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Sustaining Long-Term Profitability

APEGBC Conference Key Note Address

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**Session Notes Courtesy of
Harriett Lemer
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Skills Critical to Long-Term Profitability of Engineering Firms

Journal of Management in Engineering, March/April 1997

Shakir Gushgari, Peter Francis, Jamal Sakiou

List of 20 skills developed that were indicated to be important to long-term profitability. Mailed to 500 engineering firms throughout the US.

Survey addressed two issues:

- Identification of skills principals perceive to be most critical for their firm's long-term profitability for both themselves and project managers
- Identification of preferred methods of training

“Long-term profitability” is used interchangeably with “success”. Emphasis is on principals and project managers because they have the greatest opportunity to impact the bottom-line profitability of the organization. Profitability did not mean difference between past and present status of net income, but rather perception of skills that would contribute to long-term profitability.

Ranking Results (most to least critical):

Skills of Project Managers for Long-term Profitability

- | | |
|-------------------------------|---------------------------|
| 1. Communication | 11. Result orientation |
| 2. Listening | 12. Financial management |
| 3. Project management | 13. Time management |
| 4. Decision making | 14. Technical knowledge |
| 5. Leadership and motivation | 15. Negotiating |
| 6. Problem solving | 16. Personal adaptability |
| 7. Quality management | 17. Administration |
| 8. Organizing | 18. Project acquisition |
| 9. Delegating | 19. Creativity |
| 10. Planning and goal setting | 20. Risk taking |



Ranking results (most to least critical) of skills of principals for long-term profitability

- | | |
|-------------------------------------|---------------------------------------|
| 1. Communication | 11. Ethics and organizational culture |
| 2. Leadership and management | 12. Delegation |
| 3. Vision | 13. Financial management |
| 4. Problem solving | 14. Time management |
| 5. Relationship building | 15. Planning and goal setting |
| 6. Motivating others | 16. Employee development |
| 7. Motivating self | 17. Human resources |
| 8. Marketing | 18. Organizing |
| 9. Business and technical knowledge | 19. Sales |
| 10. Customer/vendor relations | 20. Personal adaptability |

Training Preferences – Project Managers

1. Work with mentor (coach)
2. In-house training
3. Personal study
4. Off-site full day seminar
5. Bring a consultant in-house
6. Off-site multi-day seminar

Training Preferences – Principals

1. Work with mentor (coach)
2. Personal study
3. Off-site full day seminar
4. Off-site half day seminar
5. In-house training

Analysis and Conclusion

Results support previous findings that effective communication skills are central to success in organizations. Communication is perceived to be the most critical skill for professionals in engineering firms that contribute to long-term profitability.

Communication can be disaggregated into several different parts: **listening, speaking, writing and body language**. Previous studies have identified **listening** as one of the most important factors in judgments of communicator competence.

The definitions of communication and listening, and the other skills in this survey are found in the Glossary on the next page.



GLOSSARY

- **administration** - the ability to manage and control projects relative to budgetary constraints, change orders, additional services, and collection of accounts receivable.
- **business and technical knowledge** - the ability to understand business drivers and the technical aspects required of the position.
- **communication** - the ability to interact effectively with others at all levels within and outside the organization.
- **creativity** - the ability to conceptualize nontraditional solution(s) to problems.
- **customer/vendor relations** - the ability to build cooperative relationships between the firm and its customers and vendors.
- **decision making** - the ability to take appropriate action under the constraints of limited time, information, and resources.
- **delegation** - the ability to effectively distribute tasks to other members of the organization.
- **employee development** - the ability to observe and evaluate employees' abilities in order to provide the necessary tools for improvement.
- **ethics and organizational culture** - an ability and willingness to support and foster the values that drive the decisions and behavior of the firm in regard to its employees, customers, suppliers, and community.
- **financial management** - the ability to understand financial statements, and financial ratios, and to deal with accounting firms and financial institutions.
- **human resources** - the ability to effectively manage employee resources to meet the needs of the firm.
- **leadership and management** - the ability to make correct decisions for the firm and then execute them using resources available to the firm.
- **leadership and motivation** - the ability to make correct decisions for the firm and then influence others to contribute to attaining the firm's goals.
- **listening** - the ability to receive and effectively process information provided by others.
- **marketing** - the ability to effectively promote the goods and services offered by the firm.
- **motivating others** - the ability to influence others to fully participate in activities that lead to the achievement of the firm's goals.
- **motivating self** - the ability to influence oneself to fully participate in activities that lead to the achievement of the firm's goals.
- **negotiation** - the ability to engage in a two-way discussion and achieve the interests of the firm through influencing the decisions of others.
- **organizing** - the ability to align resources in such a way as to be most beneficial for the firm.
- **personal adaptability** - the ability to alter one's point of view when shown evidence that a change is necessary.
- **planning and goal setting** - the ability to assess and set objectives for the firm, then plot a path to achieve those objectives.



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- **problem solving** - the ability to analyze adverse conditions or conflict, identify root causes, provide a practical solution, and then implement it.
- **project acquisition** - the ability to identify and secure contracts.
- **project management** - the ability to allocate human and material resources to accomplish specified tasks within the allotted time frame.
- **quality management** - the ability to manage the production of goods or services within a clearly defined set of expectations.
- **relationship building** - the ability to develop an association with others that includes cooperation, mutual respect, and trust.
- **result orientation** - a focus on consistently generating tangible outputs.
- **risk taking** - the willingness to undertake tasks with a reasonable, but not assured, potential for success.
- **sales** - the ability to successfully market the firm's goods and services.
- **technical knowledge** - an understanding of complex elements required to effectively complete tasks associated with a given profession.
- **time management** - the ability to successfully manage multiple tasks within given time constraints.
- **vision** - the ability to identify the future direction of the industry, and to align the firm's direction to best take advantage of the projected change.

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