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Make Your Best Pitch

You might know your company can do the job. But when the competition is tight, you have to show what sets your firm apart

The company: Vanbots Construction Corp. is a fast-rising general contractor based in Markham, Ont., just north of Toronto. Founded in 1959, it transformed itself in the early 1990s by redefining the traditional adversarial relationship that existed among participants — owners, architects, engineers and subcontractors — on many large jobs. Where self-interest had been the norm, it created successful partnerships.

The situation: A Request for Proposals has just been issued for what promises to be one of the most lucrative and prestigious construction projects the city of Toronto has seen in some time: the renovation of the Royal Ontario Museum. Vanbots' senior management wants the job, but needs to come up with an angle for its application that will trump submissions by the country's biggest and best-known general contractors.

MATT AINLEY, PRESIDENT AND CHIEF operating officer of Vanbots Construction Corp., returned to his Markham, Ont., office from what was, as usual, a very hectic day. He had a few minutes to himself and was reflecting on one of the most exciting Requests for Proposals (RFPs) to cross his desk in some time: the planned renovation and expansion of the Royal Ontario Museum (ROM) in Toronto. While a specific architect and design had yet to be chosen, Ainley knew this would be one of the biggest, most technically complex and highest-profile projects on the market, and he wanted to win it – badly. The job would be both lucrative and highly prestigious. Winning the bid would further solidify his company's stature as a major player in the industry. Just as importantly, it would be a chance to reaffirm that Vanbots' resolutely client-centric, consensus-building approach, while still the exception in the staid general contracting industry, was making a difference for architects, engineers, project owners and, of course, contractors themselves. Ainley knew Vanbots could do the job. It had a great team, lots of experience and a great reputation, but so did some of its competitors. The question before him was, how to win the bid.

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THE BUSINESS OF general contracting – hiring someone to manage and co-ordinate a building project – is as old as construction itself. It starts with a project owner or financier soliciting bids from several contractors, aiming to secure the best contractor for the job at the best price. The only serious changes over the centuries have been the nature of the equipment used (machines, rather than raw muscle), the means used to settle disputes (lawyers have generally replaced fist fights) and the technical complexity of the projects undertaken.

The industry has much the same structure around the world. In each country, a few very big players dominate the market, undertaking the largest and most complex projects, leaving smaller jobs to a crowded field of small and mid-sized players. Though the industry has a handful of global players, those multinational firms usually work closely with a small number of trusted domestic subcontractors. Traditionally, local knowledge matters a great deal, as contracting requires access to local labour markets, an understanding of building codes and the ability to navigate regulatory and approvals processes.

Vanbots operates in a notoriously cyclical industry, vulnerable to booms and busts in demand for construction. When times are good, firms scramble to expand and hire; when times are bad, many firms go out of business. At every point in the economic cycle, competition is fierce. The same firms go head to head for every major construction project that comes on the market. In Canada, Vanbots ranks as the fastest-growing challenger to the industry's "big three": Ellis Don, PCL and Aecon. Ainley prides himself on Vanbots' increasing ability to irritate the big three by winning business away from them.

Such ultra-competitiveness among a small group of major contenders sets up a further challenge: differentiation. If a building owner or project financier only cares about the lowest or best price for their job, that makes it tough for individual contractors to stand out. Their inputs were more or less the same: steel is steel and electricians are electricians. And margins are tight – the big firms can expect perhaps a 2% profit, after everything is said and done.

That means one miscalculation is often the difference between success and bankruptcy. Indeed, the general contracting industry is littered with the remnants of firms that undertook one big project that became their undoing. With no margin for error and little room for niceties like marketing and advertising, would-be contractors need to find ways to differentiate themselves, add value and improve their razor-thin margins.

VANBOTS HAD BEEN AROUND since 1959. Privately held since its inception as a local Ontario firm, the company grew carefully and systematically. Thirty years on, Vanbots had a track record of projects not only in Canada but internationally, with work in the United Arab Emirates, the United Kingdom and the U.S. As a general contractor, it employed just over 400 professionals – not including, of course, the countless subcontractors and trades professionals it worked with on specific projects.

The company marked a turning point in 1991, under the new leadership of Keith Gillam and Matt Ainley. (Gillam, the current chairman and CEO, bought into the company that year and finished the purchase with Ainley in 1995.) Under Gillam and Ainley, the company sought to create an edge for the firm, to do things differently and, perhaps, to fundamentally change the rules of the general contracting game. Specifically, Vanbots set out to redefine the relationship between itself and the owners for whom it worked. It began to view the project "owners" broadly, taking in not just the clients who commissioned a building, but also the architects and engineers who translated the idea for a building into the details required to build it. In redefining these relationships, Vanbots sought to make them non-adversarial, a change from the friction that had been more or less a given in the industry up to this point.

Furthermore, Vanbots wanted to be viewed as the client's construction department and sought to treat the projects they worked on as if they were the owners. Finally, it sought to stay in touch and provide advice to its clients regardless of whether or not there was a big

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INNOVATIVE IDEAS.
RELEVANT EXPERTISE.

project up for bid. This relationship-building approach was unique in the industry at the time, and proved very successful. Since launching this strategy in 1991, Vanbots has been able to boast that 65% of its business has been repeat business – a sharp increase from 15% in the 30 years prior.

Sitting in his office that day in 2001, Ainley knew this same spirit of innovation would have to be leveraged if Vanbots was to land the Royal Ontario Museum renovation. By that point, the museum's board and management had already undertaken numerous strategic planning reviews and had come to the conclusion that a revitalization of the facility was necessary. There would be three phases in the bidding process. First would be the pre-qualification step, the purpose of which was to create a short list of worthy general contractors. The second step involved each short-listed firm making a detailed proposal. The third centred on a formal presentation to the ROM's decision-making team.

How would Vanbots differentiate itself in each of the steps in the process? At this point, the challenge was as much about marketing and creativity as technical skill. Ainley knew he and his firm would have to dig deep.

The Outcome

TO GET THE PROCESS ROLLING, Ainley and Gillam pulled their team together and laid out several objectives. First, they knew they would need to demonstrate they wanted the business more than anyone else. Secondly, they had to develop a theme that would resonate with the ROM decision-makers and show that Vanbots understood the ROM and what the renovation meant to them. And finally, with less name recognition than the "big three," Vanbots' presentation had to "wow" its audience.

The first decision was to choose a theme that would carry through all three steps of the process: pre-qualification, detailed proposal and presentation. The official name of the renovation project was "Renaissance ROM," and this got their brainstorming going. Before long, the team developed the idea of featuring three different time periods, reflecting the ROM's essential purpose and identity, for each of the stages of their bid. They chose Ancient Egypt, the Renaissance and the Future.

In the pre-qualification phase, the ROM would evaluate the bidding company's qualifications for the job. Technical capability (whether they could do the work) and experience (whether they had the people with the necessary track record) would be paramount. This stage of the bidding was only a minor hurdle, but Ainley and Gillam knew that it was important to set the right tone from the outset.

The team decided to design a creative pre-qualification submission, taking inspiration from the papyrus scrolls of ancient Egypt. They visited the ROM's gift shop, where they found the papyrus prints that they would use for the document's covers and section dividers. The document itself was printed on what looked like parchment paper, and on each page hieroglyphic designs were used to attract the reader's eye. Just before shipping out the proposal, the team noticed one small flaw: the metal bindings holding the pages together wouldn't pass muster, given the ROM staff's professional interest in history. For a more authentic air, the metal clips were replaced with leather thongs to tie the document together.

The usually bland pre-qualification document was transformed. It "oozed authenticity and effort," Ainley declared. The document was hand-delivered, and its content and packaging both demonstrated that Vanbots was a serious contender and that it could do the job. Not

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surprisingly, the industry giants – Aecon, Ellis Don and PCL – made the short list. But with its scroll as an opening salvo, Vanbots was also accepted. It was on to the second phase – and the challenge of the detailed proposal.

Emboldened by the scroll victory, Vanbots went back to the drawing board. With the stakes raised, and a bit of Egyptian history under the team's belt, it was on to the written proposal and the Renaissance period. The team envisioned a booklet reminiscent of the painstakingly executed codices and illuminated manuscripts of 15th-century European monasteries, hoping the theme would convey Vanbots' skill, dedication and attention to detail. The proposal, bound like a portfolio using the "Chicago screws" favoured by bookbinders, was printed on parchment paper and enclosed by suede covers. Vanbots had the ROM logo hand-painted in gold foil on the proposal cover. They singed the pages and the edges of the leather cover to give the book the patina of age, then separated sections using the old-fashioned "thumb cuts" one might find in an old family Bible. Each page's faint watermark included the ROM logo, and each section had a hand-decorated initial letter, as if executed by a Renaissance monk.

The required 12 copies of the proposal were delivered in a hand-built wooden crate. The box, stuffed with straw packing material to protect the "artifact," was distressed and "stamped" with decals from different countries giving the appearance that it had travelled long distances to arrive at the ROM. To achieve a well-worn look, the Vanbots team literally kicked the crate around their parking lot. The proposal, immaculately crated and topped with a screwdriver (hand-painted with a ROM logo) to aid in unpacking, was delivered by two Vanbots employees sporting hard hats with hand-painted ROM and Vanbots logos. It was pure spectacle, Ainley and Gillam knew, but they needed to demonstrate just how committed Vanbots was to getting the project.

For the interview portion of the process, Vanbots had decided to focus on the future as their theme. But with selection of the design and architect still underway, the company had no way to know what the "new" ROM would ultimately look like. They decided on packaging that was contemporary and innovative, but which was different from any of the design proposals on the table. One of Vanbots' most talented glass contractors was enlisted for the job. He created a green tempered-glass container to house the presentation CDs, closed with a gleaming, contemporary chrome piano hinge. Each CD was enclosed in a plastic case with a portion of the ROM logo; when lined up in the glass box, the spines of the CDs formed a complete ROM logo. Another hand-built wooden crate was used to present the finished product. By this time, the ROM's selection committee was waiting with bated breath to see how the written proposals could be topped.

The ROM's decision, of course, was anchored by the substance of the proposal: Vanbots' team and its technical capabilities. But with its innovative approach to packaging the bid, Vanbots was able communicate its understanding of the ROM, its willingness to go the extra mile and most importantly, its ability to wow the client. Substance and style together carried the day, and in December 2001, Vanbots was declared the winning bidder. Two months later, the internationally renowned architect Daniel Libeskind and Bregman + Hamann Architects were named as the project's architects. This month – June 2007 – marks the reopening of the renovated ROM, now with the addition of Libeskind's "Crystal," to the public.

By the time the interview phase of the presentation began, the committee was waiting with bated breath

The Expert View

By Robin Clarke
Vice-President,
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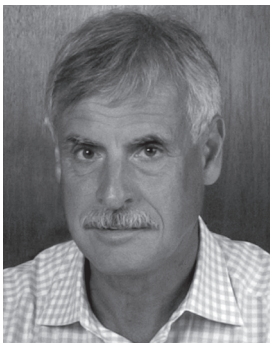

IT IS CLEAR THAT VANBOTS has pursued absolutely the right approach with its relationship-focused strategy. Most building projects are complex undertakings. Complexity enters into the equation for many reasons, from new building materials to avant-garde designs such as Libeskind's. The probability of things not going to plan increases substantially as complexity increases. Thus, an ability to manage effectively through these sometimes shifting sands is an asset to any contractor. Vanbots' approach seems to be very effective at managing this complexity. It has enabled it to be innovative and creative in getting business like the ROM project, and also in solving the inevitable problems and unanticipated events that occur during the building process itself. Finally, it gives them a great deal of repeat business – a recipe for sustained profitable growth if there ever was one.

Because of Vanbots' success, others firms are now imitating its approach. Vanbots will have to work hard if it is to continue marching forward at the same pace. In fact, the principals should seriously consider whether getting bigger is what they want or need to do to be successful in the future.

Note: The authors do not intend to illustrate either effective or ineffective handling of a managerial situation. The views represented here are solely those of the case authors and are based on their own professional judgment. Certain names, scenarios or identifying information may have been disguised to protect confidentiality.

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