

The Future of Surveying *What will the surveying industry look like in 5 to 10 years?*

David, WOLRIGE, Australia

In years to come, when economists look back on 2009, they will have the benefit of reflective pause, of figures and statistics, of hindsight and clarity. This is in stark contrast to the situation the surveying industry, and other industries, find themselves in now- facing an uncertain future.

The only thing that we know with any degree of certainty at the moment is that business confidence has taken a hit and many surveying practice owners and employees are concerned about their future. Surveys from our clients team members has seen job security rise to the most important aspect in their jobs.

In the space of 18 months, the industry has moved from a period of record breaking growth and a critical skills shortage, to a situation that can only be described as a loss of confidence and rising unemployment levels. As a result the question on the typical business owner's mind is- should one cut back to prepare for a sustained downturn, or prepare business for growth?

Surveying practices are suffering across the country but in a survey, NSW are experiencing the worst business conditions of all the states.

Business conditions have been worsening on the back of weakening consumer demand with the National Australia Bank highlighting construction and manufacturing as the worst hit industries.

Unfortunately, the climate of fear and uncertainty can force businesses to focus on the **short term** by looking at potentially scaling back operations and staff.

The reality is that it is not all doom and gloom for the surveying industry. There are long term opportunities to be gained for surveying practices that are poised for growth. With careful planning, surveying practices can be agile and move with the times. With lean operations, the surveying industry has the ability to improve efficiencies in productivity, sustainability and to establish market share. This is particularly so with an ageing owner population and few new surveyors coming through into the profession.

While individual surveying practices aren't able to control the myriad of external factors contributing to the general economy, they can measure, benchmark and understand their own practices and chart a course forward to growth. This internal data will provide owners and management teams with the evidence they need bring certainty to uncertain times.

However research has identified that business owners are *hoping* for a positive change in the market, not *planning* for it. There is a sense that the decisions about their internal business operations are somehow outside of their control.

Planning for the future of your business is now more important than ever before. An economic downturn is a catalyst which can create opportunities or put the spotlight on previously hidden weaknesses in a business. However, commonsense, planning and foresight can help every business manager determine future business decisions that will be far more reliable than any crystal ball.

Professional surveying firms will need a complete package of change if they are to remain competitive and successful in the next few years.

Shrinking margins and increasing difficulty in attracting and retaining staff have been early sign on pressure to change.

However the National Australia Bank Business Planning Survey has revealed that small business owners, even in these uncertain economic times, are complacent about developing a plan for the future with 40% of SME owners failing to complete a business plan.

It has never been more important for surveying practices to plan for the future and if they fail to adequately protect their businesses, they may struggle to survive the year ahead.

When looking to develop a plan for the period ahead owners should consider reviewing trading cycles, costs and expected cash flow; get support and advice from business peers; undertake a SWOT analysis of your business and consider your market.

A recent survey showed these findings on demographic trends:

- Approx 24% of SME owners are now over 60
- Another 25% are between 50 and 60
- “My business is my superannuation” is becoming a reality

However:

- Only 38% of owners have a plan to sell or succession
- 40% plan to sell in next 5 years
- 50% will rely on proceeds of the business sale to assist retirement
- 33% expect to have difficulty selling

Half of small business owners are depending on their business to fund their retirement, but a third believe they will have difficulty selling, signalling a bleak future for some looking forward to a comfortable retirement.

“With almost 40% of owners planning to leave within the next five years, we may see an increase in small business owners not being able to sell their business to fund their retirement”.

“With the ageing population, the number of business owners reaching retirement age will dramatically increase in the next few decades”.

Small business owners need to get smart, plan and prepare for their business succession or exit, years in advance of their retirement for the best results. Even if they are closing their business, planning will make a big difference to the amount they walk away with. Leaving their exit planning to the last minute is not a good strategy.

It is a concern that many small businesses are not maximising their business value by planning their exit in advance or seeking professional help when they have no experience or skills in selling a business. If you sell your house, you would get professional help to renovate it and negotiate the best price on the market. The same rationale should apply to selling a business.

Hence **recruiting talent and leaders** is seen as the most critical issue surveying practices will face in the coming five to ten years.

How to attract and retain good people is a key success factor for surveying practices. The good news is that the same strategy works for both new and existing staff. Career plans, training, recognition, job variety and professional image are the key elements that need to be added to factors such as leadership, quality clients, growth, and value added services.

Having a **clear culture and values** is essential for attracting and retaining ideal team members, closely followed by training and development opportunities, and finally career enhancement opportunities. Specifically strong communication on performance & involvement in team meetings is critical.

As **culture and values** have such a strong impact on recruitment and retention of talent, which is seen as the top issue for surveyors over the coming years, it's important to understand what values they believe are the most important to have associated with their products and services. “Trusted”, “High-added value” and “innovative” are the characteristics most SME's would like to have associated with their products and services.

Culture is very important. It is a key weapon in surveyors attracting and retaining the best talent. The big challenge is to maintain the culture as the business changes. SME leaders need to see their role as being the cultural champion, to provide clear leadership on the business values. It is also important to recruit new talent that reflects the values of the business.

Innovation will be mandatory for small businesses over the next decade as they survive and thrive by seizing new opportunities, improving their competitive position, and providing more value to their customers.

Surveyors must take up the challenge to be natural and continuous innovators as they result in improved products and services, better business processes, increased customer value and stronger financial results.

Small business innovation takes the form of smaller incremental or market-sustaining changes as well as business model shifts and even market-changing innovation.

There will be changing demands of clients. Clients will continue to demand increasing **added value from** surveying practices over the next five years. At the same time these clients expectations of the service they receive is also expected to increase. Whilst these pressures are being brought to bear, surveyors fully expect to have to continue to decrease the costs of their product and service offerings.

Finding new ideal clients was seen as nearly twice as important to our respondents as retaining them. Unfortunately, many surveyors don't believe they have enough time and in some cases money, to spend on adequately marketing their organisations.

However overall surveyors believe the critical marketing challenges for them are to improve the target marketing of key **ideal clients**, make more **effective use of the internet** and to **improve their level of customer insight**. Having good customer insight becomes increasingly important because they believe they are going to be required to add increasing value to their clients in the future. Exploiting **relationship marketing** is seen also as a very important priority for them over the next 5 years.

Service was considered important. Respondents think they will be required to **increase service levels to their clients whilst reducing the costs of running their organisations**. **Identifying and sustaining best practice in service delivery** is a key issue over the next 5 years.

Work In Progress (WIP) – The current downturn means businesses should carefully monitor their WIP levels. A tight “just in time” WIP control system is a necessary survival technique in these tougher times whilst significantly improving cash flow collection from clients

Working capital in an uncertain world cash remains king. Surveyors will place increasing importance on liquidity in their daily operations, putting pressure on trading terms and credit required from suppliers and provided to customers.

Business Management – Agility will be an asset during these times of significant and unexpected market changes. Newer entrepreneurial organisations will potentially be better at exploiting this new business environment, because they won't have to re-engineer existing systems. New organisations will however struggle to get a foothold in

a market, needing time to establish a reputation and networks, both of which will be key assets to aid survival and enable a business to flourish.

The early adopters of the industry, no more than 16% of the industry, can see the pressure coming. The next 34%, the early majority, sense something is happening. They can't work out what it is, but they are starting to feel the winds of change. The next 34%, the late majority, read about the likely changes but until they see the early majority adopt the new structure they will continue to procrastinate about change. The last 16% are the laggards. They never change and, fortunately for the industry, will retire, go into low level industry jobs or somehow leave the profession, over the next five to ten years. This pattern, known as the diffusion of innovation, applies to all industries. This article, will only appeal initially to the "early adopters". If you are not in this group, file the paper away for a few years and then read it again. When the time is right for you, the changes required will make sense.

CONTACT

Mr. David Wolrige (CEO)
Summit Partners Pty. Ltd.
Tel.: + 61 2 88834699
Email: info@summitpartners.com.au
Address: 401a/5 Celebration Drive :
Country: Australia