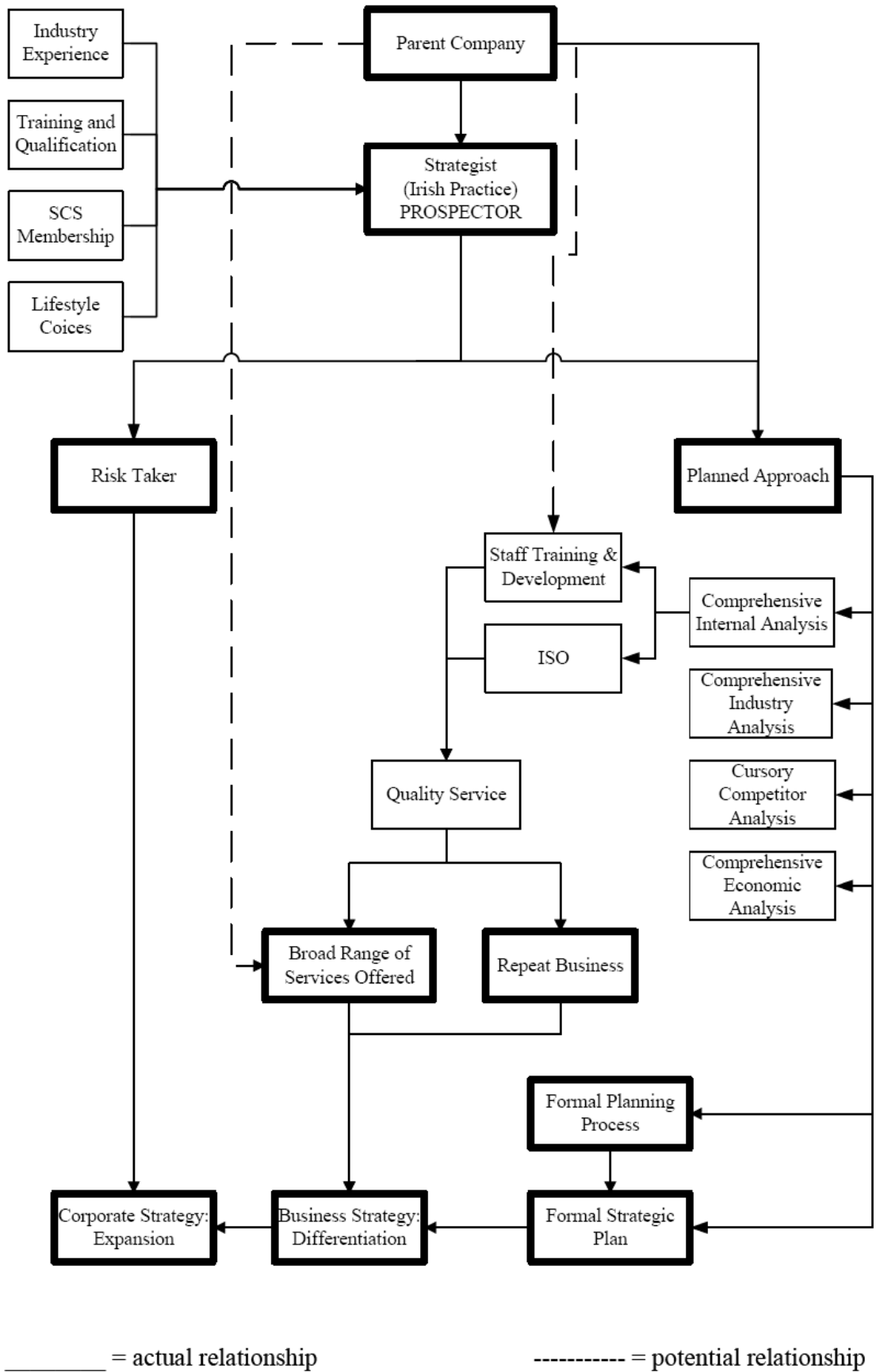
Practices in group A are part of a larger international construction consultancy firm. The parent company forms an integral part of the decision making process and hence it is at the first point on the causal map. The other two strategic groups are indigenous practices therefore no such link exists.

Causal Map Group A

As noted above the first strategic group forms part of a large international practice therefore decisions regarding strategic planning in the Irish practice are influenced by the parent company. Practices within this group display signs of being risk takers but whether this is due to the security enjoyed by being part of a large international practice, or whether this reflects the risk attitude of the strategist remains unclear. However, the risk attitude is related to a prospector type and ultimately leads to an expansionary strategy being pursued.

The strategic planning process is formal (the influence of the parent company is apparent in this regard), and comprehensive industry, macroeconomic and internal analysis is undertaken prior to the development of a formal/written strategic plan. The following figure provides an overview of the decision making process:

Figure 9.10 Causal Map: Group A



Firms included in this group have a planned approach to strategy development which involves many layers of practice staff in the process and again, this is directly driven by parent company requirements. The planned approach is consistent with the structured strategic planning process ultimately leading to a written strategic plan, which is reviewed regularly. Comprehensive industry, macroeconomic and internal analysis is undertaken, with limited emphasis on competitor analysis. All practices are ISO certified which, together with the reputation of the firm of providing a quality service, is the basis of the differentiation strategy.

Staff training and development is prioritised which in this group may include relocating to one of the international offices. The potential to provide employees with a “global” experience is not always realised but is clearly an option open to the Irish practice.

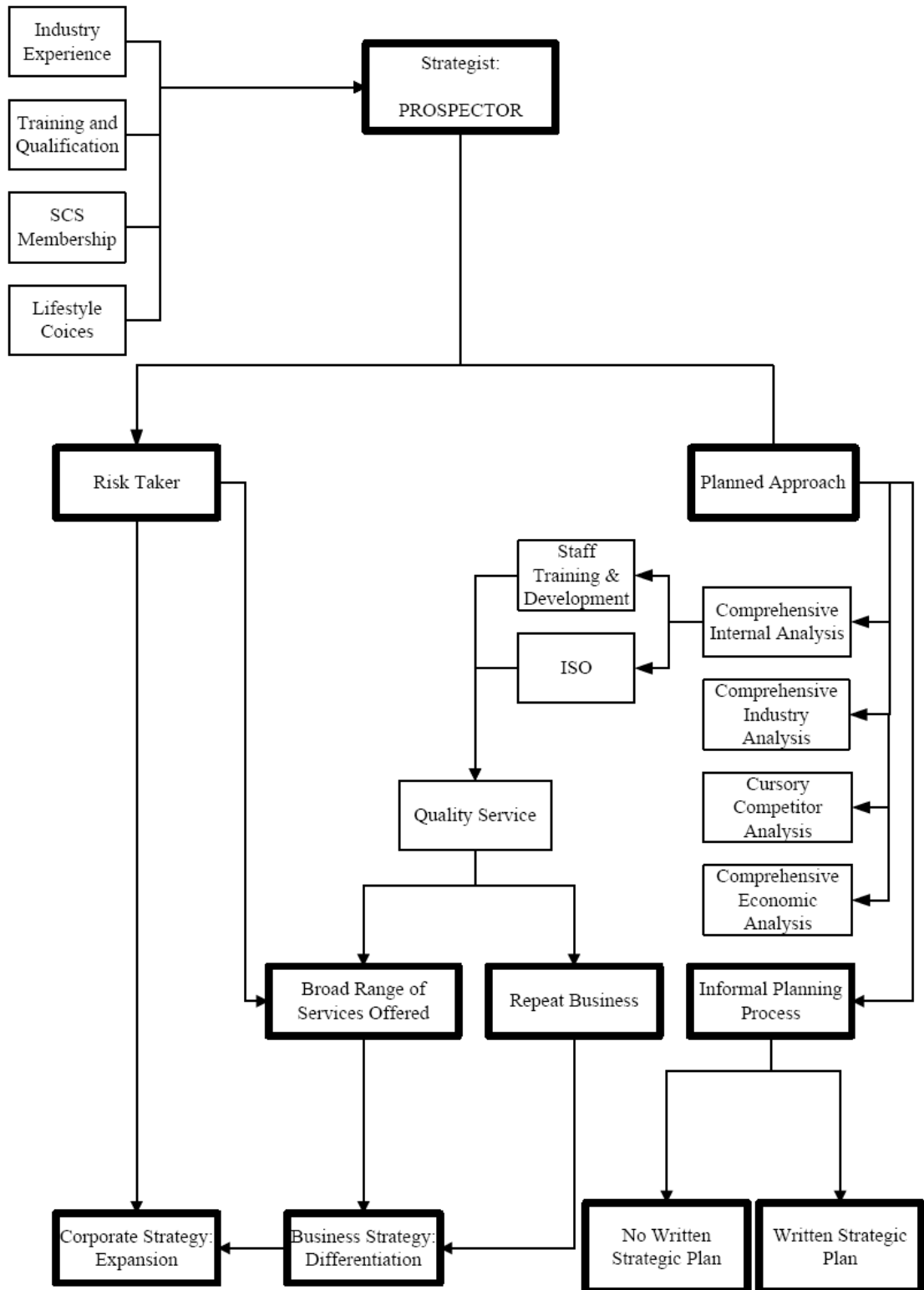
The range of services provided is broad as practices enjoy economies of scope as well as scale in many instances. The influence of head office is once again apparent, as the Irish practice has the potential to (but does not necessarily) offer the full range of services provided by the parent company.

Causal Map Group B

Firms within this group have many similar characteristics to those of strategic group A, with the chief difference being in the lack of an international link. All practices in group B are indigenous firms. The strategist tends to be a prospector willing to take risks, and the overriding corporate strategy has been to expand the practice (although in recent times this has been replaced by stability).

Despite a planned approach to strategy formation being apparent, it does not necessarily result in a formal process nor in many cases a written strategic plan, however, comprehensive industry, macroeconomic and internal analysis is undertaken. Human resources are once again critical and business strategy is based on differentiation in terms of quality as well as a broad range of service provision. Participation of staff in the strategic planning process is somewhat more limited than in group A firms in many cases. The following figure illustrates the range of issues pertaining to the strategic planning process of group B.

Figure 9.11 Causal Map: Group B



As is evident from the preceding figure, group B practices display similar characteristics to that of group A, with the exception of parent company influence. However, this is a critical factor in determining the formality of the strategic planning process as well as the existence of a written strategic plan.

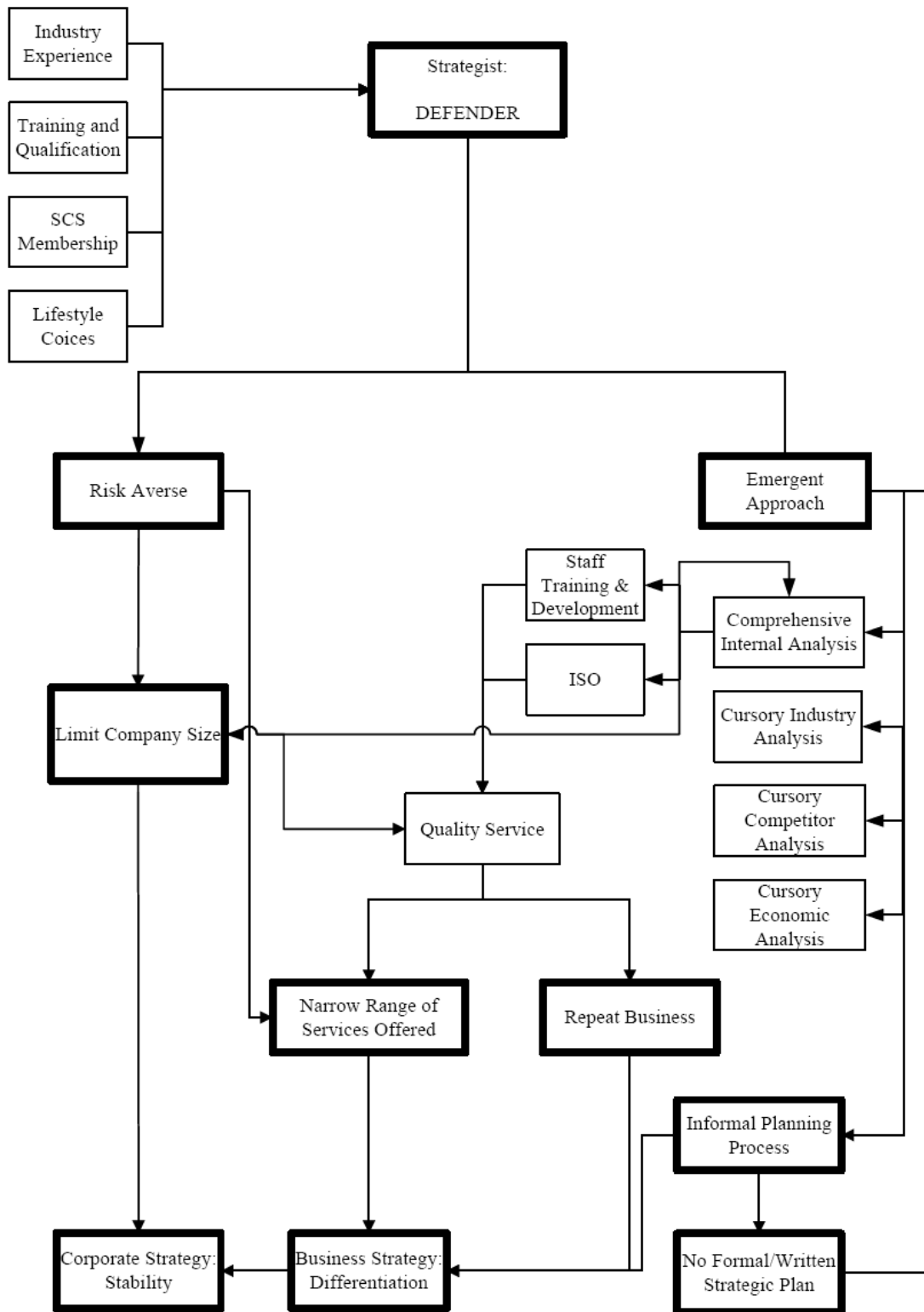
Causal Map Group C

Practices within this group have fewer than twenty employees and are indigenous firms. Many have made the strategic choice to limit the size of the company, even during the construction boom, thus displaying a tendency towards risk adversity. These practices do not drive the industry or the profession and the strategists tend to be defenders in most cases. The industry influences the strategic direction of the practice and an emergent approach to strategy formation is apparent.

Seldom do these firms have a written/formal strategic plan, nor do they have a systematic process for strategy development. Strategy is decided by the partners/directors of the firm and is communicated ex-post to staff members on an informal basis. Furthermore, although comprehensive internal analysis is apparent, consideration of the industry, competitors and macroeconomic environments is cursory. Seldom are mechanisms or structures in place for the dissemination of such information.

The following figure illustrates the main components of the strategic decision making process for practices in group C.

Figure 9.12 Causal Map: Group C



As may be seen from the previous figure, these practices sought stability, even at the peak of the construction boom. Differentiation is the key strategy for achieving this, however, rather than being based on a broad range of services provided, it is based on offering a quality and personal service to the client, with participation of senior management at project level. Although repeat business is an important feature of any PSF, it is absolutely crucial for this strategic group as it relies on repeat business to survive.

9.2.9 Summary of Phase One – Qualitative Data

The research at hand was undertaken in two phases, qualitative and quantitative, with the purpose of reaching the stated aims and objectives. The aim of the research is:

“To investigate current and recent strategic planning processes evident within Irish Quantity Surveying professional practices.”

The research has the following objectives:

1. to investigate current and recent trends in strategic planning in Irish QS professional practices
2. to evaluate existing strategic planning practises within the Irish QS profession against the strategic management literature
3. to develop a set of guidelines to assist systematic strategic planning in Irish QS practices

Phase one of the research addressed objectives one and two above. In order to achieve the objectives, in-depth semi-structured interviews with the principals of eleven Irish QS practices were undertaken. This phase yielded a large amount of data which, heretofore, has not been available on an empirical basis, thus providing a considerable contribution to the body of knowledge in the field.

Strategic planning practices and processes vary amongst QS practices which are influenced by the ownership structure of the firm. Practices linked to a large

international construction consultancy practice tend to have a formal process and a written plan which is developed following comprehensive analysis of the environment and with participation from numerous levels of the organisation. Smaller indigenous practices do not have a systematic approach to strategy formation nor do they have a written strategic plan. The decision making process rests with the principal(s) of the practice and an emergent approach to strategy is evident. It may appear that ISO certification imposes a structure on the strategic planning process, however, its use in practice is nominal; formal/written strategic plans are not the norm.

Regardless of the formality of the process it is clear, however, that directors/partners think and act strategically often unbeknown to themselves, which is consistent with the findings of Hillebrandt and Cannon (1994).

Three distinct groups are evident within the profession based largely on ownership structure and practice size, which influences the decision making process. Patterns emerge regarding the type, scope, extent and characteristics of the strategic planning process amongst the groups. These findings represent a significant contribution to knowledge within the field of strategic planning in construction, specifically in QS practices and most notably in an Irish context. At the time of writing, this study was the sole source of such information.

As noted previously, the study was undertaken in two phases. In sections 9.1 and 9.2 the findings from phase one, the qualitative phase are outlined and considered. The following sections present the findings and analysis of a widespread survey conducted on all Quantity Surveying (QS) practices registered in the QS Division of the SCS.

9.3 Phase 2 Findings - Survey

Phase two of the research involved a widespread survey of QS practices registered with the QS Division of the SCS. A list of QS practices was obtained from the SCS and contact was made by telephone prior to undertaking the survey to outline the purpose of the research and to obtain an e-mail address for the principal of the practice. Given the nature of the survey it was deemed appropriate to target senior management likely to be

involved in the strategic planning process. An online survey tool was used to collect responses (www.surveymonkey.com), and a response rate of 42% was achieved.

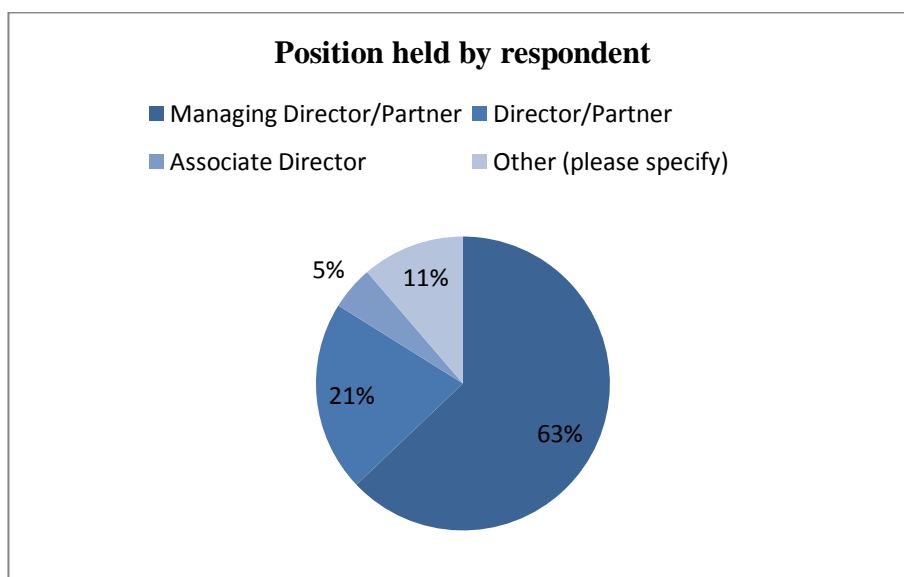
The survey was administered approximately one year after phase one interviews took place and respondents from phase one participated in phase two in order to reflect changes in the intervening period as well as for triangulation purposes. When the survey result did not agree with that which emerged from the interview, contact was made with the respondent to seek clarification. Notable developments in strategy and strategic planning of those that participated in both phases are discussed in section 9.4.

This section provides findings and analysis from the online survey and is presented in the sequence in which the questions were asked in the questionnaire.

9.3.1 General Company Information

A targeted response was sought from senior management within QS practices therefore the overwhelming majority of respondents satisfied this criterion, as may be seen from the diagram below:

Figure 9.13 Position held by respondent



The overwhelming majority of respondents (63% or 39 respondents) were the managing director of the organisation, with 13 respondents being director and 3 at associate

director level. Of the seven respondents who chose the “other” category, two were sole traders, three were senior consultants, one was a partner in a partnership and one was a junior QS.

The majority of practices had been in operation for more than five years with only 21% being in business for shorter periods of time. Future studies could usefully track changes in this regard over time with the number of spin-off practices (resulting from downsizing existing firms) likely to increase.

The majority of practices are independently owned Irish practices (87%), with the remaining 13% forming part of a larger international group and 61% currently having ISO certification. The numbers employed within the profession have changed between the peak and trough of the construction cycle. This is evident from the tables below.

Table 9.5 Number of people currently employed (2009)

| Question: Please indicate the number of people CURRENTLY employed in your organisation | | |
|---|-------------------------|-----------------------|
| Answer Options | Response Percent | Response Count |
| 0-5 | 66.1% | 41 |
| 6-10 | 12.9% | 8 |
| 11-20 | 9.7% | 6 |
| 20-50 | 6.5% | 4 |
| 50-99 | 3.2% | 2 |
| >100 | 1.6% | 1 |
| Total number of respondents | | 62 |

Table 9.6 Number of people employed at peak (2007)

| Please indicate the maximum number of people your organisation employed during the PEAK of the construction boom (c. 2007) | | |
|---|-------------------------|-----------------------|
| Answer Options | Response Percent | Response Count |
| 0-5 | 41.0% | 25 |
| 6-10 | 21.3% | 13 |
| 11-20 | 13.1% | 8 |
| 20-50 | 14.8% | 9 |
| 50-99 | 6.6% | 4 |
| >100 | 3.3% | 2 |
| Total number of responses to question | | 61 |

[One respondent did not answer this question, therefore it is reasonable to assume that the number of people employed has not changed between 2007 and 2009.]

As is evident from the table above, many QS practices have downsized over recent years. The structure of the profession is such that it comprises a proportionately large number of small firms with a proportionately smaller number of large firms. This is consistent with previous findings (FAS, National Skills Bulletin, 2009).

As discussed in chapter 3, a range of services may be provided by a QS practice.

Table 9.7 Services currently provided

| Key services CURRENTLY provided by the organisation. | | |
|---|-------------------------|---------------------------|
| Answer Options | Response Percent | No. of respondents |
| Traditional Quantity Surveying Services | 96.8% | 60 |
| Construction Management | 30.6% | 19 |
| Project Management | 75.8% | 47 |
| Health and Safety Management | 17.7% | 11 |
| Facilities Management | 11.3% | 7 |
| Bank Monitoring | 54.8% | 34 |
| Sustainability | 22.6% | 14 |
| Other | 17.7% | 11 |
| Total number of responses to question | | 62 |

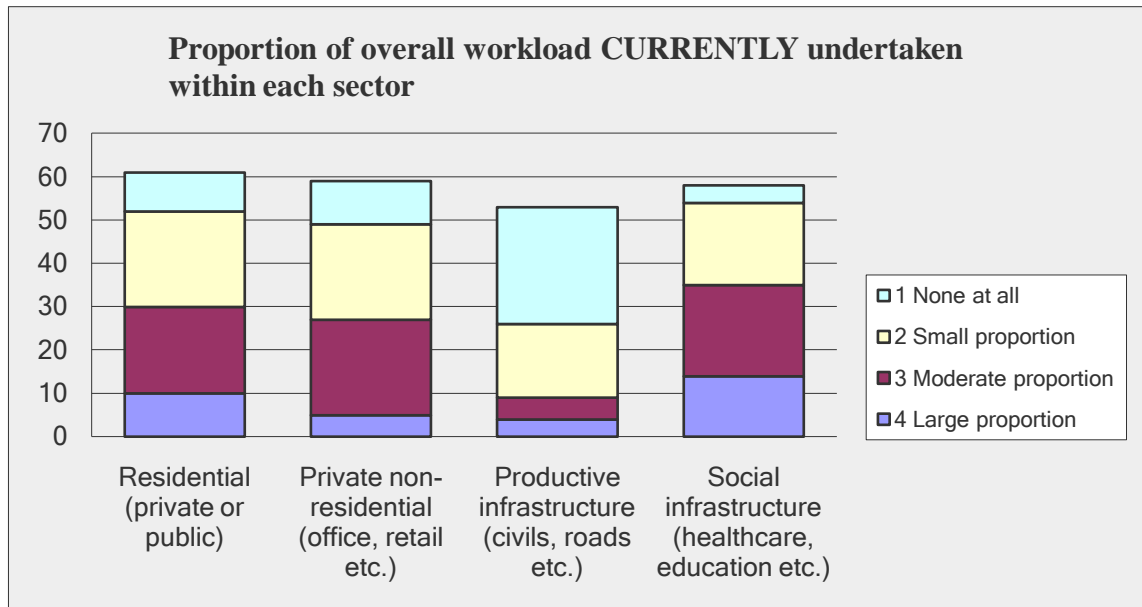
The “other” services mentioned by respondents include:

- planning
- expert witness provision
- building surveying
- dispute resolution procedures
- insurance valuations
- BER (Building Energy Rating)

The range of services provided has not changed significantly amongst participating practices (71% of respondents) over the current construction cycle.

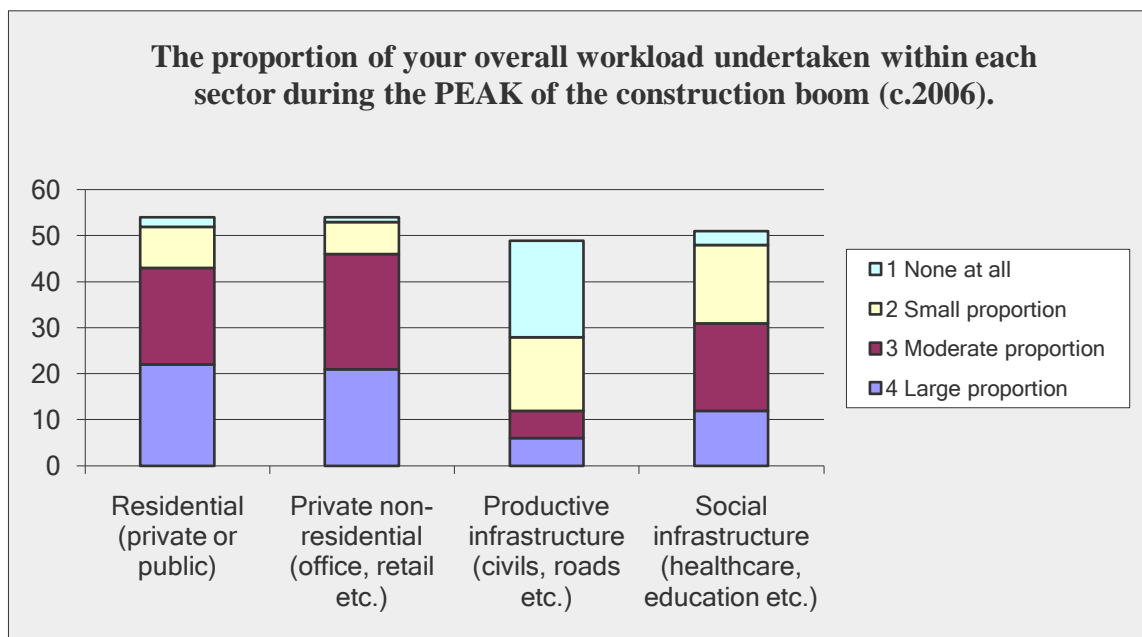
A shift in emphasis in the construction sectors serviced is evident. The proportion of work currently being undertaken within the four primary sectors is provided in the figure below:

Figure 9.14 Proportion of work currently undertaken within each sector



83% of respondents noted a shift of emphasis in the sectors serviced since the peak of the construction boom. The proportion of work undertaken within each of the primary sectors during the peak of the construction boom is provided in the figure below.

Figure 9.15 Proportion of work undertaken within key sectors at peak



The figures above illustrate the change in emphasis in the residential and private non-residential sectors particularly. A notable proportion of respondents confirms that they did/do not undertake projects within the productive infrastructure sector which may be

explained by the size of such projects and by the fact that the majority of respondents represented SME's.

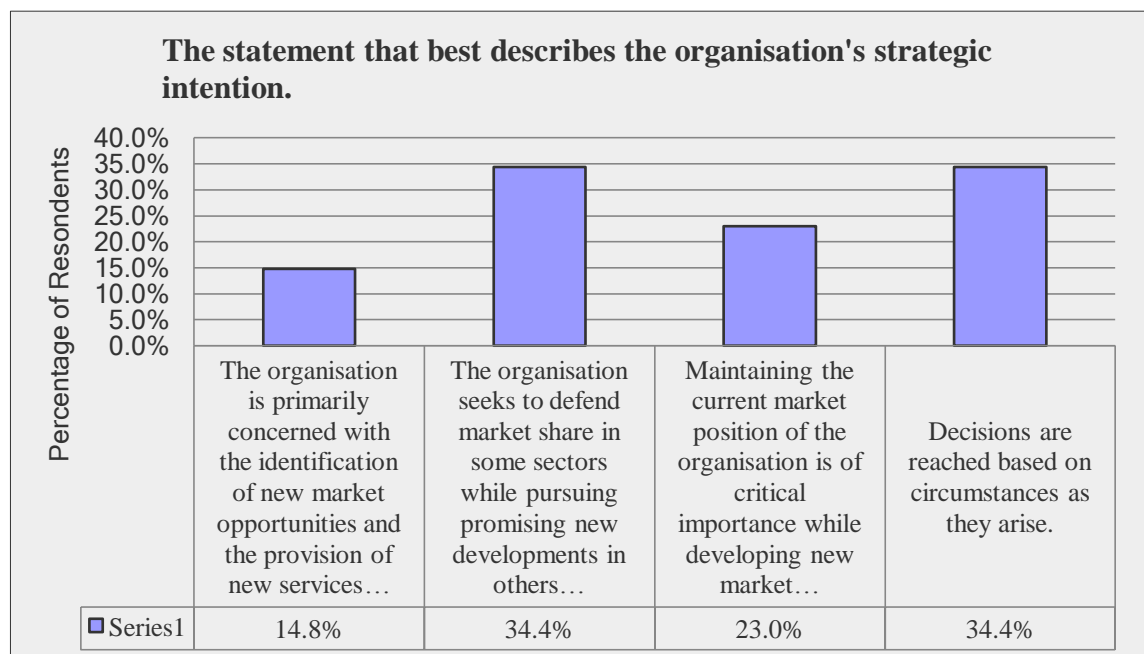
9.3.2 Strategic Management Practices

This section of the questionnaire sought information regarding the strategic management practices of respondents. This is an area within which a considerable body of existing knowledge exists in many industry contexts, with the exception of the construction industry, and specifically the QS profession.

9.3.2.1 Strategic Types

The first question was broadly based around the Miles and Snow (2003) typologies. The answer choices thus represented the prospector, analyser, defender and reactor types. In the context of a turbulent environment where many of the forces of change are external to the organisation, it is unsurprising that the reactor typology is commonly found. Furthermore in a rapidly changing environment a defender strategy may be the most appropriate. A summary of the typologies chosen by respondents is illustrated in the following figure:

Figure 9.16 Strategic Types (Phase 2)

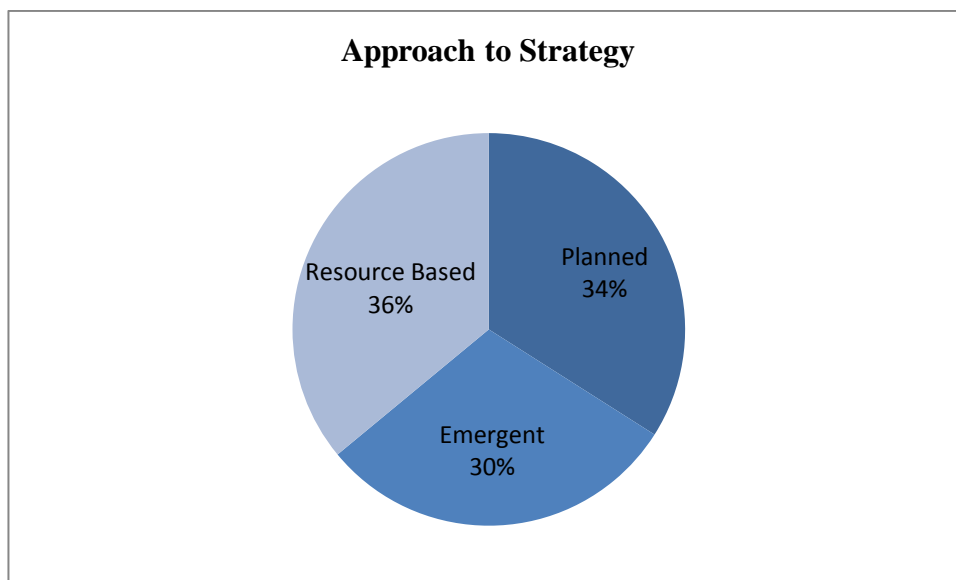


As is evident from the above there is a broad distribution across strategic types with the exception being prospector types which are noticeably less common within the profession. A possible explanation of the distribution may be that prospector types are the least likely to be found due to the depressed demand, lack of finance available and continued market uncertainty. However, based on the findings of phase one, it may be the case that only a small number of practices (large practices particularly) drive change within the profession, whilst other tend to follow or defend the current market position.

9.3.2.2 *Approach to Strategy Formation*

The approach to strategy is almost evenly distributed along the three main dimensions. This finding is particularly important when compared to, for example, Green et al. (2008) when it was concluded that amongst contracting firms an emergent approach was predominant.

Figure 9.17 Approach to strategy



An interesting comparison between the strategic typology and approach to strategy formation is provided below.

Table 9.8 Strategy type and approach to strategy (Phase 2)

| | Approach to strategy formation. | | |
|---------------------------|--|-----------------|------------------------|
| Strategic Typology | Planned | Emergent | Resource-based. |
| Prospector | 4 | 2 | 3 |
| Analyser | 12 | 3 | 6 |
| Defender | 5 | 4 | 5 |
| Reactor | 3 | 10 | 8 |

**Two respondents chose more than one option for “typology” – first chose 2 & 4; second chose all four options.*

The preceding table demonstrates a clear tendency towards a planned approach by analyser types and an emergent approach by reactors. Those with a resource based approach have a marginal tendency towards a reactor type, however, the distinction is less apparent. These findings are consistent with phase 1.

Based on the above it is not surprising, therefore, that analyser types with a planned approach are more likely to have a formal/written strategic plan. Evidence of this trend is provided in the table below.

Table 9.9 Formality of strategic planning across strategic approach

| | Approach to strategy formation. | | | |
|-------------------------------|--|-----------------|------------------------|-------------------------|
| Written strategic plan | Planned | Emergent | Resource-based. | Response Percent |
| Yes | 10 | 2 | 5 | 31% |
| No | 11 | 12 | 15 | 69% |

9.3.2.3 Risk Attitude

Risk attitude was measured by determining the extent of agreement with a number of statements. Disagreement with the statements signals a risk taker attitude.

Responses to the question displayed a tendency towards low-risk projects being explored incrementally, however, not necessarily with a “wait-and-see” approach. A summary of response is provided below where 1=strongly disagree, and 5 = strongly agree.

Table 9.10 Risk attitude

| Answer Options | 1 | 2 | 3 | 4 | 5 | Response count |
|---|----------|-----------|----------|-----------|----------|-----------------------|
| The organisation has a strong tendency for low-risk projects | 2 | 15 | 14 | 26 | 5 | 61 |
| Top managers in the organisation believe it is best to explore opportunities gradually via incremental behaviour. | 0 | 11 | 14 | 34 | 2 | 61 |
| The organisation typically adopts a cautious "wait-and-see" posture. | 5 | 27 | 10 | 18 | 1 | 61 |

9.3.2.4 Environmental Analysis

Much of the strategy and strategic planning literature emphasises the importance of undertaking industry, competitor and environmental analysis, in order to successfully compete within an industry. To that end participants were asked to rank the degree of importance of a number of issues derived from the literature on a Likert scale. The assumption behind the question is that the greater the perceived importance the more comprehensive the analysis and attention the issue is given.

Most notable from the responses was the overwhelming agreement on the importance of repeat business (86% selected “very important”). The second largest proportion (46%) confirmed that construction industry analysis is important with a large proportion (42%) of respondents noting the importance of relationships with other industry professionals. Each of these findings is consistent with phase one. Interestingly 33% of respondents deemed competitor analysis to be unimportant. These findings are consistent with the findings from phase one.

The table below provides details of the actual responses to each option presented

Table 9.11 Importance of Analysis

| Question: Please indicate the degree of importance of each issue below for your organisation to compete successfully. | | | | | |
|--|----------|-----------|-----------|-----------|-----------|
| Where 1 = unimportant and 5 = very important | | | | | |
| Answer Options | 1 | 2 | 3 | 4 | 5 |
| Analysis of competitors | 4 | 20 | 20 | 13 | 4 |
| Construction industry analysis | 3 | 10 | 13 | 28 | 7 |
| Macroeconomic analysis | 4 | 10 | 26 | 18 | 3 |
| Internal organisation analysis | 3 | 8 | 17 | 22 | 11 |
| Repeat business | 0 | 0 | 0 | 7 | 54 |
| Relations with other industry professionals | 0 | 3 | 8 | 24 | 25 |
| Long range planning | 2 | 9 | 13 | 21 | 15 |
| Staff training and development | 1 | 3 | 21 | 23 | 13 |
| Research and development | 3 | 14 | 15 | 18 | 11 |
| Quality control | 0 | 3 | 8 | 23 | 23 |

Clearly repeat business is the single largest influence on QS practices. This is an issue that was apparent from phase one which is now validated based on the results above.

9.3.2.5 *Strategic Choice*

The corporate strategy currently being pursued by respondents is broadly spread across the four outlined by Porter (1980). Approximately a third of respondents noted that a combination strategy is currently being pursued, with the most frequent combination being stability and expansion (10 respondents) and the second being stability and rationalisation (8 respondents). Perhaps more significantly, only 31% of respondents noted a change in corporate strategy over the recent past.

Business level strategy is heavily concentrated on best cost strategy (59%) with differentiation (39%) being the second most favoured strategy. This is broadly similar to the findings of Boon (1996) in New Zealand QS practices. A number of respondents (17) selected more than one option indicating a “stuck in the middle” (Porter, 1980) strategy. Nearly 30% of those who selected a number of business level strategies noted that three in particular were being pursued; namely:

- Striving to achieve lower overall cost/price than rivals
- Seeking to differentiate our service from rivals to appeal to a broad spectrum of clients
- Providing the best value compared to rivals offering services with similar attributes

Participants were subsequently asked to confirm if the business level strategy had changed in recent years. In 75% of cases the business level strategy had not changed. In the remaining cases a number of explanations were provided to support the need for a change including:

- *“Price appears to be the main criteria rather than the quality of service offered.”* (Respondent no. 47. Also participant in phase 1)
- *“Fees are being driven down to unsustainable levels due to maintain business. This will certainly result in a reduction in the quality of services offered”.* (Respondent number 58).

A sizeable number of respondents (53%) affirm no strategic variation was currently being considered, however, 33% confirmed that foreign markets were under

consideration. When specifics were provided, the UK and Middle East were the most common foreign markets being considered.

9.3.2.6 *Communication of Strategy*

Strategy is most commonly communicated verbally, be it informally or through formal company meetings. Similar findings were observed by Price et al. (2003) within UK construction companies. Seldom is strategy communicated through the distribution of documents, however, in one case it was noted that strategy was inherent in the quality control documents which are available to staff.

A summary of findings regarding communication of strategy is presented in the table below.

Table 9.12 *Communication of Strategy*

| Question: Please indicate how your organisations strategy is communicated to firm members. | | |
|---|-------------------------|-----------------------|
| Answer Options | Response Percent | Response Count |
| Informal discussion/word of mouth, in a broad, general fashion | 57.4% | 35 |
| Formal meetings, where firm strategy is communicated verbally | 41.0% | 25 |
| Through the distribution of documents explicitly containing firm strategy | 6.6% | 4 |
| Other (please specify) | 8.2% | 5 |

The majority of those who chose “other” confirmed that they were sole traders and consequently the communication of strategy to firm members was not applicable.

Findings from this question are consistent with those from phase one.

9.3.2.7 Lifestyle Choices

Lifestyle choices were noted in phase one as playing an important role in the strategic decision making process. The table below confirms the validity of this finding.

Table 9.13 Lifestyle choices

| Question 22: To what extent have personal lifestyle choices influenced your company's strategic decisions? | | |
|---|-------------------------|---------------------------|
| Answer Options | Response Percent | No. of Respondents |
| No influence at all | 21.3% | 13 |
| Little influence | 24.6% | 15 |
| Some influence | 37.7% | 23 |
| Significant influence | 16.4% | 10 |
| Please feel free to expand if you wish | | 7 |
| Response Count | | 61 |

Interestingly one respondent involved who participated in both phases discussed the lifestyle influences in strategic decision making during interview but indicated that it had “no influence at all” in the second phase. This reflects the “*survival mode*” noted by the respondent in the questionnaire.

9.3.3 Strategic Planning

The final section of the questionnaire sought to ascertain the strategic planning characteristics of respondents. This section provided a significant contribution to knowledge in the field, albeit with a marginally smaller response rate than previous sections.

9.3.3.1 Strategic Planning Formality

The overwhelming majority of QS practices (69%) do not have a formal/written strategic plan. Of the 17 practices that do have a formal strategic plan, 41% are linked to a larger construction consultancy practice. This is consistent with findings from phase one.

Six of the seventeen practices with a written strategic plan were participants in phase one. In two of these cases no formal strategic plan was in place during the initial phase therefore follow up phone calls were made to these respondents to ascertain the rationale behind the change.

Changes within the industry, as well as the internal organisation in one case were the drivers behind formalising the strategic planning process. To this end a business coach was employed to facilitate the process, as well as to formulate a more targeted marketing campaign, including the development of the company website. The respondent confirmed that discussion of issues pertaining to strategic planning with the researcher during phase one was a contributing factor in highlighting the need to consider the issues in a more systematic/structured fashion.

In the second case, changing ISO requirements had been the main driver in formulating a formal/written strategic plan to encompass more than quality-related matters.

Strategic planning and company size are often correlated, and this sample is no different. The larger practices are more likely to have a written strategic plan. The table below outlines practice size of those that have a written strategic plan. Company size is taken at peak level for this comparison as nearly half of those with a strategic plan confirmed that there is a long history of strategic planning within the company.

Table 9.14 Company size and formality of strategic plan

| Company size at peak (2007) | Response percent | Number of respondents |
|------------------------------------|-------------------------|------------------------------|
| 0-5 | 11.8% | 2 |
| 6-10 | 11.8% | 2 |
| 11-20 | 17.6% | 3 |
| 20-50 | 29.4% | 5 |
| 50-99 | 23.5% | 4 |
| >100 | 5.9% | 1 |
| Total | 100% | 17 |

As is evident from the above, 76% of QS practices with a written strategic plan employ more than 10 people. This percentage decreases to 47% at current levels of employment.

A number of other conclusions may be drawn as regards QS practices with a written strategic plan, including:

- 59% confirm a planned approach to strategy formation; with 29% having a resource-based approach
- 76% consider competitor analysis as important (which is proportionately larger than the sample as a whole)
- 65% have plans to operate in a foreign market
- 65% communicate strategy through formal meetings
- 65% have a strategic planning horizon of between 1-3 years
- Market uncertainty was the predominant obstacle to strategic planning formation

Each of the findings listed above is consistent with the conclusions drawn from phase one.

9.3.3.2 Strategic Planning Comprehensiveness

The extent of strategic planning comprehensiveness is a complex matter for analysis. The question, designed to determine the extent of comprehensives, was greatly influenced by the work of Papke-Shields (2006).

Respondents were asked to indicate the extent of agreement/disagreement with a number of statements. The assumption is that the greater the extent of agreement the more comprehensive the process. The following table provides results in this regard, where 1=strongly disagree and 5=strongly agree

Table 9.15 Strategic planning comprehensiveness

| Answer Options | 1 | 2 | 3 | 4 | 5 |
|---|----------|-----------|-----------|-----------|----------|
| Strategic/business planning process is very structured | 3 | 7 | 22 | 20 | 2 |
| Written guidelines exist to structure strategic/business planning | 5 | 19 | 19 | 11 | 0 |
| Outputs of strategic/business planning are formally documented | 5 | 17 | 16 | 13 | 2 |
| We are exhaustive in gathering relevant information | 2 | 22 | 21 | 8 | 0 |
| We determine optimal courses of action from alternatives | 1 | 8 | 25 | 19 | 0 |
| We delay decisions until all alternatives have been evaluated | 1 | 12 | 19 | 18 | 2 |
| The planning flow is "top down" | 0 | 6 | 14 | 30 | 2 |
| Our process of strategic/business planning involves numerous participants at all levels of the organisation | 3 | 13 | 18 | 14 | 3 |
| Participation of (external) specialists in strategic planning is high | 6 | 23 | 19 | 4 | 0 |
| Line managers and staff are involved in the strategic/business planning process | 5 | 12 | 13 | 20 | 2 |
| We constantly evaluate and review strategic plans | 1 | 5 | 22 | 22 | 1 |
| We frequently adjust strategic plans to adapt them to changing conditions | 2 | 4 | 16 | 25 | 4 |
| Strategic planning is a continuous process | 1 | 2 | 9 | 31 | 9 |

A number of important conclusions, consistent with phase one, may be drawn from the above, namely:

1. Written guidelines seldom exist to aid the strategic planning process
2. Information gathering is not exhaustive
3. Planning flow is top-down with limited participation at other levels
4. Participation from external consultants is limited
5. Strategic planning is a continuous process which is frequently adapted

9.3.3.3 *Experience of Strategic Planning*

Strategic planning practices within QS firms in Ireland are clearly emerging phenomena. The driver behind the need for strategic planning is undoubtedly the changing conditions facing the industry (and the economy as a whole). The industry has gone from one where firms faced difficulties associated with rapid growth (e.g. staff shortages) to one characterised by over-capacity and market uncertainty.

The experience in strategic planning practices is considered important with only 24% noting that it is not deemed necessary. The table below demonstrates the experience of respondents with strategic planning.

Table 9.16 Experience with strategic planning

| Answer Options | Response Percent | Response Count |
|--|-------------------------|-----------------------|
| The organisation has no experience of strategic planning at present, and it is not deemed necessary. | 24.1% | 13 |
| Procedures and policies for conducting planning are just beginning to emerge. | 40.7% | 22 |
| Planning activities have been formally developed and tested. | 16.7% | 9 |
| Long history of strategic planning activities. | 18.5% | 10 |
| Total number of responses | | 54 |

The dominant trend is in emerging strategic planning practices. Of these practices, 73% note that there has been no change in corporate strategy, while 86% note no change in business strategy. The same number of respondents confirm that the company presently does not have a written strategic plan. The conclusion is that the need for strategic planning is becoming apparent not as a consequence of a change in the strategic direction of the firm, but rather from industry, competitor and/or macroeconomic changes.

Practices that do not perceive strategic planning to be important tend to be micro-firms employing less than five people (85% of those that chose the option) without ISO certification (92%) have not changed the range of services provided over the medium term (85%) are reactor types (85%) pursuing a stability strategy (75%) and do not currently have a formal strategic plan (92%).

9.3.3.4 *Strategic Plan Content*

The content of written strategic plans will vary from one organisation to another. The table below provides a summary of the items most frequently included in the strategic plans of Irish QS practices.

Table 9.17 Strategic plan content

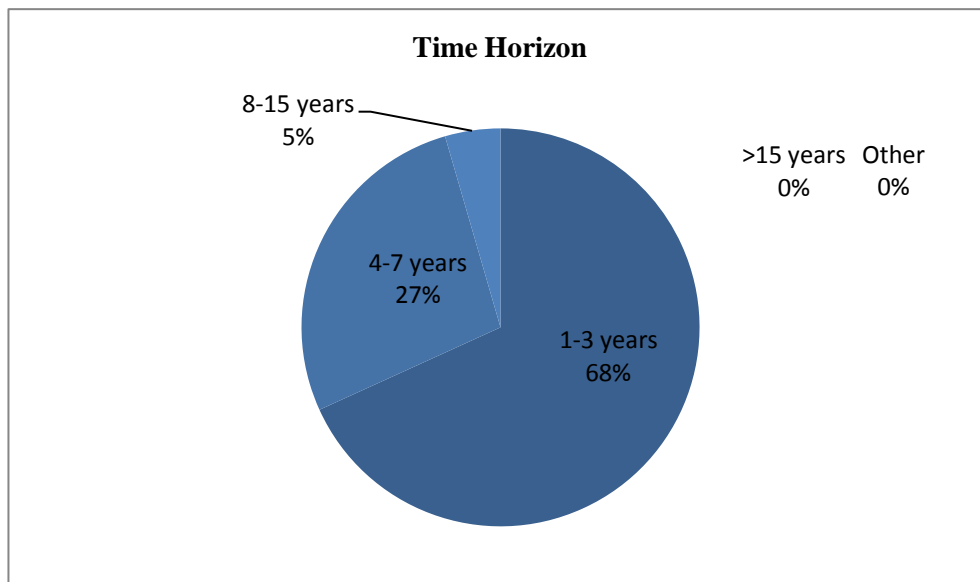
| Which of the following are contained within your strategic plan? | | | |
|---|-------------------------|-----------------------|--------------|
| Answer Options | Response Percent | Response Count | Rank: |
| Mission/vision statement | 54.5% | 12 | 5 |
| Organisation objectives | 77.3% | 17 | 1 |
| Organisation structure | 72.7% | 16 | 2 |
| Sales targets | 59.1% | 13 | 4 |
| Profit targets | 50.0% | 11 | 6 |
| Industry analysis (construction) | 22.7% | 5 | 11 |
| Industry analysis (QS profession) | 45.5% | 10 | 7 |
| Competitor analysis | 31.8% | 7 | 10 |
| Corporate appraisal (e.g. SWOT analysis) | 31.8% | 7 | 10 |
| Organisational core competencies | 22.7% | 5 | 11 |
| Marketing strategy | 63.6% | 14 | 3 |
| Production/operation process | 18.2% | 4 | 12 |
| Quality Assurance process | 36.4% | 8 | 9 |
| Staff appraisal | 40.9% | 9 | 8 |
| Staff training and development | 54.5% | 12 | 5 |

As is evident from the above, organisational objectives and structure are most commonly chosen by respondents, followed by marketing strategy and sales targets. Competitor analysis is less frequently contained in the strategic plan which is in line with the extent of importance being placed upon the issue as concluded in section 9.1.2.2 above.

9.3.3.5 Strategic Plan Time Horizon

The time horizon of formal strategic plans will also vary from one organisation to the next. The table below confirms that the favoured time horizon is between one and three years which verifies the results of previous studies (Stonehouse and Pemberton, 2002) within the context of Irish QS practice.

Figure 9.18 Strategic plan time horizon



9.3.3.6 Obstacles to Strategic Plan Formation

The complexity of the strategic planning process presents many challenges to the formulation of a strategic plan. Respondents were asked the frequency which a number of possible challenges were experienced.

The table below presents the findings in this regard.

Table 9.18 Obstacles to Formulating Strategic Plan

| Please indicate the frequency with which each has been experienced by your organisation. Where 1 = Never and 5 = Very frequently | | | | | |
|---|----------|----------|-----------|-----------|----------|
| Answer Options | 1 | 2 | 3 | 4 | 5 |
| Time constraints | 0 | 2 | 10 | 7 | 3 |
| Market uncertainty | 0 | 1 | 7 | 11 | 3 |
| Lack of expertise | 2 | 5 | 8 | 5 | 2 |
| Budget constraints | 3 | 7 | 6 | 4 | 2 |
| Staff resistance to change | 5 | 7 | 4 | 3 | 2 |
| Mgt. resistance to change | 7 | 4 | 8 | 2 | 1 |

Market uncertainty is the single largest obstacle facing strategic plan formulation, whereas budget constraints are least likely to be an issue. Resistance to change by staff or management is rarely experienced. Interestingly, despite only 17 practices confirming the existence of a written strategic plan, 22 respondents answered this question indicating that the respondents are thinking and acting strategically, however, strategic thinking is not necessarily transformed into a written strategic plan.

9.3.3.7 Strategic Planning Use

The purpose or use to which a strategic plan is put is clearly to guide company operations, and interestingly it is unlikely to be used to obtain funding. Whether this is related to the current environment and the associated difficulty in obtaining funding regardless of the existence of a strategic plan remains unconfirmed.

Table 9.19 Use of strategic plan

| Please select the use(s) of your organisation's strategic plan. (Note: select as many as are appropriate, as multiple answers will be accepted) | | |
|--|-------------------------|-----------------------|
| Answer Options | Response Percent | Response Count |
| To guide company operations | 72.7% | 16 |
| To measure company performance | 68.2% | 15 |
| To establish incentives for managers | 31.8% | 7 |
| To improve allocation of resources | 36.4% | 8 |
| To obtain funding | 9.1% | 2 |
| To assist in attracting major customers | 36.4% | 8 |
| To gain ISO certification | 13.6% | 3 |

Once again it is interesting to note that of the 22 respondents who answered this question, only 17 of them confirmed the existence of a written strategic plan, further supporting the notion that principals are thinking and acting strategically but not necessarily formalising or documenting the process.

9.3.3.8 Difficulties in Strategic Plan Implementation

A number of difficulties may be encountered in the implementation of a strategic plan.

In the case of difficulties experienced within the sample, no single overriding difficulty is evident. Answers tended towards the median, however, in the cases of comprehension of organisational goals, staff capabilities and communication of strategy, there was a stronger weighting towards the negative.

Table 9.20 Difficulties in strategic plan implementation

| How often has your organisation experienced the following difficulties in the implementation of your strategic plan? | | | | | |
|---|----------|-----------|-----------|----------|----------|
| Where 1 = Never and 5 = Very frequently | | | | | |
| Answer Options | 1 | 2 | 3 | 4 | 5 |
| Day to day operations distracted attention from implementation | 6 | 6 | 14 | 10 | 5 |
| Implementation took longer than anticipated | 4 | 2 | 17 | 10 | 4 |
| The stated objectives were unachievable | 6 | 13 | 13 | 4 | 1 |
| Employee's capabilities were insufficient | 6 | 19 | 10 | 1 | 0 |
| Communication was inadequate | 5 | 19 | 11 | 3 | 0 |
| Overall goals of strategy were not well enough understood by staff | 6 | 20 | 10 | 1 | 0 |
| External factors impacted on implementation | 1 | 6 | 18 | 9 | 2 |
| Co-ordination of implementation not effective enough | 4 | 9 | 19 | 5 | 0 |
| Unanticipated problems arose | 2 | 7 | 20 | 4 | 3 |

9.3.4 Miscellaneous Comments Received

Respondents were provided with the opportunity of offering any further comment they wished at the end of the survey but only a small proportion of respondents wished to make such comments. A list of comments received is contained in the following table.

Table 9.21 Additional comments

| Comment Number | Comment |
|-----------------------|--|
| 1. | This is a family run business - only employing family members |
| 2. | Some of the questions above are not applicable to the company as a sole trader. I did not want to answer them and give false information |
| 3. | While there is the requisite expertise in terms of professional QS services, there is only now a process of formal business management being implemented including strategic planning. While there is a broad appreciation of the relevance of strategic planning and its importance, there is a lack of formal knowledge and a concise vision of its application to small/medium professional practices. |
| 4. | At present, getting paid is far more important and the present poor industry climate makes strategic planning a purely academic exercise |
| 5. | As a Sole Trader some of the questions are not relevant |
| 6. | <p>As a small to medium QS practice we cannot obtain public contracts as the current requirements to qualify for Government projects are geared towards the top five QS firms in the country. The majority of small QS firms will have to rely on private work as they will not have the range of previous experience, turnover quality assurance of the bigger firms.</p> <p>Ultimately there will be little competition in 3-5 years as all the smaller players who have not qualified for work over the previous period cannot obtain public contracts. The future of the small QS firm is bleak and has been completely un-aided by the RICS or the SCS. In order to survive we have to become part of a bigger organisation or fall by the wayside. Our strategy is to become an arm of a major UK QS practice.</p> |

9.4 Comparative Analysis of Phase One and Phase Two Findings

The findings from each phase have been presented and analysed in earlier sections of this chapter. The following sections provide a summary of key findings across the two phases of research, and where applicable, developments between phases are also presented.

9.4.1 Triangulation, Validation and Generalisation

A number of findings from phase one of the research were confirmed and reinforced (triangulated) in phase two. Thus triangulation was achieved between the two phases and methods used in the research. The most notable of which include:

9.4.1.2 *General:*

- Influence of international partner is a key differentiating factor between practices
- Considerable reduction in the number of people employed within QS practices in Ireland
- A change in range of services provided is evident (with firms offering more over time)
- A change in the proportion of work undertaken within sectors serviced is evident (with a shift from private to public)

9.4.1.3 *Strategic Management*

- Strategists display predominantly analyser and defender types; however evidence of prospector and reactor to a lesser extent
- Repeat business is very important for practices (regardless of size, sectors serviced or ownership structure)
- A majority of practices do not hold ISO certification
- Changes in corporate and business level strategies are evident
- Communication of strategy is informal
- A distinct lack of competitor analysis is undertaken

- Only cursory macroeconomic analysis is undertaken
- Internal analysis is comprehensive in most cases
- Industry analysis is undertaken to varying degrees

9.4.1.4 Strategic Planning

- An informal approach to strategic planning is apparent in the majority of practices
- Strategic plan formality (i.e. existence of a written strategic plan) is correlated to ownership structure
- The strategic planning process tends not to be comprehensive
- Regardless of strategic plan formality, a top down approach to strategy development is evident
- Principals are thinking and acting strategically which is not always transformed into a written strategic plan or formalised process

9.4.2 Key Developments between Phase One and Phase Two

9.4.2.1 General Company Information

The most significant change lies with the deviant case (Company G) from phase one. This company displayed many unique characteristics which at the time were considered critical weaknesses. One key differentiating factor lay in the fact that the company did not hold chartered status with the SCS (as 50% of company directors must be chartered for the practice to hold the title). The flexible approach to undertaking the research determined that a second phase would take place with QS practices holding chartered status; therefore this firm was excluded from the quantitative stage. However, an important development occurred during the intervening period. The respondent for company G and a co-director resigned from Company G (approximately seven months after the interview) to establish a separate QS practice. The newly formed practice is fully chartered and consequently the respondent participated in phase two of the study.

9.4.2.2 *Strategic Type*

A change in the approach to strategy amongst three practices initially classified as prospectors was evident following phase two.

Table 9.22 Changes in strategic type between phases

| Company | Example of Prospector Quotes: Phase 1 July 2009 | Phase 2: June 2010 |
|----------------|---|-----------------------------------|
| F | “Increased market share primarily... We sought to achieve the increase in market share by growing the business geographically around the country, and our intention to do that at the time as well as organic growth was by acquisition... We have been looking at other opportunities in Saudi Arabia but again they are supporting Irish businesses or Irish developers going to that market as distinct from flying out to those markets and trying to cultivate fresh business.” | Reactor |
| I | “First of all we have set up a number of centres outside of Ireland; secondly we have followed clients who we’ve done work for in Ireland abroad; and thirdly we are chasing new clients abroad. And it’s very simple; all you have to do is look around the world and see where there’s work and that’s where you have to go! There’s no magic to it... It’s fine talking about survival but you have to look beyond that now and start thinking about where we are going to be in 5 years time and I’ve a strong feeling that we’ll have more strings to our bow in 5 years time than we have now and therefore we will be more resilient to further difficulties in the years ahead... the world is our oyster and we intend to go out and pick as many pearls as we can!” | Analyser |
| J | “We would have certainly looked to having wider expertise, specialist services, that’s what we have gone for. Some other people I’m sure in the current market are quite happy to completely retrench and become niche players in a smaller, in a very small section of the industry. That’s not what we’re trying to do... we are still trying to be in a position where if there are what we believe are really quality opportunities, we’re trying to make sure we’re always in a position where we can really compete for those.” | Analyser |

The table above reflects the shift from prospector types, which is undoubtedly a consequence of the deterioration of the economic environment within which QS

practices are operating and with fewer potential opportunities arising therein (particularly in the domestic market).

It should be noted that Company C was also categorised as a prospector in phase one which was confirmed as being the case in phase two.

9.4.2.3 *Corporate Strategy*

Another noteworthy development evident between the two phases is reflected in the change in corporate strategy, which is outlined in the table below.

Table 9.23 Corporate strategy

| Company | Pre- 2009 | July 2009 | June 2010 |
|----------------|------------------|------------------|-----------------------------------|
| A | Stability | Combination | Combination: Maintain/Expand |
| B | Stability | Retrenchment | Combination: Maintain/Rationalise |
| C | Expansion | Retrenchment | Retrenchment |
| D | Expansion | Stability | Combination: Maintain/Expand |
| E | Stability | Retrenchment | Retrenchment |
| F | Expansion | Retrenchment | Stability |
| G | Stability | Retrenchment | N/A |
| H | Expansion | Stability | Combination: Maintain/Rationalise |
| I | Expansion | Combination | Expansion |
| J | Expansion | Stability | Combination: Maintain/Rationalise |
| K | Stability | Stability | Combination: Maintain/Rationalise |

As may be seen from the table, the corporate strategy currently being pursued by phase one respondents places increasing emphasis on pursuing a combination of strategies. Often part of the combination is centred on exploring overseas markets. Where stability is being pursued it is due to the completion of the retrenchment process:

“We were on a growth and acquisition strategy, to gain market and geographical coverage, we then switched to a down sizing, to reflect market and fee activity, we have completed the down size, and are now running a stable smaller business, maintaining income and market share.”
(Company F)

9.4.2.4 Business Level Strategy

Another change is apparent within the business level strategy being pursued. The table below provides an overview of the change in business strategy being pursued.

Table 9.24 Business level strategy

| Company | July 2009 | June 2010 | Stuck in the Middle |
|---------|---------------------|--------------------------|---|
| A | Differentiation | Differentiation | |
| B | Stuck in the middle | Stuck in the middle | Cost leader, differentiate & best cost/value provider |
| C | Differentiation | Stuck in the middle | Differentiate & narrow market segment |
| D | Differentiation | Differentiation | |
| E | Differentiation | Best cost/value provider | |
| F | Differentiation | Stuck in the middle | Differentiate & best cost/value provider |
| G | Focus | N/A | |
| H | Differentiation | Stuck in the middle | Cost leader & best cost/value |
| I | Stuck in the middle | Best cost/value provider | |
| J | Differentiation | Best cost/value provider | |
| K | Differentiation | Stuck in the middle | Cost leader & best cost/value |

There is a clear shift in emphasis from differentiation to competing on the basis of offering the best value to clients; it is reasonable to conclude that within the profession, differentiation alone cannot guarantee sustained competitive advantage within a declining market.

9.4.2.5 Strategic Planning Formality

The time lag between phases resulted in a number of changes in the formality of strategic planning within a small number of practices. Where changes were apparent, respondents were contacted by telephone to determine the rationale behind the change.

In one instance due to the change within the industry and the internal organisation, it was deemed necessary to formalise the strategic planning process. To this end a business coach was employed to facilitate the process as well as to formulate a more targeted marketing campaign, including the development of the company website. The respondent noted that the discussion of strategic issues for phase one of the research was also a contributory factor.

A second director explained the trend towards a more comprehensive and formalised process of strategic planning was derived from changes in ISO requirements. The company now had a more structured and comprehensive strategic plan as partial fulfilment of the ISO process.

One practice which during phase one had considered the written strategic plan that was in place, now confirmed that it has been “scrapped” as it was not deemed appropriate within the current industry environment. This practice had formulated the plan based on a template from the internet and consequently the process itself had never been formal.

9.4.3 QS Practice Groups

Phase one of the research resulted in the clustering of practices into three distinct groups. The second phase of the research sought to establish whether findings from phase one were general to the population as a whole. When comparisons were made using criteria applied to the development of strategic groups in the initial phase, triangulation was achieved for a number of the criteria. The following sections provide evidence to support the general existence of distinct groups within the profession.

Group A

The first group of practices were part of a larger international consultancy, displayed a planned, systematic, participative approach to strategic planning. The following table presents an overview of the responses obtained from the survey against the criteria by which strategic group A were analysed.

Table 9.25 Comparative Table Group A

| | Phase 1 Respondents (Responses July 2009) | Phase 2 Respondents (Incl. phase 1 June 2010) |
|-----------------------------------|--|--|
| Number of Practices | 2 (F,J) | 8 |
| Link with UK practice | Yes | Yes |
| Established | 2 >50 years | 88% > 11 years 38% >50 years |
| Strategist | Prospector | 38% Prospector 38% Analyser |
| Risk attitude | 1 x Taker, 1 x Neutral | 75% risk averse |
| ISO | Yes | 88% yes |
| Current Employment (June 2010) | F = 6-10, J = 50-99 | 25% <10 75% >10 |
| Peak Employment | F = 20-50, J = >100 | 88% > 20 |
| Macro Environment analysis | Comprehensive | Comprehensive |
| Industry analysis | Comprehensive | Comprehensive |
| Internal analysis | Comprehensive | Comprehensive |
| Competitor Analysis | Limited | Limited (50% moderately important) |
| Corporate Strategy (Past) | Expansion | 63% note change (From expansion & move to public sector) |
| Corporate Strategy (Present) | 1 x Stability 1 x Retrench | 63% stability |
| Business strategy | Differentiate | 88% best value |
| Strategic Variation | Diversify International connections | 50% operate in foreign market |
| Written Strategic Plan | Yes | 75% Yes |
| Formality of process | Formal | Formal |
| Experience with SP | Long history | 88% long history |
| Participation | Whole company | Whole company |
| Approach | Planned | 63% Planned |
| Communication | Formal meetings | 88% Formal meetings |

Practices within group A are part of an international construction consultancy organisation and employed greater than twenty people at peak. These practices tend to have a planned approach to strategy development, a written strategic plan, company

wide participation in the process and formal communication of the strategy. Comprehensive macroeconomic, industry and internal analysis is evident with limited competitor analysis being undertaken. Corporate strategy historically has centred on expansion and currently stability is the overriding corporate strategy amongst the group. The overwhelming majority of practices in this group are ISO certified.

The findings from phase one are triangulated along ownership structure, strategic planning formality (existence of a written strategic plan), strategic planning characteristics (approach, strategist type, participation, extent of analysis, communication) as well as corporate and business level strategy dimensions.

Group B

The second group identified in phase one were larger established Irish-owned practices. The key differentiating factor between this group and strategic group C is that at peak the practices in group B had at least twenty employees, although this has reduced in many cases due to market conditions. For comparative purposes it is necessary to compare practices based on pre-recession employment levels.

QS practices within group B displayed greater variation in the characteristics of strategic planning practices and processes and this diversity is evident in both phases of the research. There is an even split between practices with a written strategic plan and those without, similarly for the formality of the process itself, however, the vast majority are ISO certified.

There is a tendency for the strategist to be an analyser type, however yet again there is an even divide between risk takers and those who are risk averse which may go some way to explaining the equal divide between practices pursuing an expansionary and a retrenchment strategy. The following table provides the statistics to support these findings.

Table 9.26 Comparative Table Group B

| | Phase 1 Respondents (Responses July 2009) | Phase 2 Respondents (Incl. phase 1 June 2010) |
|------------------------------------|--|--|
| Company | C,D, H,I | 8 Practices |
| Link with UK practice | No | No |
| Established | All >20 years | 85% > 20 years |
| Strategist | 2 x Prospector 2 x Analyser | 75% Analyser |
| Risk attitude | 2 Taker, 1 Neutral 1 Averse | 50% Taker, 50% Averse |
| ISO | 3 Yes 1 No | 88% Yes |
| Current Employment | 1=11-20; 3 >20 | 88% > 11; 50% > 20 |
| Peak Employment | All > 20 | 100% >20; 50% > 50 |
| Macro Environ. analysis | Comprehensive | Comprehensive (75% important) |
| Industry analysis | Comprehensive | Comprehensive (75% important) |
| Internal analysis | Comprehensive | Comprehensive (Internal; R&D; Training) |
| Competitor Analysis | 1 Comprehensive 3 Cursory | Cursory (50% consider important) |
| Corporate Strategy (Past) | Expansion | 63% note a change (No specifics provided) |
| Corporate Strategy (Present) | 1 Retrench 2 Stability 1 Combination | 50% Expand 50% Retrench |
| Business strategy | 3 Differentiate 1 Stuck in middle | 63% best cost/value 38% Differentiate |
| Strategic Variation | 2 Diversify 2 International | 63% international |
| Written Strategic Plan | 2 Yes 2 No | 50% yes 50% no |
| Formality of process | 3 x Informal 1 x Formal | 50% Formal 50% Informal |
| Experience with Strategic Planning | Varied | Emerging |
| Participation in process | Limited | Limited |
| Approach | 3 Planned 1 Emergent | 75% planned |
| Communication | Formal meetings & IT | 50% Formal meetings |

QS practices within group B clearly display varied characteristics, however, they are clearly distinct from group A practices as regards ownership structure, and from strategic group C in terms of the size of the practice.

The findings from phase one are triangulated along ownership structure, varied level of strategic planning formality (existence of a written strategic plan), varied strategic planning characteristics (approach, strategist type, participation, extent of analysis, communication) as well as the diversity of corporate and business level strategy pursued.

Group C

The final group includes smaller QS practices which at peak had fewer than twenty employees. Each practice is independently owned and findings from phase two triangulate results from phase one, however, not in every case. For example the majority of phase two respondents have fewer than five employees, are not ISO certified and a notable proportion (35%) deem strategic planning to be unnecessary.

It should be noted that a number of key findings from phase one are triangulated in phase two along the following dimensions (displayed in table 9.27):

- reactor type strategist
- varied approach to strategy development, with notable absence of planned approach
- risk averse
- company size
- cursory macroeconomic , industry and competitor analysis
- comprehensive internal analysis
- unchanged corporate strategy of stability
- importance of differentiation
- lack of written strategic plan
- informal strategic planning process with limited participation
- informal communication of strategy

Table 9.27 Comparative Table Group C

| | Phase 1 Respondents (Responses July 2009) | Phase 2 Respondents (Incl. phase 1 June 2010) |
|---------------------------------------|--|--|
| Company | A,B,E,K | 45 Practices |
| Link with UK practice | No | No |
| Established | 3 practices >20 years 1 > 50 years | 24% <5 years 33% > 20 years |
| Strategist | 2 Defender 2 Reactor | 39% Reactor 27% Analyser |
| Risk attitude | 1 Taker, 3 Averse | Predominantly averse |
| ISO | 3 Yes, 1 No | 78% No |
| Current Employment | 50% 11-20 50% < 5 | 84% ≤ 5 16% 6-10 |
| Peak Employment | 50% 6-10 50% 11-20 | 53% <5 29% 6-10 18% 11-20 |
| Macro Environ. analysis | Cursory | Cursory |
| Industry analysis | Cursory | Deemed important |
| Internal analysis | Comprehensive | Comprehensive |
| Competitor Analysis | Cursory | Cursory |
| Corporate Strategy (Past) | Stability | Stability 80 % note no change past to present |
| Corporate Strategy (Present) | 1 Combination 2 Retrench 1 Stability | 56% Stability 23% Combination |
| Business strategy | 3 Differentiate 1 Stuck in the middle | 52% Best cost/value 41% Differentiate |
| Strategic Variation | 1 International 3 Partnership | 25% International 18% Partnership |
| Written Strategic Plan | 1 Yes 3 No | 82% no |
| Formality of process | Informal | Informal |
| Experience with Strategic Planning | Emerging | 43% Emerging 35% Deem not necessary |
| Participation in process | Limited | Varied |
| Approach | 1 Resource 3 Emergent | 39% Resource based 39% Emergent |
| Communication | Informal | 61% Informal |

The findings from phase one are triangulated along ownership structure, strategic planning formality (lack of a written strategic plan), strategic planning characteristics (approach, strategist type, participation, extent of analysis, communication) as well as corporate and business level strategy dimensions.

The preceding analysis demonstrates that findings have been triangulated along a number of dimensions, thus providing evidence of the reliability and validity of the study. Given the exploratory nature of the research this serves as an important contribution to knowledge in the field and furthermore, the research is potentially replicable in other PSF both within and outside of the construction industry.

9.5 Strategic Planning Guidelines for Irish QS Practices

The preceding analysis has established that the type, scope and extent of strategic planning in Irish QS practice varies broadly in line with company size and ownership structure, with limited use of strategic planning tools across the profession. The EBS SPPM has potential to provide a useful framework to assist Irish QS practices in the strategic planning process but the framework may appear daunting for non-strategy experts. When the model was presented to two respondents during the pilot test they both found the diagram confusing. During the course of the interview, both respondents demonstrated that decisions were reached broadly in line with components of the model, however, not necessarily in a systematic or structured way. Respondents thus followed what strategic planning literature purports to be important factors for strategic planning, yet they were unaware that they were doing so.

The downturn in the Irish construction industry presents an opportunity to critically evaluate QS practice management and to consider the future direction of the firm, albeit in an extremely turbulent environment. As previously noted, the extent of strategic planning is varied amongst respondents, however, what is evident is that the training and qualifications of a QS in project and risk management must be transferred from the tactical (project-specific) use to the strategic. What are required are some basic guidelines to assist QS practices in the strategic planning process.

1. Participation from all levels of staff in the process is essential

With excess capacity within QS practices, there is ample opportunity for staff to participate in the strategic planning process thus bringing a wide range of opinion, experience and perspectives to the table which will enhance the process. Some mechanisms by which this is currently achieved amongst QS practices include: staff forums, staff research and presentation of a topic of relevance or interest.

The importance of participation in PSF strategic planning has been reiterated by a number of prominent authors in the field (Maister, 2003; Løwendahl, 2005) and must be the foundation upon which the strategic planning process is laid.

2. Determine Organisational Objectives

It is necessary to define the businesses within which the practice would like to operate, including the sectors serviced and services provided. Maister (2003) suggests four key objectives for a professional service firm (client satisfaction, skill building and dissemination of skills, improved productivity resulting in better business). This is a useful starting point, following which it is necessary to:

- set realistic targets
- establish strategic planning team composition and areas of particular responsibility within the process.
- establish a timeframe within which updates will be required.

3. Environmental Analysis:

Macroeconomic and industry analysis is crucial for a construction firm. As part of the undergraduate degree QS professionals are provided with the necessary skill set to undertake such analysis. Tracking trends in key economic indicators (price inflation, demographics, fiscal policy etc.) as well as in industry (tender price inflation, planning permissions, regulations etc.) is crucial for the success of a QS practice, particularly within the context of a turbulent environment.

Many sources of information are available through government and professional body publications which must be monitored continuously. Furthermore, it is beneficial to assign responsibility for collating and distributing pertinent information in this regard to a member of staff. Macroeconomic and industry analysis is critical in assessing strengths, weaknesses, opportunities and threats facing the organisation.

The research has demonstrated that competitor analysis is not undertaken systematically by QS practices in Ireland primarily due to lack of information in this regard. Word of mouth and the “grapevine” are the two main sources of information on competitors which is unlikely to change significantly in the foreseeable future.

4. Internal Analysis: Staff and Knowledge

PSF's depend on skilled and reliable staff. The construction downturn presents an opportunity to:

- develop staff skills. Broaden range of skills in line with service provision, legislation, sustainable development or legal aspects of the business (this is being undertaken very successfully in a number of QS practices through in-house training programmes and training days).
- establish processes by which skills are disseminated throughout the office (e.g. if you attend a conference, present summary of findings to colleagues or post them on the intranet).
- document project knowledge and experience (document project experiences, positive and negative, to inform similar projects in the future).
- develop communication systems: establish procedures for the recording of data electronically (eg. develop company cost database).

5. Repeat Business

This is the single most important aspect to QS practices yet the analysis of where, why and how to secure repeat business is often considered to a lesser extent than the pursuit of new business (Maister, 2003). Repeat business and marketing the practice are important and it is necessary to:

- follow up with previous clients. Solicit client feedback, and use it!
- ensure excellent communication with clients by supplying timely information, error-free documentation etc.
- market the practice – develop and update company website; advertise in industry journals; publish an article in SCS journal or national press.

6. Strategic Choice

The choice of a generic strategy should be decided on the basis of analysis and diagnosis of the industry, economic, competitive and internal environment. It will be influenced to a large extent by the principal of the practice (particularly for the smaller firms) and by the head office (in the case of subsidiary organisations).

7. Monitoring and Implementation

When the strategic plan has been developed, it is necessary to communicate it to all staff and refer to progress at staff meetings on an ongoing basis. The PSF must recognise

that strategic planning is a continuous process that requires monitoring and updating while ensuring it maintains a flexibility to adapt to changing environmental circumstances.

8. Facilitator

The use of a facilitator to aid the strategic planning process may be beneficial (Maister, 2003). This is of particular relevance within the QS profession where the training does not include practice management or strategic planning and if it is the firms first time engaging in the process.

9.6 Conclusion

The analysis above demonstrates the comprehensive nature of the study undertaken within the context of Irish QS practices. Mixed methods have been employed to triangulate findings, which is particularly important with an exploratory study where the primary method used is qualitative.

The findings of the research demonstrate strategic awareness amongst QS practices, however, the formality of the strategic planning process varies with company size and ownership structure. QS practices adhere to EBS SPPM in the main, with the exception of competitor analysis which is divergence from the model. QS practices do not undertake competitor analysis due to the difficulty of obtaining information in this regard. A guide has been provided to assist QS strategists in the use of the EBS SPPM and offers some areas for consideration directly related to the profession.

The following chapter draws final conclusions, identifies limitations in the study as well as recommendations for further study.

10. CONCLUSIONS AND RECOMMENDATIONS

10.1 Introduction

Construction is a strategically important industry in Ireland yet there remains a dearth of empirically tested research undertaken on the strategic management and planning processes of organisations working within it. The existing body of strategic planning process literature has been widely applied to manufacturing, however, there remains a paucity of empirically tested data regarding the process within professional service firms.

This study focused on one profession, namely Quantity Surveying (QS), and the findings have provided considerable insight into this previously under-investigated area. Furthermore, the findings may also usefully be applied to other professional organisations within and outside the construction industry facing similar market and environmental conditions as QS practices.

The following sections summarise the key contributions and limitations of the study and offers suggestions for future research within the area.

10.2 Contribution to knowledge

The study provided a considerable contribution to knowledge, which may be considered along a number of dimensions, seven of which are considered in the next number of sections.

10.2.1 Quantity Surveying Profession in Ireland

Prior to this study a notable paucity of empirical investigation had been undertaken within the QS (and indeed construction industry) in Ireland. This study provides important insight regarding the size and structure of the profession which was analysed along a number of dimensions, including the:

- Number of practices in QS division of SCS
- Ownership structure (independently owned and subsidiaries)
- Number of employees within each practice (2007 and 2010)
- Sectors serviced (2007 and 2010)
- Services provided (2007 and 2010)
- Extent of ISO certification
- Number of practices with international interests

During the course of the investigation, participants noted the lack of demographic information available for the profession, which this study has thus addressed. Furthermore, given the economic circumstances under which the study was conducted it is probable that the demographics of the profession will change in the short and medium term. The findings of this study provide a benchmark against which future studies may compare variations in this regard.

10.2.2 Strategic Planning Process in QS Practices

At the time of writing, no existing empirical investigation regarding the strategic planning process within Irish QS practices was known to exist; an important aim of the research was to bridge this gap. The study has provided new information regarding the type, scope and extent of strategic planning in Irish QS practices, several characteristics of the process as well as variations therein.

Following comprehensive analysis (contained in Chapter 9), a number of conclusions may be drawn regarding the strategic planning process within Irish QS practices:

- Strategic plan formality (existence of a written plan) is positively associated with company size
- Strategic planning process formality is positively associated with company size
- Informal strategic planning is undertaken, often unbeknown to the strategist
- Industry, macroeconomic and internal analysis is prevalent, however competitor analysis is seldom carried out
- A top-down approach to the process is prevalent

- Participation tends to be limited
- Time horizon for the planning process is between three and five years
- Strategic planning tools are not used extensively
- Planning is inclined to be tactical (project-based) rather than strategic in nature
- The need for strategic planning in QS practices is beginning to emerge

The final point above is particularly important for future research within the chosen field. Evidence suggests that strategic planning is being given greater consideration within participating professional practices. Scope now exists for further (longitudinal) research to investigate how strategic planning processes emerge over time in response to the eventual upturn in the construction industry.

Furthermore, the lack of experience in strategic planning evident from the research lends support to the development of mechanisms by which professional practitioners are trained (through CPD and/or engaging a facilitator) in strategic planning. This has practical implications to QS and other professional service firms and provides a commercial opportunity in the provision of such training.

10.2.3 Groups within QS Profession in Ireland

Patterns in firm behaviour result in distinct groups becoming apparent which influence the characteristics of the strategic planning process, serving as a notable contribution to knowledge within the profession.

The first group are subsidiaries of large multinational organisations, consequently the strategic planning process tends to be more formalised, result in a written strategic plan and involve a greater number of participants across organisational levels.

The second group are medium to large indigenous practices which are more varied in the approach to strategic planning. Many have a formal process (similar to that in the first group) while an equal number have an informal approach (similar to that of the third group).

The final group are small practices wherein strategic planning is informal and unsystematic and seldom results in a written strategic plan. However, as noted in the previous section, there is a growing realisation of the need to engage in a more organised process.

The approach to the strategic planning process is heavily influenced by the strategist. In the first two groups the dominant strategic type (based on the Miles and Snow, 1978, typologies) is prospector with a planned approach to strategy whereas in the third group a defender type with emergent approach is more apparent. This is a key finding in the context of the study which influences the strategic choices made within the QS profession.

10.2.4 Strategic Choice – Past, Present and Future

The current economic climate within which QS practices are operating has affected the choice of strategy being pursued by QS practices. The study revealed that the overriding strategy at present is survival however this has differed amongst the groups in the past. The primary corporate strategy pursued within the first two groups (noted in the previous section) was an expansionary strategy during the construction boom. Practices within the final group sought to defend their market position, keep the organisation at a certain size and rely on repeat clients to generate business. Stability was thus the primary concern of such practices, even when opportunities were available to expand.

The strategic choices made by QS practices have changed in line with changing circumstances and given the cyclical nature of construction, are likely to continue to evolve over time. This study has provided invaluable insight into the strategic choices of the practices offering the opportunity for future investigations to track and monitor changes using this investigation as a yardstick by which future changes may be analysed.

10.2.5 Strategic Planning Guidelines for Professional Practices

Linked to the conclusions presented in section 10.2.2 above, a number of guidelines have been developed to assist QS professionals in the process of strategic planning. It is evident from the study that QS's have the requisite skills for engaging in complex planning however at present it is evident at a project level (tactical) to a greater extent than strategic. Guidance and direction as to how commence the strategic planning process are offered in Chapter 9, providing another important contribution to knowledge.

10.2.6 Tried and Tested Methodology

The chosen methodology for the research was informed not only by existing literature in the field, through pilot testing of both phases of research and also by using phase one to shape the second phase. Few limitations were encountered with the mixed methods employed, and the results generated provided a considerable contribution to knowledge. It is clear that the chosen methodology has been rigorously tested and proven to yield a significant amount of information across a broad spectrum of variables pertaining to strategic planning.

The thoroughness of approach to the investigation results in the potential for the research instruments to be replicated in future studies of professional service firms, both within and outside the construction industry.

10.2.7 Application to other Professional Service Firm's

As noted in the previous section, the research method has potential to be applied across any PSF, so too do many of the guidelines noted in section 10.2.5.

The literature review contained within this study has noted the prominence of manufacturing within strategic planning literature as well as differences in the process between manufacturing and PSF's. This research has provided a contribution to

research of PSF's, in particular QS practices, however, has potential to be applied, compared and analysed across any professional practice.

10.3 Limitations of Study

The study conformed to the rigours necessary for undertaking empirical research at this level, however, a number of possible limitations may be identified.

Research Sample

The study focused on QS practices specifically, and whereas it was necessary to confine the scope to facilitate an in-depth investigation, there are a number of other professionals operating within the industry for which the research could usefully be extended for comparative purposes.

Research Design

The primary research method employed was qualitative, following which quantitative research was undertaken. The qualitative phase of research was undertaken ahead of the quantitative due to the lack of existing empirically tested research in the area.

The nature of an exploratory study requires flexibility in design (Robson, 2002) and the study demonstrates the importance of such flexibility. The research tool has now been tested thus future studies using the same questionnaire may be administered ahead of in-depth interviews

Length of Study

Field work was undertaken over a twelve month period during which industry factors were changing rapidly. Future studies could potentially take a longitudinal approach to monitor changes in strategic planning practices over time, and correlate the extent of change against the business cycle.

Researcher Bias

The extent of researcher bias was limited. The researcher was not a QS, nor a member of the SCS, thus she remained objective throughout. Respondents from phase one were

aware of the researcher's independence which probably resulted in a more open discussion in the absence of her affiliation with any relevant professional body.

10.4 Recommendations for Future Research

A number of opportunities for future research have been noted in section 10.2 above, the most notable of which are considered in the following sections

10.4.1 QS Practice Groups

Considerable research has been undertaken in identifying group behaviour (Desarbo et al. 2009;), much of which concentrates on the stability of groups over time (Cool & Schendel, 1987; Mascarenhas & Aaker, 1989). Evidence from the research at hand confirms the existence of distinct groups within the profession which may be further expanded in the context of strategic group behaviour. The measurement criteria by which strategic planning in QS groups were classified provide a useful framework for future research in this regard.

10.4.2 Performance Relationships

The debate regarding the relationship between strategic planning and organisational performance is ongoing (see section table 2.1). The relationship is outside the scope of the research at hand, however, given the contribution to knowledge the study has provided thus far, potential now exists to extend the scope to incorporate performance measures. New insight has been gained through this investigation regarding the structure of the profession, strategic choice and strategic planning process in QS practices, any of which may be used as a criteria against which performance may be measured.

Furthermore, some research evidence suggests a link between strategic groups and relative performance (Leask & Parker, 2007; Short et al, 1087) which clearly adds another dimension to the analysis. Once again, a future study may usefully explore this relationship in the context of QS (and other) professional practices.

10.4.3 Construction and other Professional Practices

The existence of a number of professional service firms within the industry lends itself to the study being replicated in other such firms. The environmental conditions facing engineering and architectural practices, for example, are similar to those experienced by QS practices, therefore the strategic management of such PSF's are comparable.

The research method has been derived from the extensive literature base, pilot tested, and used in the main study with few limitations having been encountered. Importantly, the research has been designed such that despite it's being applicable to QS practices it is not specific to such firms.

The research instrument is thus ready to be applied to other PSF's providing an opportunity to explore strategic planning processes in a variety of professions. Clearly scope exists on completion of such empirical testing in other professions, to compare the strategic planning process across a range of PSF firms.

Finally, as noted in section 10.2.2, the relative inexperience in strategic planning amongst professionals coupled with the realisation of the need for strategic planning presents a commercial opportunity in the provision of training and consultancy to professional practices.

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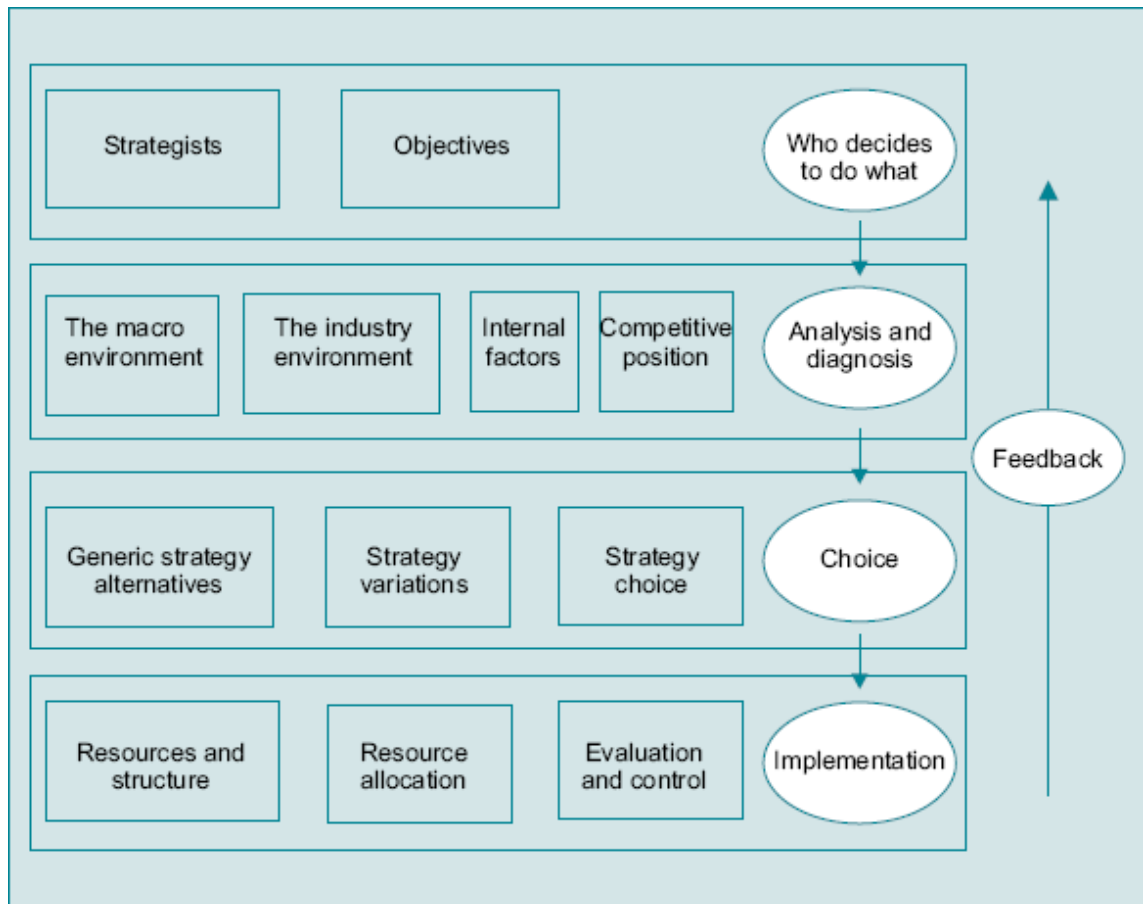
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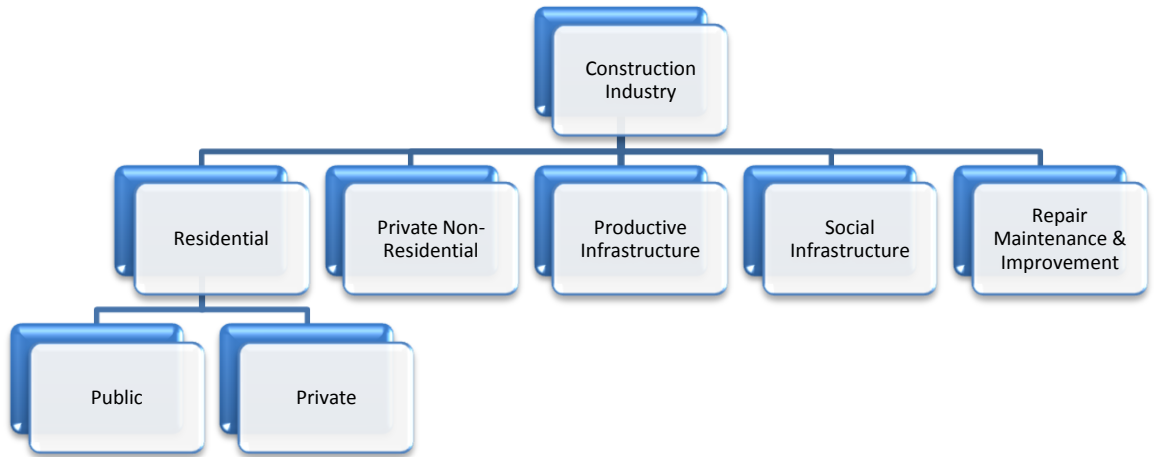
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**Appendix A Edinburgh Business School Strategic Planning
Process Model**



Appendix B Augmented Process Model

| Who Decides To Do What | Analysis And Diagnoses | Analysis And Diagnoses (cont'd) | Choice | Implementation |
|--|---|---|--|--|
| <p><i>Objectives</i></p> <p>Business definition</p> <p>Mission</p> <p>Shareholder wealth</p> <p>Gap analysis</p> <p>Means and ends</p> <p>Ethics</p> <p>Profit maximisation</p> <p>Growth vector</p> <p>Stakeholder map</p> <p>Credible, quantifiable, disaggregated, economic, financial</p> <p><i>Strategists</i></p> <p>Principal agent</p> <p>Prospector, analyser, defender, reactor</p> <p>Risk aversion</p> <p>Team composition</p> <p>Group dynamics</p> | <p><i>The general environment</i></p> <p>Macroeconomic analysis: unemployment, inflation, interest rate, exchange rate</p> <p>Forecasting</p> <p>Competitive advantage of nations</p> <p>Environmental scanning</p> <p>PEST</p> <p>Scenarios</p> <p><i>The industry and international environment</i></p> <p>Demand and supply, price determination, elasticity</p> <p>Barriers to entry</p> <p>Forms of competition: perfect, imperfect, oligopoly, monopoly</p> <p>Segmentation</p> <p>Differentiation</p> <p>Quality</p> <p>Strategic groups</p> | <p><i>Internal factors</i></p> <p>Value chain</p> <p>Shareholder value analysis</p> <p>Competence</p> <p>Architecture</p> <p>Experience curve</p> <p>Economies of scale</p> <p>Innovation</p> <p>Economies of scope</p> <p>Synergy</p> <p>Joint production</p> <p>Opportunity cost</p> <p>Marginal analysis</p> <p>Ratios</p> <p>Gearing</p> <p>Cash flow</p> <p>Benchmarking</p> <p>Human resource management</p> <p>Culture: power, role, task, personal</p> <p><i>Competitive position</i></p> <p>Product life cycle</p> <p>Market share</p> <p>Portfolio analysis</p> <p>Perceived differentiation</p> <p>Strategic groups</p> <p>Competitive reaction</p> <p>First mover</p> <p>Five forces</p> <p>Elements of competitive advantage</p> <p>ETOPS</p> <p>Strategic advantage profile</p> | <p><i>Generic strategy alternatives</i></p> <p>Corporate and business strategy</p> <p>Stability, expansion, retrenchment</p> <p>Combination</p> <p>Cost leadership</p> <p>Differentiation</p> <p>Focus</p> <p>Segmentation</p> <p>Strategy variations</p> <p>Diversification: related and unrelated</p> <p>Vertical integration</p> <p>Mergers and acquisitions</p> <p>Joint ventures and alliances</p> <p>Pricing: leadership, limit, predatory</p> <p>Strategy choice</p> <p>Risk analysis</p> <p>Managerial perceptions</p> <p>Net present value</p> <p>Familiarity</p> <p>Scenarios</p> <p>Break even</p> <p>Payback</p> <p>Sensitivity</p> <p>SWOT</p> <p>Game theory</p> | <p><i>Resources and structure</i></p> <p>Divisional, functional, matrix</p> <p>Managerial style</p> <p>Critical success factors</p> <p>Incentives</p> <p><i>Resource allocation</i></p> <p>Opportunity cost</p> <p>Marginal analysis</p> <p>Optimisation</p> <p>Budgets</p> <p>Critical success factors</p> <p><i>Evaluation and control</i></p> <p>Performance measures</p> <p>Ratios</p> <p>Degree of Planning and type of Control</p> <p>Monitoring systems</p> |
| | | | | <p>Feedback</p> <p>Communication</p> <p>Management style</p> <p>Adaptability</p> <p>Learning organisation</p> |



Summary of John Boon Work.

| | 2001 | 2008 |
|-------------------------------|---|---|
| Market orientation | <ul style="list-style-type: none"> • 75% had expanded services • All recorded an increased workload from banking sector • 75% had clear value-added strategy | <ul style="list-style-type: none"> • Practices that dominate the sector are part of an international group • As market improved practices returned to core business • High level advice at outset of project including procurement methodology |
| Knowledge base | <ul style="list-style-type: none"> • Knowledge in minds of the staff • 75% had annual reviews • 75% had ISO accreditation • Firms with international connections accesses expertise when required • Mentoring juniors (on a need-to-know basis). | <ul style="list-style-type: none"> • Annual review of staff including training needs • All have formal quality assurance systems • International connections still important for knowledge transfer • Only one ISO accredited • More formalised mentoring of juniors |
| Flexibility in cost structure | <ul style="list-style-type: none"> • Difficulty in recruiting staff • Using post contract work as a buffer, use of overtime and transfer of work between offices • Fewer temporary employees | <ul style="list-style-type: none"> • Difficulty obtaining sufficient numbers of skilled professionals |

| | | |
|--------------------------------------|--|--|
| | <p>and subcontractors available</p> <ul style="list-style-type: none"> • Less of an issue during this period | |
| Efficiency and price competitiveness | <ul style="list-style-type: none"> • All believed they are now more efficient • Period not as “cut-throat” as original investigation • All reviewing IT systems | <ul style="list-style-type: none"> • Competition for larger projects based on competence and price |
| Financial resources | Not a significant issue during this period | High workload and reasonable profits |
| Strategy | <ul style="list-style-type: none"> • Adopted a value-added strategy • Not able to find means of further lowering cost-base | <ul style="list-style-type: none"> • Half of respondents have strengthened the value added position • Half have moved to cost leadership with a lower level of service |

Appendix E Interview Prompt Sheet

INTERVIEW PROMPT SHEET

SUMMER 2009

PRIVATE AND CONFIDENTIAL

Company Name: _____

Interviewee: _____

Position in Organisation: _____

Date of Interview: _____

1. GENERAL COMPANY INFORMATION

- In what year was your company established?
- How many people are employed in the company?
 QS Admin. Other
 Peak
 Currently
- How is the organisation structured?
- What are the key sectors serviced by your organisation?
 - ~ Has this changed significantly over the last number of years?
- What are the main services which your organisation provides? (*Quantity Surveying; Project Management; Health and Safety*)
 - ~ Has this changed significantly over the last number of years?
 - ~ What have been the main drivers of change?

- Describe your organisations' experience over the last 5 years. What has been happening; how has it affected the firm; what are the ways in which the firm has had to adapt; has it caused firm to change strategy?

2. ORGANISATIONAL OBJECTIVES AND STRATEGIST

- Has the company got a clear set of organisational objectives? Does the company have a strategic plan?

~ Are they written down/formally recorded? (Formality)

- In the last 5/10 years, what has been the company's overall objective? (*Growth/Stability/Retrenchment*)

Peak:

Currently:

- How has it sought to achieve objectives? (*cost leadership, differentiation, focus*)

Peak:

Currently:

- How do you go about reducing cost and improving service to enhance value for the customer? (*Efficiencies*)

- What is the key driver of the planning process? (*profitability, resources allocation, communication, image enhancement?*)

- Where do strategic initiatives come from? (*staff, competitors, clients?*) Flow

- Are objectives primarily short term, long term or on a project basis?

~ Is project planning prioritised over strategic? (strategic versus tactical)

- Are staff involved in the process of objective setting? (participation)

- How are objectives disseminated throughout the organisation (integration)

- ~ Are they incorporated into performance measures?
 - ~ Are they apparent within individual project planning?
 - ~ Do they influence resources allocation?
- What are the main difficulties in setting the organisational objectives?
-
- What are the main hindrances to strategic planning in general?
-
- Do you consider alternative courses of action?

3. ENVIRONMENTAL ANALYSIS

Macro Environment

- What is the most significant aspect of the macro economy affecting your organisation?
 - ~ **Uncertainty**: how do you deal with it? Flexibility built in? Contingency?
 - ~ **Information gathering**; regularity with which it is sought? Does somebody have responsibility for it? How and where does information come from?
 - ~ Formal **process** for gathering information? What are the key areas for which data is gathered regularly?
- Have government decision made a considerable impact? (new forma of contract; NDP; Capital spending)
 - ~ What has been the most significant change directly affecting your organisation?

Industry Environment

- How do you envisage the industry changing in the short/medium term?
 - ~ What are the key drivers of change?
 - ~ How has the organisation had to change to meet the changing market conditions?

- ~ What is your expectation of levels of market activity over the next two years?
- How do you envisage the profession changing over the short/medium term?
 - ~ **Fee levels:** how do you foresee fees changing? Will it be a SR or a LR issue? How will it affect the way you do business?
 - ~ Perceived changes in the **ROLE of the QS**
 - ~ **Related professions**
 - ~ **SCS/RICS:** do you get any benefit from being a member of the SCS? Are there any areas which you feel could be improved upon?

Internal Organisation

- Do you periodically analyse your own business (in terms of identifying key strengths and weakness, profitability, productivity, marketing, quality of service)?
- **Repeat business** is an important aspect of a professional service practice, can you briefly describe:
 - ~ Partnering arrangements
 - ~ Communication channels
 - ~ Problems and how they were resolved
 - ~ Do you solicit feedback on services provided?
- **Quality:** in terms of the quality of service provided, it is usually measure in terms of what the clients receives, or how it is delivered?
- **Staff:**
 - ~ Training and development. Can you outlined the provision currently in place for staff development
 - ~ Involvement in the planning process
- **IT**
 - ~ Does the company utilise IT packages in the delivery of projects
- **Finance:**
 - ~ Has the company built in financial contingency given the current economic climate?
 - ~ How significant has tender place deflation impacted on your organisation?

Competitive Environment

- How would you describe the competitive environment within which you operate?
 - ~ Peak
 - ~ Currently

- Is there a system/process for monitoring changes in the economic and competitive environment? (formality and comprehensiveness)

- Does the organisation seek information on competitors? How does the organisation obtain such information? (formality and comprehensiveness)

- How do you think your competitors have reacted to the (similar) circumstances facing the industry?

- Is there anything in particular that you believe sets you apart from competitors?

4. STRATEGIC CHOICE

- Looking ahead, what is the company's main objective going forward?

- How is this most likely to be achieved? (*cost leadership, differentiation, new markets, alliances/partnerships*)

- What do you believe to be the key challenges in achieving the objective? How are you going to address the challenge?

- Are there contingencies built in?

5. IMPLEMENTING STRATEGY

- Given the current situation within the industry are there any issues in relation to staff?

- Are you considering mechanisms to retain and transfer existing knowledge?

- To what extent will training/retraining be necessary?

- Overall, what areas could present opportunity for the profession?
- Overall, what are the key threats/hindrances to the profession/industry?

Appendix F Article for the SCS Magazine

Strategic Planning in Irish Quantity Surveying Practices

By Róisín Murphy BA(hons); PDES; MBS; MSc.

Strategic planning is an important function of business which has been analysed in a variety of industry settings. There remains a notable lack of investigation of the construction industry particularly regarding QS practices.

Numerous reports have been published which rightly highlight the importance of construction to the economy as a whole, but comparatively few investigate how, at a micro-level, these firms are managed. What size are practices? What strategies are being pursued? What are the objectives for the future? How are they seeking to achieve them? In order to address these questions a survey was conducted of QS practices at chief executive, managing director or managing partner level.

Profile of QS Practices

Prior to investigating the strategic planning in QS practices, it is useful to establish a context of the professions structure. The following provides a snapshot of the QS profession in Ireland:

- 85% of practices are independently owned. The remainder are part of an international organisation
- 79% in business more than 5 years; with 66% in business over 10 years
- 39% are ISO certified
- 66% have five or fewer employees, with only 1 respondent having greater than 100
 - ~ These figures were 41% and 2 respectively at peak (2007)
- Services currently being provided:
 - ~ 97% offer traditional QS services, 76% offer project management; 55% bank monitoring; 31% construction management; 23% Sustainability-related services
 - ~ 71% confirm that the range of services provided has not changed in last five years
- Evidence of concentration on private non-residential and social infrastructure sectors at present

Characteristics of Strategic Planning in QS Practices

The process of strategic planning may be formal or informal, planned or emergent, and involves many or few members of the organisation in its development. Characteristics of strategic planning in Irish QS practices include:

- 30% of practices have a written plan. These practices tend to be larger practices, many of which have links to a global construction cost consultancy firm.
- Regardless of the formality of the process or the existence of a written strategic plan, it is evident that principals of QS practices consider similar issues as those undertaking a formal approach to the process.
- Critical factors for the success of QS practices include quality staff, repeat business and maintaining relationships with other industry professionals.
- Industry and economic analysis are prevalent however a notable lack of analysis of competitors is undertaken.
- In general, the strategic planning process tends to be unstructured and undocumented. Outcomes of the process are communicated informally amongst staff.
- Participation is limited to senior management.

QS practices are thinking and acting strategically however not necessarily in a systematic way. It is inconceivable to think of undertaking a construction project without a plan yet entire practices are being run (and often quite successfully) without one! Crucially however, over 40% of respondents noted that strategic planning processes are beginning to emerge in their practice, with only 24% believing it to be unnecessary (of these 24%, 85% have fewer than 5 employees).

What strategies are QS practices pursuing?

The turbulent environment within which QS practices are operating has presented a number of challenges hence survival is the overriding concern. It is interesting to note however, that many strategies currently being pursued have not changed between the peak and trough of the construction cycle.

The following summary is indicative of the responses received:

- 50% of respondents are seeking stability in a rapidly changing environment
- 27% are rationalising or downsizing their operations (this figure may be low due to previous rationalising having taken place)
- The most common mechanisms by which strategy is being pursued (which for 75% of respondents have not changed in the last five years) include:
 - ~ to provide the best value compared to rivals (59%)

- ~ to differentiate their service from competitors (39%)
- ~ to compete based on providing lower overall cost than rivals (15%) - an interesting finding in light of current trends in tender price inflation
- Approximately 33% QS practices are seeking opportunities abroad. The two most common places cited as being the UK and Middle East.

A diverse range of strategies are being implemented as a means to survive the current downturn. Patterns in the strategic planning process result in the existence of groups within the profession. Three distinct groupings are evident, centred on size and ownership structure which influences the type, scope, formality of the process and to a lesser extent the current strategy being pursued.

Group 1

Practices forming part of a larger international group tend to have a formal, structured process for strategy development, involving participants from several levels within the organisation. The strategic planning process closely mirrors that of head office which is often the driving force behind the whole process. These practices, although currently seeking stability, expanded considerably during the construction boom and have the capacity to undertake large projects and offer a diverse range of services.

Group 2

The next group are also reasonably large (greater than 20 employees) indigenous firms. Although comprehensive macroeconomic and industry analysis is undertaken by this group, the strategic planning process is often informal. Only half of the practices have a written strategic plan, and where one exists, the extent of participation of staff is limited. Similarly to the first group, these practices expanded rapidly through the construction boom and many are now seeking stability in the domestic market while exploring opportunities abroad.

Group 3

The final group consists of small to medium sized QS practices, ranging from sole traders to twenty employees, and represent over fifty percent of survey respondents. The majority of this group have no formal strategic plan or planning system in place, however three quarters confirm that strategic planning processes are beginning to emerge. QS practices within this group did not expand rapidly during the construction boom and consequently have faced a proportionately smaller reduction in staff numbers in the downturn. Corporate strategy has not changed significantly over the last number

of years and differentiation of service provision is reliant on the provision of a personal service to clients.

Where to from here?

The organisational benefits of strategic planning are well documented. The recognition of the need for strategic planning in the profession is now becoming increasingly apparent. The multi-dimensional nature of strategic planning results in a complex process which is exacerbated in the context of a turbulent environment. The process does not however need to be cumbersome or rigid, nor does it require the recruitment of external consultants. Strategic planning must be systematic, participative, ongoing and realistic yet remain flexible to allow for changes within the industry and competitive environment. Participation from staff is a crucial component for idea generation as well as instilling a sense of ownership of the strategy. This is particularly important for professional service practices whereby staff interaction with clients fosters the reputation upon which repeat business depends.

The education, training and knowledge of the QS in project and risk management must be transferred from the tactical to the strategic in order to better position QS practices for the recovery.

Appendix G Pilot Questionnaire Feedback Form

Pilot Study - Strategic Planning in QS Practices

4. Feedback on the Questionnaire

Thank you very much for taking the time to participate in the pilot study of my research.

Your feedback on the survey will assist me in making improvements prior to undertaking the main study. To that end, the next number of questions seek feedback on various aspects of the questionnaire and invite you to provide your own comments.

Once again, your assistance in this regard is much appreciated.

Should you have any queries or require further information, please do not hesitate to contact me at roisin.murphy@dit.ie

Kind regards

Roisin

35. How long did it take you to complete the questionnaire?

36. What is your opinion of the questionnaire length?

- Too long
 Too short
 About right

Comments

37. What is your opinion of the clarity of questions?

- Poor
 Satisfactory
 Very Good
 Excellent

Comments

Pilot Study - Strategic Planning in QS Practices

38. What is your opinion of the format and structure of the questionnaire?

- Poor
- Satisfactory
- Very Good
- Excellent

Comment

39. Does the survey contain any questions that you believe to be inappropriate or too invasive?

- Yes
- No

If yes please specify

40. Does the survey omit a key issue regarding strategic planning in Quantity Surveying practices?

- Yes
- No

If yes please specify

41. Did you have any difficulty in completing the questionnaire?

- Yes
- No

If yes please specify

Appendix H Questionnaire

Strategic Planning in Irish Quantity Surveying Practices

1. General Company Information

Responses to the questionnaire will be treated with strict confidentiality. Analysis will be undertaken based on aggregates and neither individual nor company names will be specifically identified at any stage.

1. Please select the position you currently hold within your organisation.

- Managing Director/Partner
- Director/Partner
- Associate Director
- Other (please specify)

2. Please indicate the number of years your organisation has been in business.

- 0-5 years
- 6-10 years
- 11-20 years
- 21-50 years
- >50 years

3. The ownership structure that best describes your organisation is...

- Independently owned
- Wholly owned subsidiary
- Other (please specify)

4. Does your organisation currently hold ISO Certification?

- Yes
- No

Strategic Planning in Irish Quantity Surveying Practices

5. Please indicate the number of people CURRENTLY employed in your organisation

- 0-5
 6-10
 11-20
 20-50
 50-99
 >100

6. Please indicate the maximum number of people your organisation employed during the PEAK of the construction boom (c. 2007)

- 0-5
 6-10
 11-20
 20-50
 50-99
 >100

7. Please indicate the key services CURRENTLY provided by your organisation.

(Note: select as many services as appropriate - multiple answers will be accepted.)

- | | |
|--|--|
| <input type="checkbox"/> Traditional Quantity Surveying Services | <input type="checkbox"/> Facilities Management |
| <input type="checkbox"/> Construction Management | <input type="checkbox"/> Bank Monitoring |
| <input type="checkbox"/> Project Management | <input type="checkbox"/> Sustainability |
| <input type="checkbox"/> Health and Safety Management | <input type="checkbox"/> Other |

If other services provided, please specify

8. Has the range of services provided by your organisation changed in the last 5 years?

- No
 Yes

If "yes", please specify

Strategic Planning in Irish Quantity Surveying Practices

9. Please identify the proportion of your overall workload CURRENTLY being undertaken within each of the sectors listed below.

| | 1 None at all | 2 Small proportion | 3 Moderate proportion | 4 Large proportion |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Residential (private or public) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Private non-residential (office, retail etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Productive infrastructure (civils, roads etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Social infrastructure (healthcare, education etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

10. Has the proportion of work undertaken within each sector serviced changed in the last 5 years?

- No (if selecting this option please then click the "next" button at the end of the page to skip the following question)
- Yes

11. Please identify the proportion of your overall workload undertaken within each of the sectors during the PEAK of the construction boom (c.2006).

| | 1 None at all | 2 Small proportion | 3 Moderate proportion | 4 Large proportion |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Residential (private or public) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Private non-residential (office, retail etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Productive infrastructure (civils, roads etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Social infrastructure (healthcare, education etc.) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

2. Strategic Management Practices

The following section seeks information regarding strategic management practices within your organisation.

12. Organisational Strategy

Please select the statement that best describes your organisation's strategic intention.

- The organisation is primarily concerned with the identification of new market opportunities and the provision of new services and innovations.
- The organisation seeks to defend market share in some sectors while pursuing promising new developments in others following extensive market analysis.
- Maintaining the current market position of the organisation is of critical importance while developing new market opportunities are less important.
- Decisions are reached based on circumstances as they arise.

Strategic Planning in Irish Quantity Surveying Practices

13. Approach to strategy formation.

Please indicate the approach to strategy formation which is dominant within your organisation.

- The business environment is analysed and objectives are determined, following which a plan is worked out by senior management which is then passed down for implementation.
- Strategy is not planned before the event but emerges over time, therefore may appear to have little structure.
- Competitive advantage rests within our company's internal resources/capabilities which drives the strategy formation process.

14. Risk attitude.

Please indicate the extent of your agreement with each statement.

| | 1 Strongly disagree | 2 Disagree | 3 Neither agree nor disagree | 4 Agree | 5 Strongly agree |
|---|---------------------------|--------------------------|---------------------------------------|--------------------------|--------------------------|
| The organisation has a strong tendency for low-risk projects | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Top managers in the organisation believe it is best to explore opportunities gradually via incremental behaviour. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| The organisation typically adopts a cautious "wait-and-see" posture. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

15. Please indicate the degree of importance of each issue below for your organisation to compete successfully.

| | 1 Unimportant | 2 Of little importance | 3 Moderately important | 4 Important | 5 Very important |
|---|-----------------------|------------------------------|------------------------------|-----------------------|------------------------|
| Analysis of competitors | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Construction industry analysis | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Macroeconomic analysis | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Internal organisation analysis | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Repeat business | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Relations with other industry professionals | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Long range planning | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Staff training and development | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Research and development | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Quality control | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Other (please specify) | | | | | |

Strategic Planning in Irish Quantity Surveying Practices

16. Corporate Strategy

Please select the strategy that best describes your **CURRENT** corporate strategy/business objective.

- Maintain current market position in the face of rapidly changing competitive environment
- Expansion into new growth sectors/markets
- Rationalisation/downsizing of current operations in pursuit of greater efficiency
- Combination of any two above

If combination, please specify the combination

17. Has the overriding corporate strategy changed in the last 5 years?

- No
- Yes

If "yes" please specify

18. Business Level Strategy

Please state the primary mechanism by which your **CURRENT** strategy is most likely to be achieved.

- Strive to achieve lower overall cost/price than rivals.
- Seek to differentiate our service from rivals to appeal to a broad spectrum of clients
- Provide the best value compared to rivals offering services with similar attributes
- Concentrate on narrow market segment and compete with rivals on basis of lower cost/price
- Concentrate on narrow market segment and compete on basis of customised attributes

19. Has the overriding business level strategy changed in the last 5 years?

- No
- Yes

If "yes" please specify

Strategic Planning in Irish Quantity Surveying Practices

20. Please indicate if any of the variations below are currently being considered/pursued.

- Partnership with QS practice(s)
- Acquisition of a QS practice
- Merger with QS practice
- Operate in a foreign market (please indicate general location below)
- Other (please specify below)
- None of the above

Further details may be provided in the textbox below

21. Please indicate how your organisations strategy is communicated to firm members.

- Informal discussion/word of mouth, in a broad, general fashion
- Formal meetings, where firm strategy is communicated verbally
- Through the distribution of documents explicitly containing firm strategy
- Other (please specify)

22. To what extent have personal lifestyle choices influenced your company's strategic decisions?

- No influence at all
- Little influence
- Some influence
- Significant influence

Please feel free to expand if you wish

3. Strategic Planning and Decision Making Process

The following questions relate to the strategic decision making process within your organisation.

Strategic Planning in Irish Quantity Surveying Practices

23. Please indicate your extent of agreement/disagreement with each statement below.

In our company....

| | 1 Strongly disagree | 2 Disagree | 3 Neutral | 4 Agree | 5 Strongly agree |
|---|---------------------------|-----------------------|-----------------------|-----------------------|------------------------|
| Strategic/business planning process is very structured | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Written guidelines exist to structure strategic/business planning | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Outputs of strategic/business planning are formally documented | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| We are exhaustive in gathering relevant information | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| We determine optimal courses of action from alternatives | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| We delay decisions until all alternatives have been evaluated | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The planning flow is "top down" | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Our process of strategic/business planning involves numerous participants at all levels of the organisation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Participation of (external) specialists in strategic planning is high | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Line managers and staff are involved in the strategic/business planning process | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| We constantly evaluate and review strategic plans | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| We frequently adjust strategic plans to adapt them to changing conditions | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Strategic planning is a continuous process | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

24. Which one of the following best characterises your firms experience with strategic planning?

- The organisation has no experience of strategic planning at present, and it is not deemed necessary.
- Procedures and policies for conducting planning are just beginning to emerge.
- Planning activities have been formally developed and tested.
- Long history of strategic planning activities.

25. Does your organisation currently have a formal (written) strategic plan?

- No (if selecting this option, please then click the "next" button at the bottom of the page to skip the next number of questions)
- Yes

Strategic Planning in Irish Quantity Surveying Practices

26. Please identify which of the following are contained within your strategic plan identifying additional items in the text box provided.

(Note: please select as many as are appropriate, as multiple answers will be accepted)

- | | |
|--|---|
| <input type="checkbox"/> Mission/vision statement | <input type="checkbox"/> Corporate appraisal (e.g. SWOT analysis) |
| <input type="checkbox"/> Organisation objectives | <input type="checkbox"/> Organisational core competencies |
| <input type="checkbox"/> Organisation structure | <input type="checkbox"/> Marketing strategy |
| <input type="checkbox"/> Sales targets | <input type="checkbox"/> Production/operation process |
| <input type="checkbox"/> Profit targets | <input type="checkbox"/> Quality Assurance process |
| <input type="checkbox"/> Industry analysis (construction) | <input type="checkbox"/> Staff appraisal |
| <input type="checkbox"/> Industry analysis (QS profession) | <input type="checkbox"/> Staff training and development |
| <input type="checkbox"/> Competitor analysis | |
| <input type="checkbox"/> Additional Items (please specify) | |

27. Please indicate the usual planning horizon/duration for your strategic plan (i.e. the amount of time into the future the plan covers)

- 1-3 years
- 4-7 years
- 8-15 years
- >15 years
- Other

If you selected "other" please specify

Strategic Planning in Irish Quantity Surveying Practices

28. The following are possible obstacles/difficulties associated with the FORMULATION of a strategic plan.

Please indicate the frequency with which each has been experienced by your organisation.

| | 1 Never | 2 Rarely | 3 Occasionally | 4 Frequently | 5 Very frequently |
|--------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Time constraints | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Market uncertainty | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Lack of expertise | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Budget constraints | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Resistance to change (by staff) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Resistance to change (by management) | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Other obstacles (please specify) | | | | | |

29. Please select the use(s) of your organisation's strategic plan.

(Note: select as many as are appropriate, as multiple answers will be accepted)

- To guide company operations
- To measure company performance
- To establish incentives for managers
- To improve allocation of resources
- To obtain funding
- To assist in attracting major customers
- To gain ISO certification

Other uses (please specify)

Strategic Planning in Irish Quantity Surveying Practices

30. How often has your organisation experienced the following difficulties in the IMPLEMENTATION of your strategic plan?

| | 1 | 2 | 3 | 4 | 5 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| | Never | Rarely | Occasionally | Frequently | Very frequently |
| Day to day operations distracted attention from implementation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Implementation took longer than anticipated | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| The stated objectives were unachievable | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Employee's capabilities were insufficient | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Communication was inadequate | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Overall goals of strategy were not well enough understood by staff | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| External factors impacted on implementation | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Co-ordination of implementation not effective enough | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |
| Unanticipated problems arose | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> | <input type="radio"/> |

31. Please feel free to identify any issue relating to the strategic management of your QS practice which you believe is important, yet not addressed in the questionnaire.

Appendix I Correspondence with Survey Respondents

A. E-mail seeking participation from Phase 1 Respondents

Message Delivery Schedule

Delivery completed on May 5, 2010 11:47.

Message Recipients

The message mailed to 11 recipient(s). [View](#)

Message Preview

Below is a preview of your message based on the first recipient in your list ([Email]).

To: [Email]

From: roisin.murphy@dit.ie

Subject: Strategic Planning in Irish Quantity Surveying Practices - Phase 2

Body: Dear [FirstName]

Hope you are well.

Further to my previous correspondence, you will be aware that on behalf of DIT and the SCS I am undertaking a survey of every QS practice in Ireland.

Having participated in the first phase of my doctoral research, you have been extremely generous with your time and willingness to provide invaluable insight into the strategic management of your own QS practice. In order to validate my findings from phase one, and to reflect any changes since our meeting, I would once again be grateful for your participation in this final phase of my research.

The questionnaire contains 31 questions and takes approximately 15 minutes to complete. As always, responses will be treated with strict confidentiality and neither individual nor company names will be identified in subsequent analysis. Results will be aggregated across all participating practices prior to being analysed and published.

The survey can be accessed by clicking on the following link:

<http://www.surveymonkey.com/s.aspx>

However, should you experience difficulty in accessing it through the link, please copy and paste it into your internet browser.

I would like to take this opportunity to thank you very much once again for your participation.

Should you have any queries or require further information, please do not hesitate to contact me at roisin.murphy@dit.ie .

Yours sincerely

Róisín Murphy BA(hons); PDES; MBS; MSc.

Lecturer

School of Real Estate & Construction Economics

Dublin Institute of Technology

Bolton Street

Dublin 1

NOTE: If you would rather not participate in the survey, please click on the following link to be excluded from future correspondence.

<http://www.surveymonkey.com/optout.aspx>

B. E-mail seeking participation from wider sample

Message Delivery Schedule

Delivery completed on May 5, 2010 11:11.

Message Recipients

The message mailed to **156** recipient(s). [View](#)

[Message Preview](#)

Below is a preview of your message based on the first recipient in your list ([Email]).

To: [Email]

From: roisin.murphy@dit.ie

Subject: DIT/SCS research: Strategic Management of Irish QS Practices

Body: Dear Sir/Madam,

As part of my doctoral research and on behalf of Dublin Institute of Technology and the Society of Chartered Surveyors, I am undertaking a survey of every Quantity Surveying (QS) practice in Ireland. The purpose of the study is to examine the management process of professional QS practices and in particular reflect changes therein.

To date, very few high level studies have been undertaken in this field (particularly in an Irish context) therefore your participation will provide invaluable insight into an area of increasing importance.

The survey contains 31 questions and takes approximately 15 minutes to complete. Answers will be treated with strict confidentiality, and neither individual nor company names will be identified at any stage in the analysis. Results will be aggregated prior to publishing through the SCS.

The survey can be accessed by clicking on the following link:

<http://www.surveymonkey.com/s.aspx>

If you have difficulty in accessing the survey please copy and paste the link into your internet browser.

I would like to take this opportunity to thank you very much for taking the time to complete the questionnaire, it is much appreciated.

Should you have any queries regarding the research or require further information, please do not hesitate to contact me at roisin.murphy@dit.ie .

Yours sincerely
Róisín Murphy BA(hons); PDES; MBS; MSc.
Lecturer
School of Real Estate & Construction Economics
Dublin Institute of Technology
Bolton Street
Dublin 1

NOTE: If you would rather not participate in the survey, please click on the following link to be excluded from future correspondence.

<http://www.surveymonkey.com/optout.aspx>

C. Second wave e-mail

Message Delivery Schedule

Delivery completed on May 19, 2010 12:08.

Message Recipients

The message mailed to **122** recipient(s). [View](#)

Message Preview

Below is a preview of your message based on the first recipient in your list ([Email]).

To: [Email]

From: roisin.murphy@dit.ie

Subject: Strategic Planning in Irish QS Practices

Body: Dear Sir/Madam,

Further to my recent correspondence, you are aware that as part of my PhD I am currently investigating the strategic management of QS practices in Ireland.

The research requires participants to complete an online survey with approximately 30 questions. The survey can be accessed through the following link:

<http://www.surveymonkey.com/s.aspx>

The key to the success of the research lies with achieving a high participation rate. The survey will remain "live" for the next two weeks, so if you would please take the time to complete the survey it would be greatly appreciated. All responses will be treated with strict confidentiality, and under no circumstances will individual nor company names be identified during analysis.

Should you have any queries please do not hesitate to contact me at roisin.murphy@dit.ie

Yours sincerely

Roisin Murphy BA(hons); PDES; MBS;MSc.
Lecturer
DIT, School of Real Estate & Construction Economics
Bolton Street
Dublin 1

NOTE: If you do not wish to participate, please click on the following link:
<http://www.surveymonkey.com/optout.aspx>

D. Third wave e-mail

Message Delivery Schedule

Delivery completed on June 9, 2010 10:40.

Message Recipients

The message mailed to **104** recipient(s). [View](#)

Message Preview

Below is a preview of your message based on the first recipient in your list ([Email]).

To: [Email]

From: roisin.murphy@dit.ie

Subject: Reminder - Strategic Planning in Irish QS Practices Survey

Body: Dear Sir/Madam,

Further to my recent correspondence you will be aware that I am currently undertaking research on the strategic management of QS practices in Ireland.

Data is currently being collected by way of online survey containing 31 questions, which takes approximately 15 minutes to complete. Responses will be treated with strict confidentiality and under no circumstances will individual nor company names be identified at any stage in analysis. The survey can be accessed through the following link:

<http://www.surveymonkey.com/s.aspx>

The survey will be closing within the next two weeks therefore your participation would be much appreciated.

Should you have any queries, please do not hesitate to contact me at roisin.murphy@dit.ie.

Yours sincerely

Roisin Murphy BA(hons); PDES; MBS; MSc.
Lecturer
DIT, Bolton Street
Dublin 1

NOTE: If you do not wish to participate, please click on the following link:

<http://www.surveymonkey.com/optout.aspx>

Appendix J
Company A

Excerpt from Interview Transcript Exemplar

...

Interviewer:

In terms of the objectives themselves. Do they tend to be more short run, are they broader long-term objectives? And does it differ? Does it filter down onto a project basis really or...?

Director A

Case by case, There's certain projects have a certain client and you might see an opportunity.. We have particular clients who we take a very long view at. We've done, there's one, that paper that was brought in that I signed there...that's for a client for whom we done 4 substantial projects. He has an interest in two huge projects. Now, they're on hold at the moment in the current climate but we would have a long term understanding with him. We give him a quality of service, our fee is very, very, very competitive, but if he has any quantity surveying, he comes to us. We make sure he is very well taken care of and that approach would mirror to a number of the public bodies and housing trusts clients we always deal with. You're maintaining relationships, you're building on it. I mean the return on these jobs; we've had to reflect the market. You have to be seen to adjust your fees. Still give them quality of service but give them perception of value for money that costs are coming down and so on that level there's an ongoing view there with particular clients but on jobs generally you always, at every job you do, there is an old say...it's a Hackney phrase, you're only as good as your last job but it's very very true. It only takes one stinker of a job to follow you around. Keep doing your work well and you'll get more.

Interviewer:

Well, with repeat business I think it's something we'll come back to in a couple of minutes but the, one thing you've identified there...how do you go about reducing the cost or even reducing the level of fees in the current environment? But yet still improve and maintain the quality that your reputation depends upon?

Director A

At this juncture, you try to do everything as efficiently as possible. But, to be perfectly honest with you, in the current market, you're having to subsidise the quality and the service out of your margin. You're having to sacrifice these margins to maintain

relationships and if you like, if you would ask the simple overriding strategy at the moment it is survival. And that really is it. And I think in being...if we can ride this out, still provide quality of service, that the people that we're dealing with, if we're all still standing at the end, then we'll all move on to better times, you know.

Interviewer:

What are the main difficulties in terms of setting organisational objectives? What are the main hindrances to planning, in general, generally speaking?

Director A

The biggest problem for me is translating what I intuitively or basically do, into a formalised...you have a sense of a lot of these things, without ever having the formal step back and put it into boxes, this is what we do. But for us, I mean the biggest issue for a company this size is, most professional...actually I would say of all professional practices we're the flotsam and jetsam. We're, you know, we're price takers, not price makers. And so, the biggest thing is to keep yourself as informed as you can do. You know, so that none of us can foretell the future, but at the same time, there are certain horses you don't want to back. Or in terms of individuals, projects are also types of work. That's just a general awareness. A general awareness of the climate, the environment you're in. A general awareness of your own business but the hardest thing is translating those general intuitive understandings into a formalised set of goals or objectives. And often they just spell out, for me, if I'm out for a run or in my bed at night, kind of, oh must if we go that way, or if we address that, that might help with that. It's not; there isn't a formal process of planning and management. It's an ongoing, semi-ad-hoc process. It's taking the overall understanding issues that arise and fitting them into an overall framework.

Interviewer:

So, one of the difficult, not difficulties but perhaps a hindrance to strategic planning is that the process itself is probably a little more ad-hoc than formal.

Director A

There isn't a process. There isn't a formal process.

Interviewer:

There isn't a formal process.

Director A

No.

Interviewer:

And do you think that is something that will change over the coming years or...

Director A

It is changing very much. There's a lot more time goes in to sitting looking at your market, your business, your costs. I mean, another Hackney phrase, no shortage of Hackney phrases, is a rising tide lifts our boats. So and there's a lot of organisations in the construction industry fail to understand this. Revenues are lifting and lifting and lifting, and everybody to a degree took their eye of the costs and the structure, you know, they might have adapted the structure for a set of revenues that wasn't sustainable, which you got away with it on the up, because the jobs just kept coming. We would have been guilty of it but to a much lesser degree than most. We were always being highly conservative so our cost base never expanded hugely and our revenues just marched on. Now, it's a different set of circumstances. Revenues are contracting at a rate of knots and like, our turnover this year will be 50% of what it was 3 years ago. At the moment, I can't even see next year's turnover and I'm not being dramatic. Next year's turnover...the projected turnover for next year at the moment is zero. I know it won't be zero, but at the moment it may not be far off. You know.

And, following those circumstances and the change reality means you have to look...you can control your revenue to a great degree. You can negotiate your fees, but then the public bodies for instance, will impose an 8% cut in your fee, unilaterally. There's certain bodies resisting that, but again we're price takers not price makers. I do a lot of work for Dublin City Council and other public...it not behove me to be giving them two figures and saying well feck you and your 8%. I would rather focus on having 92% and glad of it. So, and your revenue, you can adjust your fees and you can offer value and be seen to be competitive, without slitting your throat, so your clients

appreciate that your trying to reflect the market and they'll still do business with you. But the one area where you'll still do business and spend time is on your costs, because they're the only places you can truly control.

Interviewer:

So, in some ways perhaps creating efficiencies?

Director A

Yeah.

...

Interviewer:

In terms of staff, you mentioned earlier on that there's very little staff turnover? What would you put that down to?

Director A

The same underlying thing. I mean we take everything we do has a medium to long term. It's not spectacular, it's certainly not glamorous but there's a continuum... we try to take care of the people that work with us and they work with us, not for us. While all we ask in return is that they take care of us. So, when we're making a few bob we make sure that everyone is making a few bob. They see if that there's jobs, we put in the hours. We don't sit down and say that has to be done; you have to stay at your desk until it's done. But, if you like, to a degree, we lead by example. You know, most of the people here we would have recruited them because we felt that they were the right type of people. As Quantity Surveyors, no matter what anybody tells you... You don't have to be a genius to be a Quantity Surveyor. There's a lot more about attitude and aptitude and the ability to deal with people and most of the people here, they're decent skins and they understand what we're about. So, we never took on, like there was times when we were really busy. We could have done with another 4 bodies, but you couldn't find four suitable bodies. And you'd rather we were 7 days than bring in people who were unsuitable because they just, they cause unrest.

Interviewer:

And is there provision for training and development of staff?

Director A

Yeah. We afford everybody...if anybody has a genuine interest that can contribute in any way to the underlying business; it's encouraged and paid for. In recruitment, one of the things we found is a great success, would be we think, Quantity Surveyors from Bolton Street, but who've done the CTD and would recruit them on the technical ability that they've learned there and we would encourage them, support them, pay for them, give them their time, give them plenty of study leave to do the degree course in construction economic and management degree.

....

Interviewer:

Internally as well, repeat business. If we could talk about that for a little while. Repeat business is very important to your organisation, so you've said. In terms of repeat business, do you ever solicit feedback from your clients and have they identified to you what the strengths of your organisation and why they've come back to you?

Director A

Yep. Again, it's part of the QA process. We have a customer feedback form, which at a milestone, either by telephone or face...ideally face to face, we would ask them to fill out a simple enough questionnaire, I can give you an example of it. It's very useful but what comes back time and time again is things like responsiveness, quality of service, and one thing I suppose, we feel is that if someone asks us for something, we're whores for deadlines. Deliver. Now, on realistic, if somebody asks for an unrealistic deadline, you're not doing anybody a favour by saying, oh yeah, I'll do that. You say, you're not going to get it Wednesday...you'll certainly get off by the end of the week. But when you say you'll get it for them at the end of the week, come hell or high water, they get it at the end of the week and they get it to the standard they require. And that comes back again and again. That responsiveness and the delivery of outcome is a big issue for them. You know?

Interviewer:

Have any clients identified problems or difficulties in those feedback forms.

Director A

Sometimes. I mean, it has been known occasionally that another strength, they always like dealing with the fact that they knew if they were dealing with X or I, they were dealing with the principals. But it was noted on the form that it is only the two of you, and you know, you can only spread yourself so thin and while I've had a period of grace since X, a few people have noted to me already, well, how are you going to manage, you know. It's difficult enough to spread two people thinly; it's next to impossible to spread one.

An issue would be to make sure...for people to see that there's a structure coming through and that the people who are here are the next generation, if you like. But it was always an issue. I said at the start, we were always, there was only two of us, you could only do so much. It is...it's a strength in that they know they're always dealing with you. But when they're dealing with you enough, they'll realise that you're spread thin, they've never been let down, but they would note it.

...

Interviewer:

And have you had any experience of the new form of government contract?

Director A

Those projects, they would be tendered on it, but we would only have one small one on site with it.

Interviewer:

And have you completed any projects under it yet?

Director A

We've one small one of half a million, just finished. Because the builder doesn't want to misbehave and anyway, if he does, the new form of contract is such that you just...it's like Wiley coyote...they just drop on a rock on the road. It's a horrible contract and contractors are tendering on it, savagely, without reflecting the risks

inherent in it. Like the social housing project I was talking about. The budget for that is 6 million, the tender is 4.7 and that's on the new government form of contract. Lump sum, fixed price, there you go, don't even come back to us kind of thing...

Interviewer:

Yeah. Again, with regard to the macro economy, do you keep and how do you keep abreast of gathering information? Is there a formal process for example, to keep an eye on the economic variables, does anyone have responsibility for it or is it expected as part of the daily...

Director A

I do it, at the simplest; it's gone through the business section in The Times. It's reading, you know, I mean I'm, I read Bruce Shaw, I make sure we always have a copy of Bruce Shaw, the PKS reports; even though they can be by their nature historic by the time they're out. Things like the DOE, Outlook and Review – they tend to be historic but I would say the most current information you get is the news. The print media, the radio, the television news, and you would be amazed at how many people you deal with never turn on the news, and not in a good way.

Interviewer:

Do you think it could possibly be an area that could be developed in terms of staff development or do you think it's really needed to that extent.

Director A

No, I think, there has to be an awareness of it and it has to inform everything that you do. But the thing that you can actually react, you know if formally react or formally influence these things, for an organisation of this size would be very difficult, you know. You have to be aware of it, you have to cut your cloth accordingly, you know you have to shift your emphasis as you see fit but they wouldn't, I mean, the size of the organisation, everybody's a hands on surveyor. I would expect them all to have the wherewithal to keep themselves abreast of current affairs, economic...issues that impinge on the business. And we chat about it, you know, and I may inform...well, see such and such has gone down such a route, but for the most part it's not a formal thing.

Interviewer:

In terms of the industry itself, obviously it's dependent to some extent on the market, you know, how there's a huge amount of uncertainty. If you had to hazard a guess as such, how do you think the industry is likely to change over the next number of years as a consequence of what's currently happening?

Director A

Well, a lot of it will be good. It's going to be painful but there's a purge, there's a huge amount of deadwood and inefficiencies. I mean, put it this way, if guys can tender at the level they're at now – albeit some of them are at, or below cost, it goes to show that the cost level would...you know...goes way below the market level. Now, what was really inefficient in that, if you ever look at the actual profits that these guys returned, their margins weren't, they weren't what you would call super normal or excessive. A lot of the big contractors would be making large profits in volume, in terms of an absolute amount of money. But if you put it back against the volume of the turnover needed to generate that – 4, 5 percent, at a time when you look at tenders and they were relevant to where the market was, which would suggest that there is a 20 to 30 percent swing in prices. So, that would suggest that, you know, there is 20 percent between cost and price. So, there was a huge amount of inefficiencies in money not...subcontractors, suppliers, delivery, execution of the works. There was an awful lot of money that just disappeared into the ether. Now, if I went home and whacker the block layer or Joey the carpenter and he bought this 4x4, but even those are a nonsense. So we're going to have to get back to professional practices and contractors are managing the resources, efficiencies, getting back to running a business on a tight margin if any margin and getting back to good principles of cost management. The other thing, naturally, I mean, the Irish market, like a lot of the firms, the firms, the constituent firms within the Irish market, both in terms of contractors and professional practices, grew to such a size based on a value of work in the market that's completely unsustainable now. So, on one level you have massive layoffs in engineering and architecture and surveying, equivalent to 40 to 50% redundancy, particularly on the junior end. Contractors...you know, you can let go the labourers and a lot of the operatives, but you still have organisations there that are a lot bigger now than they were in a market, even if it comes

back, is not going to sustain them. So, a lot of the contractors are looking abroad and the professional practices similarly.

...

Interviewer:

And that actually brings up an interesting point. Do you market yourselves, apart from the SCS; do you do anything by way of marketing?

Director A

It goes back to the core principle. We get work, we do work well, we try to tell people this is what we do. We get ourselves out there in person, as much as we can. Not the social events, not the networking, not to dinners or drinks or sporting events. Getting work done and delivered.

Interviewer:

And where would you go to try and solicit the jobs?

Director A

You deal with people, and we take care of them and we know certain people who know certain other people and you say...listen, if he is doing something, for all means ask them, often we've looked at stuff speculatively. You know, we say we'll have a look at it and let them see what it is we do. And that's the best marketing we have. Rather than tell people, promise we'll do A, B and C, let them see that we do it. You know?

...

Interviewer:

So, am I right by saying that it's your understanding that some of the competition have cut fees to an unsustainable level and that this organisation has chosen under those circumstances not to compete on that basis, for certain projects?

Director A

Some of the organisations that have cut it to unsustainable...are newer arrivals in the market or they are firms who grew very, very significantly. There are a number of firms who would have been similar size to ourselves 10 odd years ago, are multiples of ourselves today. So, they have different cost structures, they'd have different overhead obligations...you know, they'd have different liabilities. I mean, you can reduce the staff numbers to a degree, but I know somebody who would have two offices or larger premises, etc, to serve it. And a lot of professional practices as well as contractors are carrying debt.

They might have invested in projects, they might have other obligations and that will have...you know, they have other obligations and liabilities that we don't have. SO, we're trying to be mindful – these are our costs, this is our overhead, we've squeezed them down as tight as we can, we know what we need just to wipe our face and that's what we're trying to do.

Interviewer:

And does this organisation seek information on competitors? Do you actively seek information?

Director A

More intuitively.

Interviewer:

So, it's intuitive?

Director A

And we'll seldom get into a Dutch option, I mean you're not meant to anyway, but you're not. I know there's competition but I wouldn't be interested. If I had a client who said, I have so and so he says he'll do it for that, will we do it for less. Well, when does he then take my price and go to someone else. I don't want to be dealing with that. Because back to personal relationships and the people we do business with, we try, we do reflect the market in our fee and I mean, off our own bat, we're saying things are cheaper now, we've cut out costs, and we're looking to offer them...you're only fooling yourself if you're putting in a flat fee, which is not reflective of the market.

You're better off to tell them that your fees are reflecting the much more competitive climate, than have them come to the realisation, or God forbid, have someone else knock on the door and say, "Jesus, you're man is saying he'll do it for that, I'll do it for half of that." And it'll happen. I'm sure it does happen.

Interviewer:

But you don't necessarily go seek information...

Director A

No.

Interviewer:

... On the competition? So, to some extent you don't really undertake some kind of competitive analysis, as such?

Director A

No. Too busy....

Interviewer:

Competitor analysis, I should say.

Director A

No, too busy worrying about ourselves. What I do know, I mean, again you see what certain people are doing. How they do it, the quality of what they produce

Appendix K Pertinent Points & Observations for Exemplar

| Company Background | Company A |
|---------------------------|-------------------------------------|
| Established | 1948 |
| No. of Employees | 10 – 9 QS & 1 administrator |
| Sectors serviced | Mainly public sector |
| Services provided | QS |
| Other salient issues | Embarking on international alliance |

| Strategic Planning | |
|---|---|
| Flow (<i>where do initiatives come from?</i>) | Market driven; Resource based approach |
| Formality (<i>formal or informal</i>) | Informal. Written business plan (ISO require) |
| Comprehensiveness (<i>depth of analysis</i>) | Not in depth; industry reports and national press |
| Intensity (<i>frequency of SP</i>) | Ad hoc mostly. ISO 3 year requirement |
| Participation (<i>communication/feedback</i>) | Client feedback forms; monthly staff meeting |
| Integration (<i>budget, performance?</i>) | Financial ; ISO requirements |

| Objectives | |
|---|----------|
| Strategist (<i>analyse, defender, prospector</i>) | Defender |
| Mission | None |
| Risk (<i>taker, averse, neutral</i>) | Averse |

| Analysis & Diagnosis | |
|---|---|
| Macro Environment: | |
| Economy (<i>national & international</i>) | Interest rates (+); securing finance (-); demographics(-); income (-); Demand (-) |
| Government | Capital expenditure (-); 8% fee cut(-). |
| Industry Environment | |
| Profession (<i>changes</i>) | Fees reduced; |
| Related Professions | Has relationship with related practices (architect) |
| Professional body | Ineffectual |
| Segmentation | Apparent; not affected larger practices |
| Internal Organisation | |
| Staff | High retention; training and development |
| IT | External consultant; improvements being made |
| Marketing | No marketing plan. Reliant on word of mouth |
| Finance | €1.6m turnover 2008(peak) forecast €1m in 2009 |
| Competitive Position | |
| Competitor analysis | Cursory. |
| Intensity of Competition | Very intense; prices/fees falling |

| Choice | |
|--|--|
| Generic Strategy (<i>stability, expand, retrench</i>) (<i>cost leader; differentiation; focus; segment</i>) | Survival; Combination – differentiation (quality and cost) |

| | |
|--|---------------------------------------|
| Strategic variation (<i>diversify alliance, merge</i>) | Alliance; international market |
| Strategy Choice (<i>scenarios; SWOT; risk,</i>) | Do formal use SP tools; aware of SWOT |

| | |
|---|--|
| Implementation | |
| Constraints (<i>on SP and implementation</i>) | Uncertainty; economic environment; |
| Monitoring/Feedback (<i>communication</i>) | Monthly meeting with staff; client feedback form |

COMPANY A
Pertinent Points

1. **Increasing focus on strategic planning** – respondent mentioned that in recent past and into the future strategic thinking would become more focused. This may be due to more time to consider issues, the necessity to think strategically in the current environment. Currently it is done in an ad hoc fashion.
2. **Alliance with Northern Ireland QS Practice** – key change in the strategy of the company. This had been mentioned during the meeting in January. It is now at early stages (there is an office in Bahrain) and seen as a contingency plan while focusing on domestic market. Had previously worked with the practice on another project.
3. **Repeat Business** – absolutely essential. No formal marketing and projects awarded based on reputation of company. Taking long term view with some clients in terms of payment for work completed
4. **Staff considered very highly**. Care taken in their recruitment; training and development available to all; on the job training; internal promotion; rewarded when company in a position to do so. Open communication and monthly meeting
5. **Professional Body** – highly critical of usefulness of SCS. Compared and contrasted to IEI (Institute of Engineers of Ireland).
6. **Attitude towards the future** – although the threats to the industry were apparent the respondent was still reasonably positive about the companies future. It was not doom and gloom and respondent seemed to be confident that if they looked after their existing client base well and kept “in” with some clients that the loyalty shown would be rewarded in the future
7. **ISO Certification** – documentation exists as a requirement for ISO certification. Objectives have been set, however remain reasonably general and have not altered significantly in the last number of years despite the changing economic and industry environment.
8. **Management style and communication** – conducted on an informal basis and through monthly staff meetings and client feedback questionnaires which are routinely distributed.
9. **Buzz words** – no formal SP tools used, however respondent regularly used strategic terminology (e.g. SWOT; price takers; supernormal profit, barriers to entry etc)
10. **Key areas for the profession** – in areas related to sustainability, value management and M&E (mechanical and electrical) areas.

CONTACT SUMMARY SHEET

Company Name: A
Position of Respondent: Director
Date of Interview: 17th June 2009

1. COMPANY INFORMATION

- Established in 1948. Currently 10 Employees (9 QS's and 1 administrator).
- Provide core QS services.
- Sectors serviced – primarily non-residential and smaller public sector projects.

2. SUMMARY OF KEY ASPECTS OF EBS SPPM

WDTDW:

- Directors set objectives. Plan for ISO purposes.
- Conscious decision to limit company to max of 20 people. Objective was to increase turnover in serviced markets. Caution with residential sector – did a number of mixed use.
- Repeat business is essential. Good relationships with client & other professional practices
- Informal structure. Management do not work in separate office – “do as I do”. On the job mentoring
- Written business plan in place (ISO requirement). Resource-based approach to strategic planning.
Informal process

Analysis & Diagnosis:

- **Macro environment:** recession – uncertainty; projects not going ahead; construction price deflation; interest rates low however availability of finance still a problem; 8% drop in public sector fees.
~ Information comes through Bruce Shaw handbook, DLPKS reports and national press
- **Competitive environment:** no formal consideration of competitors. No formal marketing.
Competition driving prices down - unsustainable. Market segmentation apparent.
~ **Competitive position:** strategic groups apparent. Not in same league as large firms. Not trend setters (“sheep”); align to what is happening in market place; price takers not makers; Hear things through grapevine and through clients
- **Internal:**
~ Staff: good staff essential; Invest in training. Outsourcing some of the specialised aspects (M&E and IT). Good staff retention in company – promote from within (3 move to senior QS status). Staff apprised of what is happening during monthly meetings. Look after them and they will look after you.
~ Efficiency: now a chance to examine document management system (IT). ISO documentation.
~ Finance: turnover 2004: €1m; 2005 €1.5m; 2006 €1.9m; 2007: €1.8m; 2008: €1.6m; 2009e €1m
- **Industry**
~ SCS absolutely useless. Does nothing for them. Compared to IEI

Choice

- **Generic Strategy:** Survival. Stability is the corporate level strategy
~ **Business Level:** differentiation. Rely on quality of work undertaken.
- **Strategy Variations:**
~ Differentiation (offer quality service to client; personal approach); Currently low cost – competition driving fees down.
~ Alliance with Northern Ireland QS practice - gain foothold in Bahrain market. Very early stages. Seen as a contingency and not intended to take over from core business in Ireland.
- **Risk attitude:** risk averse. Started to undertake “ugly” work before downturn started. Taking LR view with some clients – if they having difficulty paying for work completed.

Implementation:

- **Constraints:** obtaining finance; uncertainty; difficulty in translating what is known implicitly into strategic plan. Do not use SP tools such as SWOT.
- **Monitoring:** Member of the 25 club and members of the SCS; client feedback forms.

3. GENERAL OBSERVATIONS

- More focus on strategic planning since Director died in May 2008.
- Opportunities: work on efficiencies; staff training; improve document management system;
- Threats: interest rates (+), income (-); demographics (-); declining demand (-); oversupply (-); intense competition (-)
- Buzz words: sustainability; value for money; M&S services

Appendix L NVivo 8 Coding Strategy

Nvivo 8 Coding Strategy

The following sections provide detail of the coding strategy adopted for the project. As is evident, the coding structure is broadly based on elements of the EBS SPPM.

Broad Coding Categories

General Company Information

Objectives

Analysis and Diagnosis

Strategic Choice

Implementation

Strategic Planning

Coding On

The broad headings of the EBS SPPM were expanded to include a number of sub-headings as follows:

General Company Information

- Sectors serviced
- Services provided
- Number of people employed
- Year of establishment
- Organisation structure

Objectives

- Risk
- Strategist

Analysis and Diagnosis

- Internal organisation
- Competitive environment
- Macro environment
- Industry environment

Strategic Choice

- Corporate level

- Business level
- Strategic variations
- SWOT

Implementation

- Flexibility
- Constraints
- Communication
- Monitoring and feedback

Strategic Planning

- Flow
- Formality of process
- Comprehensiveness
- Intensity
- Integration
- Planning tools
- Participation
- Approaches to strategy

Further Coding On

The coding structure was further expanded to include the following

General Company Information

- Sectors serviced
- Services provided
- Number of people employed
 - ~ Decision to restrict employees
- Year of establishment
- Organisation structure

Objectives

- Risk
 - ~ Risk Neutral
 - ~ Risk Management
 - ~ Risk Averse
 - ~ Risk Taker
- Strategist
 - ~ Strategic Type
 - Reactor
 - Defender
 - Prospector
 - Analyser
 - ~ Lifestyle influences
 - ~ Management Style

Analysis and Diagnosis

- Macro environment
 - ~ Economy
 - ~ Government
- Internal organisation
 - ~ Organisation meetings
 - ~ Culture
 - ~ Quality
 - Quality of service
 - ISO
 - ~ Core competence
 - ~ Finance
 - Financial Management
 - Efficiency
 - Revenue
 - Cost base
 - ~ Information Technology
 - QS function and IT
 - Reliance on IT
 - Office Management and IT
 - ~ Human Resources

- Work practices
- Training and development
- External training
- In-house training
- Salary
- Recruitment and retention
- ~ Marketing
 - Marketing plan
 - Marketing the profession
 - Reputation
 - Repeat business
 - Word of mouth
 - Public sector projects and repeat business
- Competitive environment
 - ~ Fees
 - ~ Market Segmentation
 - Competitive Reaction
 - Competitive Position
 - Competitor Analysis
 - No analysis
 - Formal analysis
 - Informal analysis

Industry environment

- ~ Construction Industry
 - Project uncertainty
 - Change in construction industry
- ~ Quantity Surveying Profession
 - Change in profession
 - Profession structure
 - Future role of the QS
 - Related Professional
 - Professional Body (SCS)
 - Involvement in the Society
 - Areas for improvement
 - Limitations of SCS

- Strengths of SCS

Strategic Choice

- ~ Corporate level
 - Stability
 - Survival
 - Expansion
 - Retrenchment
 - Combination
- ~ Business level
 - Cost leadership
 - Differentiation
 - Focus
 - Stuck in the middle
- ~ Strategic variations
 - Diversification
 - International Markets
 - Alliance or partnership
 - Mergers and acquisitions
- ~ SWOT
 - Strengths
 - Weaknesses
 - Opportunities
 - Threats

Strategic Planning

- ~ Approaches to strategy
 - Emergent
 - Resource-based
 - Planned
- ~ Flow
- ~ Formality of process
 - Formal
 - Informal
- ~ Comprehensiveness
 - Cursory

- Comprehensive
- ~ Intensity
- ~ Current plan on hold
- ~ Integration
- ~ Planning tools
- ~ Participation
 - Director participation only
 - Director plus senior staff participation
 - Company-wide participation
- Implementation
 - ~ Flexibility
 - ~ Constraints
 - ~ Communication
 - ~ Bottom-up communication
 - ~ Monitoring and feedback
 - Feedback from staff
 - Feedback from clients

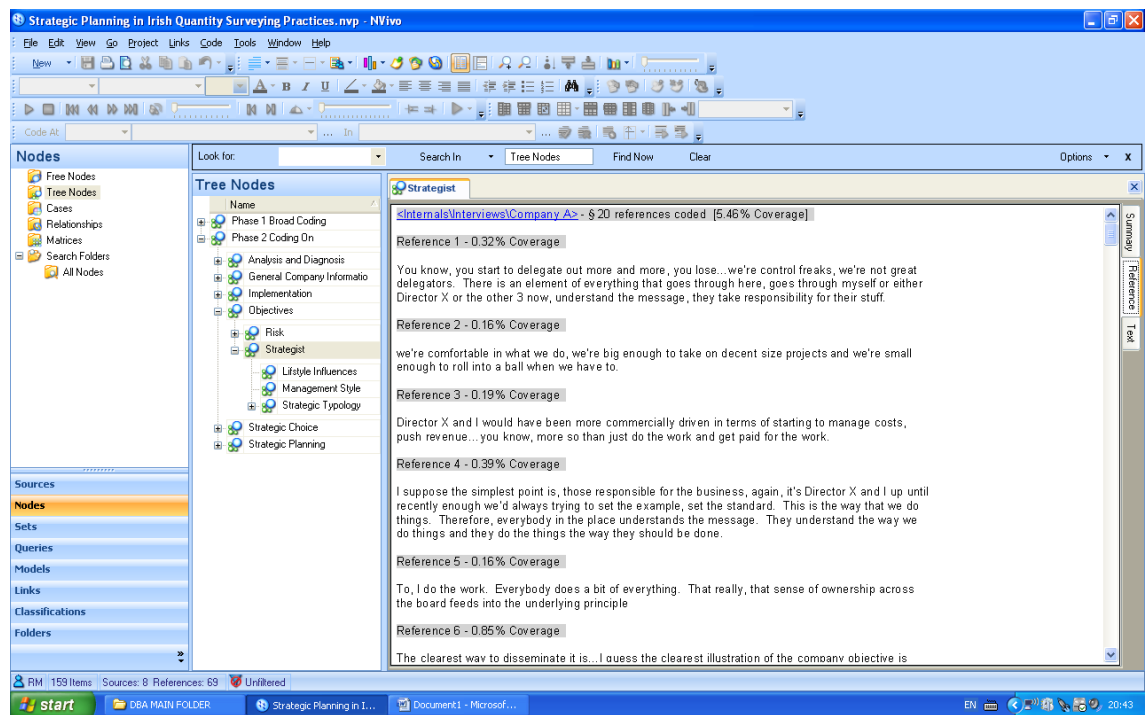
Appendix M Examples of Exemplar Case Coding in NVivo8

Exemplar Case Coding in Nvivo 8

The following screenshots have been taken from the project created in Nvivo 8 for the purposes of the thesis. The case chosen as an exemplar is Company A.

Each heading represents an element against which all participants were analysed, and the screenshots display an example of coding from interview transcript under a number of headings for Company A.

Strategist (Management Style):



Risk Attitude (Averse)

The screenshot shows the NVivo interface with the 'Risk Averse' node selected. The main window displays the following text excerpts:

- Reference 1 - 0.12% Coverage**
We were always being highly conservative so our cost base never expanded hugely and our revenues just marched on.
- Reference 2 - 0.34% Coverage**
Take the long term view. And, it goes back to everything we do is the long term view. You make a killing tomorrow, or last week, the year before, but when you've made it, it's gone. Whereas, this business has been around since 1948. I'd rather it was going to be around for another 60 years after I'm gone you know
- Reference 3 - 0.20% Coverage**
And I know that sounds really fuddy duddy and old school but we would be more old school. We make sure that no one gets responsibility to do things until they've learned to do it properly.
- Reference 1 - 0.57% Coverage**
we don't have a huge resource that we can just dispatch them to Poland and say, "go hustle over there". So to be honest with you, and it's from a position of prejudice maybe and not a lot of knowledge, that I feel that to go at it now, and chase it now, it's going to take a huge time overhead and resource overhead. That, maybe we would be better off just keeping our powder dry, you know.
- Reference 1 - 0.36% Coverage**
in terms of the risk attitude of the company, would you say in general risk takers or risk averse.

Strategic Type (Defender)

The screenshot shows the NVivo interface with the 'Defender' node selected. The main window displays the following text excerpts:

- Reference 1 - 1.81% Coverage**
But, most of what we do is fairly intrinsic in terms of everybody understands it. We get a job, our aim is to do the job well... most of our work is repeat work. And if it's not repeat work directly with the person, it's more often than not word of mouth from one to another. So, the underlying principle is, we look to provide quality service, take care of things and be afforded, you know, afforded opportunities out of other opportunities. Thereafter, it's the usual things. It's generate the turnover, get a return on your turnover. We made a conscious decision, even at the height of the thing that 16 people was our upper limit. That we didn't want to ex... actually, this office can accommodate 20 people, but we never envisaged going near that because we with Director X and myself, even managing it at 14 people, you needed a whole new layer of management and we weren't set. You know, we were changing fundamentally you change the structure of the organisation and if you go back to the underlying principle, of quality control and that, the quality control and the message dissipates. You know, you start to delegate out more and more, you lose... we're control freaks, we're not great delegators. There is an element of everything that goes through here, goes through myself or either Director X or the other 3 now, understand the message, they take responsibility for their stuff.
So, I suppose there is, without ever consciously getting it, we're a small to medium size enterprise. There's a niche for us there, we're comfortable in what we do, we're big enough to take on decent size projects and we're small enough to roll into a ball when we have to.
- Reference 2 - 0.76% Coverage**
This is the way that we do things. Therefore, everybody in the place understands the message. They understand the way we do things and they do the things the way they should be done. When looking to recruit people, we're very slow. We're not slow to recruit, but we like to be careful enough who we recruit. Definitely subscribe to it only takes one rotten apple. Everybody here, they're all good people and we'd have had the sense of them, most of them before they came here. And most of them understand what we're about. They're here for the long haul. There's very little staff turnover, there's never really been... we've never really had people coming in demanding money for this or that.

Number of Employees (including decision to restrict size)

The screenshot shows the NVivo interface with the following details:

- Tree Nodes:** The 'Number of Employees' node is selected under 'General Company Information'.
- Text Excerpts:**
 - Company A:** 4 references coded (0.62% Coverage).
 - Reference 1 (0.14% Coverage): "It hasn't changed honestly. Currently, there is nine QS's and one Admin. At the peak there were thirteen QS's and one admin."
 - Reference 2 (0.04% Coverage): "We would have outside support like Trevor"
 - Reference 3 (0.07% Coverage): "An I.T. guy who we use a lot. Like Trevor's in it quite a bit."
 - Reference 4 (0.37% Coverage): "We made a conscious decision, even at the height of the thing that 16 people was our upper limit. That we didn't want to ex...actually, this office can accommodate 20 people, but we never envisaged going near that because we with Director X and myself, even managing it at 14 people, you needed a whole new layer of management and we weren't set."
 - Company B:** 9 references coded (1.69% Coverage).
 - Reference 1 (0.05% Coverage): "At peak we would have had 17"
 - Reference 2 (0.43% Coverage): "Now you would have had 2 secretarial, they would be admin, and the rest would have been QSs. Even our directors are QSs because our directors don't just play golf, they do QS'ing as well as everything else. Take off quantities. the lot"
- Status Bar:** 159 Items, 11 Sources, 59 References, Unfiltered.

Sectors Serviced

The screenshot shows the NVivo interface with the following details:

- Tree Nodes:** The 'Sectors Serviced' node is selected under 'Organisation Structure'.
- Text Excerpts:**
 - Company A:** 11 references coded (4.40% Coverage).
 - Reference 1 (1.01% Coverage): "It would have changed. Traditionally, we actually always do a bit of everything and I don't want to make that sound too random. We would have always had a decent dollop of private work, both commercial, by commercial I mean office, retail, industrial. But a lot of public. We do a lot, we have a very long standing relationship with a large housing association in town, The Ivy Trust. So that relationship has been running for 40 years. So, anything they do, we do. We have done, you know, social housing for various local authorities. A lot of schools over the years. A significant amount of religious orders also. The nuns, the priests themselves, a couple of the schools like St. Mary's college, Holy Ghosts, Alexandra's College, The Nuns, we're involved up in South... you know, we do a bit like that. Then, obviously at the height, when the residential was ploughing on, we actually rarely had the one private residential. C"
 - Reference 2 (0.95% Coverage): "I said that traditionally we were never involved in...well, traditionally; most people were never involved in private residential because, at the time, it was low density, housing estates. Housing estates, if you're going to get a QS involvement, you'll involve them in the site development. The roads, the drains, the digging. The houses themselves, most builders can do it, rule of thumb, but when the market changed to a lot more high rises, higher density apartments and the likes, there was a market there. So we were doing quite a bit of that. Not as much as some offices but had started to back away from it, two, three years ago, because people we were directly involved with were backing away from it themselves. So, when the private residential slowed way down, we had very little private residential on. A lot of private commercial and a number of those are on hold."
 - Reference 3 (0.41% Coverage): "But, at the moment, our old, reliable, public sector, and public sector like, HSE, we've had... HSE have put a stop on all capital projects at the moment. So, we have 2, 3, a primary care centre and two little hospital units on hold at the moment, and, but we've a couple of little 4 classroom extensions, little school jobs and little social housing jobs and houses in side gardens."
- Status Bar:** 159 Items, 11 Sources, 60 References, Unfiltered.

Services Provided

The screenshot shows the NVivo interface with a search for "Services Provided". The search results show 56 references. The main window displays the following text excerpts:

Reference 1 - 0.05% Coverage

we're a traditional Quantity Surveying Services.

Reference 2 - 0.43% Coverage

At various stages we do provide a project management option, but to be perfectly honest with you, it's not worth the hassle. I have an opinion that when one steps into the PM's shoes, everybody else switches off their brains and thinks, "ah, he'll sort it out". It's too time consuming. You see, the size of the organisation is such that it, even at the peak, everybody is a hands on surveyor.

Reference 3 - 0.08% Coverage

So, there's no room, there's very little room for a standalone PM function

Reference 4 - 0.59% Coverage

we would offer as part of the service inherently, you know, we have a good, we'd have a good grasp of property values and development appraisals. We have good, you know, reasonable management and co-ordination skills. We'd have a reasonable grasp on M&E services. We don't offer them as a bespoke service but we'd say that, intrinsic in the QS Service, we have an awareness or, we have a, you know, there's elements of the service we can offer to add value on those kind of headings, but they're not, they're not explicit stand alone services.

Reference 5 - 0.58% Coverage

We're doing... dabbling in a little of legal and accountants work, assisting, you know doing a few expert witness type things. Small stuff, but it's a few bob here and there. It doesn't register in the great scheme at the moment. It's like the house in the side garden, everything is a little bit of revenue, it's a little bit of turnover. It contributes to the wage bill and the overhead and then, I suppose outside of that...that's in the domestic market...we're looking to see if we can pick up work

Macroeconomic Analysis

The screenshot shows the NVivo interface with a search for "Economy" and "Government". The search results show 119 references. The main window displays the following text excerpts:

Reference 1 - 0.44% Coverage

You can negotiate your fees, but then the public bodies for instance, will impose an 8% cut in your fee, unilaterally. There's certain bodies resisting that, but again we're price takers not price makers. I do a lot of work for Dublin City Council and other public...it not behave me to be giving them two figures and saying well fuck you and your 8%. I would rather focus on having 92% and glad of it.

Reference 2 - 0.39% Coverage

it's hard enough to generate the work, but then you have to be mindful of, I mean, you know, am I generating something that I'm going to get paid for. And that goes for public bodies as well. There's been a slow up on, you know, getting your money in and, as I've said, the public sector, the Department of Finance out a circular 8% off all fees, unilaterally.

Reference 3 - 0.99% Coverage

There's obviously the tightening of the capital purse. Obviously, the HSE announced all capital projects are on hold. So, we have three projects that are stopped dead, the Department of Environment have again, the forms for social housing have dried up. The, so, on the macro environment, the public purse, the public and private purse are severely restricted, if not, don't exist. But, the other side of it is, you can, like we've certain public, schools, religious orders and that. These are great bodies, they have funds and now is the best time to do a capital project because there's more, you can get more bang for your buck. So, we have a number of clients, the less glamorous variety, the nuns, the brothers, the old Franciscan friars, the school. You can get a lot of value for your money. The contractors are cheaper. Then there's a little bit of innovative thinking on some of the social housing.

Reference 4 - 0.69% Coverage

If you go for your interest rates are down in basement level, if you can get access to finance. So, a housing association, for instance, whose balance sheet has a huge amount of fixed assets, what

Industry Analysis

The screenshot shows the NVivo software interface for a project titled "Strategic Planning in Irish Quantity Surveying Practices.nvp". The left-hand pane displays a hierarchical tree of nodes, with "Construction Industry" selected. The main text area shows search results for the selected node, listing five references with their respective coverage percentages. The references are:

- Reference 1 - 0.05% Coverage
- Reference 2 - 0.34% Coverage
- Reference 3 - 0.82% Coverage
- Reference 4 - 0.20% Coverage
- Reference 5 - 0.15% Coverage

The status bar at the bottom indicates 159 items, 9 sources, and 33 references.

Internal Analysis (Repeat Business)

The screenshot shows the NVivo software interface for the same project. The left-hand pane displays the same hierarchical tree of nodes, but "Internal Organisation" is now selected. The main text area shows search results for the selected node, listing five references with their respective coverage percentages. The references are:

- Reference 1 - 0.05% Coverage
- Reference 2 - 0.34% Coverage
- Reference 3 - 0.82% Coverage
- Reference 4 - 0.20% Coverage
- Reference 5 - 0.15% Coverage

The status bar at the bottom indicates 159 items, 9 sources, and 33 references.

Internal Analysis (Human Resources)

Strategic Planning in Irish Quantity Surveying Practices.nvp - NVivo

File Edit View Go Project Links Code Tools Window Help

Look for: Search In: Tree Nodes Find Now Clear Options

Tree Nodes

- Phase 1 Broad Coding
- Phase 2 Coding On
 - Analysis and Diagnosis
 - Competitive Environment
 - Industry Environment
 - Internal Organisation
 - Core Competence
 - Culture
 - Finance
 - Human Resources
 - Recruitment and Ret
 - Salary
 - Staff Training and De
 - Work Practices
 - Information Technology
 - Marketing
 - Organisation Meetings
 - Quality
 - Macro Environment
 - General Company Information
 - Implementation
 - Objectives
 - Strategic Choice
 - Strategic Planning

Internal Organisation | Human Resources | Recruitment and Retention | Staff Training and Development

Internals\Interviews\Company A2 - \$ 5 references coded [1.42% Coverage]

Reference 1 - 0.59% Coverage

We afford everybody... if anybody has a genuine interest that can contribute in any way to the underlying business, it's encouraged and paid for. In recruitment, one of the things we found is a great success, would be we think, Quantity Surveyors from Bolton Street, but who've done the CTD and would recruit them on the technical ability that they've learned there and we would encourage them, support them, pay for them, give them their time, give them plenty of study leave to do the degree course in construction economic and management degree.

Reference 2 - 0.16% Coverage

You know, given the number of bodies we've had, let's just say a significant proportion of Surveyors who have come through have gone that route.

Reference 3 - 0.20% Coverage

And I know that sounds really fuddy duddy and old school but we would be more old school. We make sure that no one gets responsibility to do things until they've learned to do it properly.

Reference 4 - 0.22% Coverage

Now is this time to educate yourself, educate your staff, improve your systems. Obviously, while controlling your outlay because, you're not going to get a return on these things in the short to medium term

Reference 5 - 0.25% Coverage

We could improve on that. I'd like to improve on that. And I'd like to get someone toolled up to... not get them qualified in M&E Engineer. Get them qualified as somebody who understands the technical and financial issues of M&E.

RM 159 Items Sources: 9 References: 51 Unfiltered

Competitor Analysis (Cursory)

Strategic Planning in Irish Quantity Surveying Practices.nvp - NVivo

File Edit View Go Project Links Code Tools Window Help

Look for: Search In: Tree Nodes Find Now Clear Options

Tree Nodes

- Phase 1 Broad Coding
- Phase 2 Coding On
 - Analysis and Diagnosis
 - Competitive Environment
 - Competitive Position
 - Competitive Reaction
 - Competitor Analysis
 - Fee Levels
 - Market Segmentation
 - Private Sector Projects
 - Industry Environment
 - Internal Organisation
 - Macro Environment
 - General Company Information
 - Implementation
 - Objectives
 - Strategic Choice
 - Strategic Planning

Competitive Environment

Internals\Interviews\Company A2 - \$ 8 references coded [2.46% Coverage]

Reference 1 - 0.32% Coverage

But for us, I mean the biggest issue for a company this size is, most professional... actually I would say of all professional practices we're the flotsam and jetsam. We're, you know, we're price takers, not price makers. And so, the biggest thing is to keep yourself as informed as you can do.

Reference 2 - 0.05% Coverage

I said that, we're all factors of the market.

Reference 3 - 0.16% Coverage

But the number of participants in the market has also reduced and even if there's guys, there's firms who are painfully hanging on by their fingernails

Reference 4 - 0.41% Coverage

But what I've seen is, generally, you wouldn't get a builder in to do your house if he told you thought he was on the verge of collapsing. We're still being favoured with... whatever business is still out there, we're still being favoured with it. So, we're still being able to maintain a business relationship and keep working, although it's obviously on a much tighter basis.

Reference 5 - 0.38% Coverage

The level of competition... if you go public, public, public sector work, the level of competition is such that you don't want the work at that price. It really has got, I mean, it's almost like the perfect competition, except I'm a 100% certain that guys are having to take work way below cost. They're buying turnover. Now, you cannot sustain that.

Reference 6 - 0.65% Coverage

RM 159 Items Linked Sources: 10 References: 40 Unfiltered

Competitor Analysis (contd.)

Strategic Planning in Irish Quantity Surveying Practices.nvp - NVivo

File Edit View Go Project Links Code Tools Window Help

Look for: Search In Tree Nodes Find Now Clear Options X

Tree Nodes

- Phase 1 Broad Coding
- Phase 2 Coding On
 - Analysis and Diagnosis
 - Competitive Environment
 - Competitive Position
 - Competitive Reaction
 - Competitor Analysis
 - Formal Competitor A
 - Informal Competitor
 - Fee Levels
 - Market Segmentation
 - Private Sector Projects
 - Industry Environment
 - Internal Organisation
 - Macro Environment
 - General Company Information
 - Implementation
 - Objectives
 - Strategic Choice
 - Strategic Planning

Informal Competitor Analysis

Internals\Interviews\Company A2 - 610 references coded [3.38% Coverage]

Reference 1 - 0.52% Coverage

is "a rising tide lifts all boats". So and there's a lot of organisations in the construction industry fail to understand this. Revenues are lifting and lifting and lifting, and everybody to a degree took their eye of the costs and the structure, you know, they might have adapted the structure for a set of revenues that wasn't sustainable, which you got away with it on the up, because the jobs just kept coming. We would have been guilty of it but to a much lesser degree than most

Reference 2 - 0.63% Coverage

at the peak there was no shortage of fellas going around. There was no shortage of work. But what is certainly seen at the peak is the quality of work has suffered. I mean, we would see, don't get me wrong, I'm not trying to sound holier than thou, I've seen bills of quantities and the like from other, big practices in town, very, very poor. But, the margins were being cut to get work. Particularly with the private developers. They would cut you to the bone but there was a value of work there to sustain it. Now, there was a lot of bodies around but there was a lot of work.

Reference 3 - 0.51% Coverage

There are a number of firms who would have been similar size to ourselves 10 odd years ago, are multiples of ourselves today. So, they have different cost structures, they'd have different overhead obligations... you know, they'd have different liabilities. I mean, you can reduce the staff numbers to a degree, but I know somebody who would have two offices or larger premises, etc, to serve it. And a lot of professional practices as well as contractors are carrying debt.

Reference 4 - 0.07% Coverage

Do you actively seek information?

Director A
More intuitively

RM 159 Items Sources: 8 References: 44 Unfiltered

Corporate Strategy (Stability/Survival)

Strategic Planning in Irish Quantity Surveying Practices.nvp - NVivo

File Edit View Go Project Links Code Tools Window Help

Look for: Search In Tree Nodes Find Now Clear Options X

Tree Nodes

- Phase 1 Broad Coding
- Phase 2 Coding On
 - Analysis and Diagnosis
 - General Company Information
 - Implementation
 - Objectives
 - Strategic Choice
 - Business Level Strategy
 - Corporate Level Strategy
 - Strategic Variation
 - SWOT
 - Strategic Planning

Corporate Level Strategy

Internals\Interviews\Company A2 - 518 references coded [5.92% Coverage]

Reference 1 - 0.37% Coverage

We made a conscious decision, even at the height of the thing that 16 people was our upper limit. That we didn't want to ex... actually, this office can accommodate 20 people, but we never envisaged going near that because we with Director X and myself, even managing it at 14 people, you needed a whole new layer of management and we weren't set.

Reference 2 - 0.27% Coverage

without ever consciously getting it, we're a small to medium size enterprise. There's a niche for us there, we're comfortable in what we do, we're big enough to take on decent size projects and we're small enough to roll into a ball when we have to.

Reference 3 - 0.32% Coverage

if you would ask the simple overriding strategy at the moment it is survival. And that really is it. And I think in being... if we can ride this out, still provide quality of service, that the people that we're dealing with, if we're all still standing at the end, then we'll all move on to better times

Reference 4 - 0.39% Coverage

your revenue, you can adjust your fees and you can offer value and be seen to be competitive, without slitting your throat, so your clients appreciate that your trying to reflect the market and they'll still do business with you. But the one area where you'll still do business and spend time is on your costs, because they're the only places you can truly control.

Reference 5 - 0.33% Coverage

So, you're always better to strategically, for lack of a better word, sort of say, no listen, I understand, talk to him and say... I'd rather be dealing with you when we all come out of the far side and we'll all do good business together. Then and in the future. Then make it like more difficult for people.

RM 159 Items Sources: 11 References: 77 Unfiltered

Business Level Strategy (Differentiation)

Strategic Planning in Irish Quantity Surveying Practices.nvp - NVivo

Look for: Search In: Tree Nodes Find Now Clear Options X

Tree Nodes

- Free Nodes
- Tree Nodes
 - Phase 1 Broad Coding
 - Phase 2 Coding On
 - Analysis and Diagnosis
 - General Company Information
 - Implementation
 - Objectives
 - Strategic Choice
 - Business Level Strategy
 - Cost Leadership
 - Differentiation (Selected)
 - Focus
 - Stuck in the Middle
 - Corporate Level Strategy
 - Strategic Variation
 - SWOT
 - Strategic Planning

Sources

- Nodes
- Sets
- Queries
- Models
- Links
- Classifications
- Folders

Search Results for 'Differentiation'

Reference 1 - 0.84% Coverage

There's certain projects have a certain client and you might see an opportunity... We have particular clients who we take a very long view at. We've done, there's one, that paper that was brought in that I signed there...that's for a client for whom we done 4 substantial projects. He has an interest in two huge projects. Now, they're on hold at the moment in the current climate but we would have a long term understanding with him. We give him a quality of service, our fee is very, very, very competitive, but if he has any quantity surveying, he comes to us. We make sure he is very well taken care of and that approach would mirror to a number of the public bodies and housing trusts clients we always deal with. You're maintaining relationships, you're building on it.

Reference 2 - 0.20% Coverage

if we can ride this out, still provide quality of service, that the people that we're dealing with, if we're all still standing at the end, then we'll all move on to better times, you know

Reference 3 - 0.51% Coverage

I can bide my time. They've spend huge money on this site, it's the old thing - survival, role yourself into a ball, get out the far side, hope that they get out the far side and then, in a better market, that development will progress. They will remember the fact that, they'll be mindful of the fact that you were patient with them and we've been asked to be patient, when things were tight and that you'll still be in the game. So, we've a couple of them like that

Reference 4 - 0.19% Coverage

Like, we're here since 1948, our core market is here. We're best placed to do what it is we do here and offer quality of, you know, to deliver the product we've always lived here

Reference 5 - 0.86% Coverage

RM 159 Items Sources: 9 References: 39 Unfiltered

Strategic Variation (International Market)

Strategic Planning in Irish Quantity Surveying Practices.nvp - NVivo

Look for: Search In: Tree Nodes Find Now Clear Options X

Tree Nodes

- Free Nodes
- Tree Nodes
 - Phase 1 Broad Coding
 - Phase 2 Coding On
 - Analysis and Diagnosis
 - General Company Information
 - Implementation
 - Objectives
 - Strategic Choice
 - Business Level Strategy
 - Corporate Level Strategy
 - Strategic Variation
 - Alliance or Partnership
 - Diversification
 - International Market (Selected)
 - Merger or Acquisition
 - SWOT
 - Strategic Planning

Sources

- Nodes
- Sets
- Queries
- Models
- Links
- Classifications
- Folders

Search Results for 'International Market'

Reference 1 - 0.17% Coverage

very informal. Recently, from a business perspective, we are in collaboration with another firm of surveyors looking at work abroad and the two of us...

Reference 2 - 0.25% Coverage

An Irish quantity surveying practice?

Director A
Northern Irish. They have a Dublin office but the two of us together have, it gives us a critical mass that we wouldn't have had otherwise. And we're looking at work abroad.

Reference 3 - 0.16% Coverage

It's a collaboration. A business...there's a business vehicle being set up where money goes in and, hopefully, money comes out. It hasn't happened yet.

Reference 4 - 0.58% Coverage

We're doing...dabbling in a little of legal and accountants work, assisting, you know doing a few expert witness type things. Small stuff, but its a few bob here and there. It doesn't register in the great scheme at the moment. It's like the house in the side garden, everything is a little bit of revenue, it's a little bit of turnover. It contributes to the wage bill and the overhead and then, I suppose outside of that...that's in the domestic market...we're looking to see if we can pick up work overseas. And we'd be looking at that.

Reference 5 - 0.01% Coverage

Middle East

RM 159 Items Sources: 11 References: 42 Unfiltered

Approach to Strategic Planning (Emergent)

The screenshot shows the NVivo interface with the following details:

- Tree Nodes:** The 'Emergent Approach' node is selected under 'Approaches to Strategic Planning'.
- Main Window:** Displays text excerpts from an interview transcript.
 - Interviewer: ... and I can't do anything until the shareholding formally transfers. So, that's more or less where we're at.
 - Interviewer: OK.
 - Director A: The chair - we are like the chair with the wonky leg!
 - Reference 2 - 1.22% Coverage:** so that none of us can foretell the future, but at the same time, there are certain horses you don't want to back. Or in terms of individuals, projects are also types of work. That's just a general awareness. A general awareness of the climate, the environment you're in. A general awareness of your own business but the hardest thing is translating those general intuitive understandings into a formalised set of goals or objectives. And often they just spell out, for me, if I'm out for a run or in my bed at night, kind of, oh must if we go that way, or if we address that, that might help with that. It's not, there isn't a formal process of planning and management. It's an ongoing, semi-ad-hoc process. It's taking the overall understanding issues that arise and fitting them into an overall framework.
 - Interviewer: So, one of the difficult, not difficulties but perhaps a hindrance to strategic planning is that the process itself is probably a little more ad-hoc than formal.
 - Director A: There isn't a process. There isn't a formal process.
 - Interviewer: There isn't a formal process.
 - Director A: No.
- Status Bar:** Shows 159 items, 65 references, and 1 unfiltered item.

Strategic Planning Process Formality (Informal)

The screenshot shows the NVivo interface with the following details:

- Tree Nodes:** The 'Informal Strategic Plan' node is selected under 'Formality of Process'.
- Main Window:** Displays text excerpts from an interview transcript.
 - Reference 1 - 0.12% Coverage:** Within our main, within the quality assurance and all that, and there's a general, there is a business plan,
 - Reference 2 - 0.07% Coverage:** the real business of informing people is through more informally
 - Reference 3 - 0.76% Coverage:** Or in terms of individuals, projects are also types of work. That's just a general awareness. A general awareness of the climate, the environment you're in. A general awareness of your own business but the hardest thing is translating those general intuitive understandings into a formalised set of goals or objectives. And often they just spell out, for me, if I'm out for a run or in my bed at night, kind of, oh must if we go that way, or if we address that, that might help with that. It's not, there isn't a formal process of planning and management. It's an ongoing, semi-ad-hoc process. It's taking the overall understanding issues that arise and fitting them into an overall framework.
 - Reference 4 - 0.32% Coverage:** So, one of the difficult, not difficulties but perhaps a hindrance to strategic planning is that the process itself is probably a little more ad-hoc than formal.
 - Director A: There isn't a process. There isn't a formal process.
 - Interviewer: There isn't a formal process.
 - Director A:
- Status Bar:** Shows 159 items, 14 references, and 1 unfiltered item.

Participation in Process (Director-driven)

The screenshot displays the NVivo software interface for a project titled "Strategic Planning in Irish Quantity Surveying Practices.nvp". The main window is divided into several panes:

- Nodes Pane:** Shows a hierarchical tree structure. The "Participation" node is selected, which includes sub-nodes like "Company wide participation", "Director participation only", and "Director plus senior staff participation".
- Text Pane:** Displays the content of the selected "Participation" node. It includes a list of references with their coverage percentages:
 - Reference 1 - 0.51% Coverage
 - Reference 2 - 0.64% Coverage
 - Reference 3 - 0.75% Coverage
- Text Content:** The main pane shows the text from the selected references, including a question: "Do they get involved in terms of setting objectives or is there a form for staff to suggest things they may think themselves to yourself?" and a response from "Director A" stating, "No, heretofore there hasn't been but, particularly since Director X... I would make a point of sitting them down once a month, everybody, and just communicating. This is where we are, this is where we want to be, this is what we need to do, this is what we need to be careful... and these are the threats and opportunities."

The bottom status bar indicates 159 items, 6 sources, and 25 references. The taskbar shows the Windows Start button and several open applications, including a Hotmail window and an Appendices window.

Following the coding of interview transcripts, each company (case) was categorised based on a number of attributes providing the opportunity for cross-case analysis as well as queries based on a chosen attribute.

An example of Company A attributes are displayed in the screenshots below:

