

# CASE STUDY

Described for the project: “The Hexagonal Leader”

## Name of the organization

LFS ARQUITECTURA

## Website of the organization

[www.lfs-arquitectura.com](http://www.lfs-arquitectura.com)

## Logotype of the organization



## Type of organization

- Business organization
- Public administration
- NGO's
- Others (what kind?) .....

## Size of the organization

- Small
- Medium
- Large

## Economic sector

Architecture and building

## Brief description of the organization

LFS was founded in 2007 as an architectural studio, and they did all kinds of architectural projects (houses, single-family houses, buildings from hotels to office buildings, etc.). At the beginning they were only dedicated to the drafting of the construction project. Later on, they started to work not only in the drafting of the building projects but also in the construction. They offer an integral service from the project to the delivery of the building. Nowadays they are more focused on new construction and building refurbishment. They also collaborate with property administrators for the reform of communities of owners, and energy improvement, which as he will explain later is one of

the new areas of action of the company.

### Case study description (situation / the problem they are facing) [max 2000 characters]

The construction sector was severely affected by the economic crisis of 2008. It was estimated that at least five million workers in the sector lost their jobs in 2008. Employment in the construction sector in Spain was one of the first victims of the 2008 financial crisis. The heavy dependence of the Spanish economy on the construction sector meant that the architectural profession was one of the hardest hit by the economic crisis of 2008. With the fall of the real estate sector, and specifically that of new housing, we find ourselves with an over-dimensioned system with a tendency to be increasingly so, due on the one hand to the increase in the number of architects, and on the other hand due to the decrease in the number of homes approved, which means that the number of homes approved per architect per year tends to be less and less.

The worst moment for the company was the crisis of 2008, as it was a crisis that affected the construction sector and caused the execution of works to stop. As there were no works being carried out, our architectural firm had no orders for the drafting of projects. LFS went from a ratio of at least 15 projects/architect/year to 4 at best. For this reason, the company reached a point where it had hardly any activity, we were faced with the need to make a decision, either to close the company or to look for a strategy to be able to save the architectural firm. The company could not survive in this situation so we needed to make a quick decision and take measures to deal with the situation.

### Suggested solutions (added pros and cons)

The first thing we did was to plan a meeting to study the difficult situation of the company, to discuss the different alternatives and the viability of these alternatives.

- One of the options we considered due to the 2008 crisis and the bad situation in Spain for our sector was to emigrate to other European countries or even to Asian countries.
- Specialisation in different sectors through master's degrees and complementary training.
- LFS never considered the option of closing the company.

LFS had several meetings in order to come up with alternatives that would allow us to keep the business running. From the different options considered by the company LFS discovered an important market niche in the field of building renovation and building refurbishment. LFS also discovered that there was a market that LFS could work in and that it was something new and that was the issue of energy efficiency and energy improvement in buildings.

**The PROS** of these alternatives were that we had options for not closing the company and being able to continue working. Other pros were that, for example, energy efficiency was an unexplored market and therefore there was not much competition.

**The CONS** were that we needed to be trained in energy efficiency. The cons were that we needed to be trained in energy efficiency and we had to make an investment in training. Another disadvantage was that we had to attract new clients, we had to make our services known in the field of energy efficiency and we also had to invest in commercial and marketing.

### Rationale of the decision taken

The decision LFS took was to look for other areas within the construction sector that would allow us to continue with the company's activity. LFS team studied the different alternatives and the viability of all of them and among them LFS decided to focus on the area of building rehabilitation, which was a field in which there was work to be done. Also, from 2010, the City Council of Granada started to carry out Technical Inspections of Buildings. All buildings older than 45 years must pass the Technical Inspections

of Buildings every 10 years. If serious problems are detected, the community must hire an architect to manage the works and then pass the Technical Inspections of Buildings again. In order to sell a property over 45 years old, it is necessary to show the certificate. The professionals authorised to carry out the **Technical Inspections of Buildings** are those with building-related qualifications. For this reason, the most common technicians when carrying out technical inspections of a building are architects and technical architects, which is why the Technical Inspections of Buildings was another field in which we began to make our way and in those inspections in which problems were detected, LFS was a company responsible for carrying out the reform project and the reform of the building, so this was another niche market in which LFS managed to make our way.

### Solution implemented in practice

In order to be able to implement the decisions taken we had to:

1. Investing in staff training on specific issues related to building renovation.
2. Marketing strategies for attracting new and changing segments. We had to do a lot more work on the commercial and marketing side, as it was an area we had not worked in before and we had to make a big effort to be known. Some of the strategies we developed to attract clients included:
  - ✓ Have funding plans. Offer different payment options.
  - ✓ agreements with financial institutions to extend credit to your customers
  - ✓ reduce the cost of services but offer the highest quality.
  - ✓ seeking high-impact solutions.
3. Reinforce with customers our commitment to them and subtly explain the actions and measures we are taking on our services. We offer maintenance and repair services.
4. Another of the measures was to prioritise resources, to reduce spending in areas where we could do so in order to be able to invest in other areas that were fundamental at that time, such as training. Optimise resources more than ever. It is important to strike the right balance between cost reduction and investment and between flexibility and stability.
5. Assess FLS organisational structure. Decentralising decision-making allowed people's expertise to be put to better use. In times of crisis, burdening a few people with decisions can result in limiting the capacity to experiment and adapt.

It was important to create an environment of openness where everyone in our team felt free to ask uncomfortable questions and make difficult decisions.

### Lesson learned

- Make strategic business decisions. For decision making in FLS we had to define the problem; analyse the alternatives; associate possible effects for each of them; choose, evaluate. Sometimes decisions are made without knowing if what is being done will solve the real problem.
- Adapt our products or services to new market circumstances. LFS learnt the importance of adaptability to a changing market place.
- Making the best of adverse circumstances. I learned that in times of crisis one should focus on opportunities rather than on fighting threats.
- Be prepared for future crises. The fact that LFS has overcome a crisis gives you the necessary experience to be able to deal with future crises, at least in terms of how to act and make decisions.

- That good leadership plays a crucial role
- Get feedback from your customers. It is important to have different sources of data to get a more holistic view of how your customers have changed their behaviour and perceptions.
- Seek feedback from your customers on changes in habit.

### Connection to the six skills depicted in the project

- **Making the right strategic decisions** in the crisis situation that we had in the company caused by the economic crisis of 2008. In those times of change, strategic decision making was the only way to be viable in a complex environment such as the 2008 crisis.
- **Manager transition.** The motivation of LFS employees was essential for the company to function well. And in difficult times, this motivation becomes even more important. This is why it was essential in times of crisis recognise the situation. Crises exist. They are part of companies and economic systems. They are not pleasant, but they are there. An early and realistic recognition made it possible to take the most appropriate measures to mitigate their effects and to provide an energising stimulus.
- **Effective leadership.** In difficult times in business, good leadership is more necessary than ever, as teams need to be guided through change. Thus, the leader's ability is put to the test. In that sense, leadership and teamwork were crucial to successfully navigate through transitions in business such as the times of crisis we experienced in 2008.
- **Feedback an comunication.** It is in these moments of uncertainty and crisis that the company must strengthen its corporate communication more than ever. Conveying control of the situation and providing truthful information were two of the main objectives of crisis communication in the company. To maintain open and transparent communication. To create a collaborative environment and a good working atmosphere. Adopting an open communication style so that employees feel listened to in those difficult moments. It is essential that in times of uncertainty and crisis like the one we are living in the company to cultivate and foster the employees' sense of belonging to the company, showing them the importance of their role in it and how it affects the success of the company.