

Building A Mid-Atlantic A/E/C Firm with Strong Guiding Principles **with Mark Hourigan**

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Susan Quinn: Today's guest is Mark Hourigan, the founder and CEO of Hourigan Group, a truly best in class firm that's a leader in the construction and development industry. I've had the privilege of seeing his leadership in action over the years, and in this conversation, he's gonna share insights on the importance of having clear guiding principles that go way beyond words, and how they can create powerful partnerships that's going to take your business to new heights. Mark, welcome. I am so delighted to have you on our show today.

Mark Hourigan: Well, thank you, Susan. It's always a pleasure to get together with you and have the opportunity to have a conversation around business and all the topics that we find interesting and engaging.

Susan Quinn: I think it's fair to share with our audience that we have been working together for over 25 years through board affiliations and also working directly with the Hourigan Group and have seen your company grow honestly in leaps and bounds. It seemed a much smaller company 20 some years ago, and I am fascinated, personally, Circle S collectively, of having conversations with leaders, creating a community of leadership so that we can share best practices, and would love to throw out some questions to you today cause I know you have many, many things to share with us. But before we get started, tell us a little bit about Hourigan Group, where you started and where you are today.

Mark Hourigan: Sure, I'd be happy to do that. The company has just celebrated its thirtieth anniversary. I started as a commercial construction firm back in late '93, early '94, and with the outgrowth of a gentleman that I had worked for a number of years who really taught me the construction industry. But I started my firm in '93 and have grown it since then. We are based in Richmond, Virginia, and right now we have two additional offices in Hampton Roads, the Virginia Beach area, and then Charlottesville, and we provide commercial construction services for a great many wonderful clients, but mostly in the sectors of office, healthcare, advanced manufacturing, and some specialty defense work, are our primary sectors. And we've had the good fortune over the years as we have grown our client base and our capacity as a firm. We've added additional services to our capabilities beyond the initial commercial construction phase and have added a development arm, self-performed component to our company, an equipment company, and then a small consulting group that works with our various owners as we've tried to find the best ways to serve our clients.

Susan Quinn: So clearly construction has morphed in a vertical, horizontal, how would you describe that? You are providing what your clients needs, or how did that evolution take place?

Mark Hourigan: It was interesting as I started and something, I think, was always important is having a clear vision of where we wanted to go. And so there was an initial mission statement that I had put together that talks about developing uniquely remarkable relationships and buildings. That's important, the relationship component. And, as I came up through the industry, I got to see a great many different business models on how people deliver construction services, and as someone who had great mentors growing up and understood the value of relationships and partnerships, that's very much how I wanted the company to act and be seen in the marketplace. And so, as we get to be hopefully, the trusted advisor and great partner to our clients, we listen. We listen to what their needs are, what their pain points are, what's not being serviced well, or how could we service them better, and I looked at all of those as opportunities to grow and morph our business in ways that would be highly responsive to the client needs. Now, it's also helpful that you can find other ways to be as integrated and as hopefully profitable as you can be by providing additional services, but it really stems from the need that a client may have and how do we better answer that question for them?

Susan Quinn: You mentioned a mission of uniquely remarkable buildings, relationships; is that something that continues to drive the success of your company today? How does that mission live for you at Hourigan Group?

Mark Hourigan: It very much drives us today. That mission statement in '93 is the same mission statement that we have today. Now we have, I will say, supplemented that with as you grow the business, I needed to know where I thought I was going, and so that mission statement helped me do that. That was important that as I hired people, that I could articulate for them where we were going and make sure that there was a fit for the people who thought they wanted to come work for us. It was helpful in attracting clients and knowing what clients you wanted to go after, and what was important to me, if that was important to them, then again, that fit issue really mattered. But I also think if you want to grow your company, you've got to be able to articulate that to your people, so that as you begin to delegate and empower others to carry forward the mission of the organization, they need to be clear on what that is. And so, that has been foundational. And then, as you grow the company – so when I started it was three or four of us, and you know, today we're over 250 people – for them to be on the same page, you've got to be able to articulate not only that vision, but also the other guiding principles that are critically important for people to know how to behave and act, and how you measure and promote and incent and reward people. But it is also the way that, I think, folks who work for you know that we're on the right path and what we are doing. So, we've driven further down into core values that we think are important and how we should show up every day. And it's important that we live, those core values and measure those core values so that the message is consistent all the way throughout the organization. So, it's probably the thing I focus on most today is making sure that that brand, that culture, that kind of the morale of the organization is as homogeneous as possible and as consistent as possible so that we deliver on the expectations we promise every day.

Susan Quinn: So, something in some people's minds may say, as simple as guiding principles are propelling growth for your company, I would think that it's all about the bells and whistles and the technology and all of the complexity that you need to administer and guide. How do you merge all of that together? Like what does a typical day look like for Mark Hourigan 30 years later, as the CEO?

Mark Hourigan: [Laughs] No, that's a great question. I don't know that there is a typical day, but I'll do my best to try and explain it. I'll go back to your comment about the bells and the whistles and the processes and the other things. There always has to be context and perspective that people can understand the macro vision, the strategic vision of where you are going. It is important to have the very necessary processes, and checks and balances, and things in place on how we tactically execute our work, but that's not what drives people. What drives people is that vision, and that they align with that vision, and I would say, both the people who work for us, the people that we work for – and that can be owners, that can be architects, that can be localities who we're working with, our subcontractors and vendors – they need to know what we stand for and that our behavior mirrors what we say we stand for, and I think our people deliver on that at a very high level. That drives what we do and how we do it. It's important to then have the business processes underneath that to make sure that as we measure what we do that we are accomplishing what we need to.

Susan Quinn: You just teed up two things, and I will separate them.

Mark Hourigan: Okay.

Susan Quinn: What is the vision that's guiding. How do you articulate that? How does it show up day to day?

Mark Hourigan: It is an important thing to make sure that we can say to our people what it is that we do. And so, as we talked about those guiding principles, you know, the purpose of what we do, you know, why we're here and what it is that we are doing, and where are we going in that long term vision, that 2030 year guiding North Star in terms of what it is that we are doing, we've got to be able to put that out there for our people every day. And why do people get up and come to work? It is not to make money. That's an important component of that, but you need to have something that drives you passionately. And for us we talk about how we shape tomorrow today, and what is it that we do that makes a permanent imprint on a skyline, or that is a very tangible product that our people can see and touch, and their families can see and touch, that their father, their mother, their sister, their brother, whomever, were involved in creating a building, a facility that had deep impact on people, and how they do their jobs, or their research, or their healthcare work, or transformative office space. Those are the things that I think if you can articulate that to your people, and they believe in that – and that's our job is to hire the right people that believe in those types of things – then I think we can accomplish the things that we set out in our expectations that hopefully, we've articulated well. And then we need to drive that every day inside the company. And that's really what we try and do.

Susan Quinn: Well, driving it every day, I think what we can also look at are the results. So, you were named ENR's mid Atlantic, contractor of the year, couple of years ago. So, something is being communicated and articulated within your organization. Is there anything that you find, at least from where you started to how you are performing today, and what you see for the future that has gotten easier? And is there anything that is more difficult to be able to fulfill your vision and your passion.

Mark Hourigan: I would think most business leaders today would say, there's very little that's easier, it just seems like everything in some ways is harder. And that's not completely true. You know, when you're starting out growing a business from nothing, establishing presence and

credibility and brand and reputation, you're asking people to take a leap in the beginning. I think after 30 years, we have a fairly well-established brand and reputation, and I think people in the markets that we serve understand who we are and how we do the things that we do. And I do think, as you and I have talked in the past, likeminded people seek each other out. I think we align well with certain clients that value the things that we value, and vice versa, we value the things that they do. And it's the same for the people who work for us, or the people who we hire to work and do subcontract work for us. You know, we all try and approach work in very much the same way, and that allows us to deliver. When you can create this uncommon camaraderie and alignment and fair treatment of people, there's no telling what you can accomplish. And the pride that people take in the work that they execute, we find those people? We're gonna go do great things. That part in some ways is easier, because we've now had the ability to stand and deliver for 30 plus years in doing those things. You know the things that are harder today, Susan, I think if you do not remain nimble to new technologies, to new approaches, to new methods of delivery, then I think you're going to die a slow death. And so, for us, the need, or the urgency to stay very relevant with the latest trends, the latest technologies, the latest software, the things that we are doing, that's a constant process. And you want people who work for you to be always thinking about, how do we get better today, and how do we get better tomorrow? And if we do that, then we should always be relevant in the markets that we serve.

Susan Quinn: That's great. You know there's a saying that, don't let someone disrupt you, you need to disrupt yourself [Laughter]. We are living in a-, technology is disrupting a lot of industries. But what do you see, is there anything disrupting your industry? How is technology changing it? And how do you keep up with all of that?

Mark Hourigan: Yeah. I would say, technology, the construction industry has not been terribly proactive in the last 30, 40 years, in adapting to some of the new technology. That has changed; in the last 5 to 10 years, technology has made huge strides in our industry, and that comes in the form of virtual design and all the tools that come with that, that will blow you away in terms of what it can do for us, in terms of envisioning what the finished product will look like before we've ever broken ground; how we can eliminate conflicts in mechanical, electrical, architectural, structural design in a 3D virtual environment; how we can take that and prefabricate materials, prefabricate systems. That is happening at a faster and faster pace, and it's exciting, and it's necessary, because one of the challenges we face is, like many, many industries: labor. Labor is a real challenge, and so to be able to produce the finished product in the time and cost constraints that are in the marketplace, you need to be as efficient as possible, and technology is helping us do that. But it's also solving for the dearth of qualified labor, talent, that is in there, in the skilled trades. It's helping us overcome some of those challenges.

Susan Quinn: Well, keeping up with all the trends does require touching a lot of things. Reading a lot of things. Is that continuing to learn, is that deep in your organization? How do you keep up?

Mark Hourigan: Yeah.

Susan Quinn: What does that look like?

Mark Hourigan: No, that is critically important. And one of the exciting things that I've spent time over the last couple of years doing is grooming that next generation of leader that can take this organization to an even higher level in the future. And part of that is understanding how you connect with the marketplace and become that trusted voice and adviser in the marketplace that

people seek you out. In doing that, it's staying in front of the developments and technologies that are coming. And what I find today is it probably takes a little bit bigger team than it did in the beginning, to kind of touch all those bases, and then figure out how to drive those changes into your organization at an appropriate pace. Meaning, too fast, too much change sometimes overwhelms people, too slow to change means you're behind the curve, so you've gotta find that balance point on how you establish process procedures and protocols that make sense, but that aren't changing every 6 months so that you can drive some consistency into your organization. That's a little bit of the art and science of what we do is trying to find those balance points, and what is the impetus for change, and do we see high ROI from making the changes that we need to make versus being overly disruptive to your organization.

Susan Quinn: I know that as we follow best in class companies, the highest performing around really the world, there's certain traits that continue to show up. A robust dashboard that's somewhat beyond the basics of a P&L, and what probably most companies follow. Is there anything that you would want to share, or just the importance of a dashboard that you follow today, that's maybe changed along the way.

Mark Hourigan: That's a wonderful question, and very much top of mind in our organization. Couple of years ago, we kind of came to the conclusion that we had a lot of data, but we didn't have a lot of information. And part of that data was in multiple software systems that didn't always talk to one another as well as you would like. So, your scheduling software, your estimating software, or your project management software, or your HR software, or whatever. All necessary, all good things that we were using, but didn't necessarily come together to tell a story. So, a number of years ago, we've actually hired now two data scientists, and all they do is take this data from disparate software systems – because there is no one software system that will take care of our industry despite numerous companies' attempts to do so – and how do we put that into a data warehouse? How do we then sort and parse that information into dashboards that are helpful at a project level, you know, at a mid-management level, at a business unit level, or at a corporate level. That's what we spent the last couple of years really working on and doing. And it is now not only great aggregation of data across multiple platforms, but we're beginning to use this to try and be as predictive as possible. For instance, when we see schedules that don't align with the planned schedule versus the actual schedule, when we see safety incidents and things that are going up on a project, if we have those, and they are on that same project that may not be maintaining its schedule, it's an early warning sign that perhaps people are putting themselves in the position where a safety issue could become a problem. And we jump in as a management team to say, okay, let's get our arms around this and what it is that we are doing. How do our billings track to our receivables, our overbillings, things that are happening on projects versus the schedule, and it begins to tell a story that they are the early, you know, kind of canary in the mine shaft type of thing, that where we're seeing red flags on projects, and if you see multiple red flags, that's an early warning system that we need to jump in and take care of things. And we found it to be incredibly helpful. Versus several years ago, something may have happened before you necessarily recognize that something was going on.

Susan Quinn: That's fascinating. So, proactive based on the analytics that you are predicting what may come waving that proverbial flag.

Mark Hourigan: Yes.

Susan Quinn: And so, this is relatively new, and you don't have huge amounts of data to support how that is impacting it, but that's fascinating that you are including that in your operations.

Mark Hourigan: Yeah, and actually, we have seen results, even though it's early. We are getting really great feedback that escalates without ever walking on the project site. Schedule health, billing health safety issues related to things, begin to tell a story, good or bad, which then affects manpower planning and other things that we are doing. It is very much helping us drive our business in a way that I think has been much, much more helpful, and sooner than perhaps we would have several years ago.

Susan Quinn: Mark, how do you keep a pulse? You are an executive, you're involved in the community, in the industry, and you've got, would you say 250 members to your team, I don't know how many clients across the mid-Atlantic. But what are the key things that are important to you as the CEO?

Mark Hourigan: It is important to do that. And you have to decide what is your highest and best use to the organization? Where are the places that you need to plug in? And so, as we look at our leadership team, we definitely assign responsibilities and areas of focus for certain people. That's important. We try very hard to collaborate at a very high level internally. But I think from the very beginning, Susan, it was important to have really strong partnerships outside the organization. circle S is a wonderful strategic branding partner to us. You are our subject matter experts in the marketing and in the world of social media and website design and areas that I do not have to spend my time focused on that. I look at our CPA, I look at our accounting firm, I look at other consultants that we work with who are subject matter experts in the construction industry, and through those partnerships, I make it very clear to them, we want to know what you're seeing that's around the corner, that's helping us understand what may be coming at us, and how to best prepare our organization to deal with that change. Whether that is a disruptive change, or legislative change, or something new in the industry that may be happening. We need the power of those partnerships in order to have enough lines in the water in all the areas that affect our business. Really, it'd be impossible for us to be in all those places and do our day jobs at the same time, so I love that collaboration with our partners, and I think in turn we bring something to the table for them that kind of all builds on itself. And that's been most helpful. It's great to read. It's great to go to seminars. It's great to do things that you know enrich you in other ways. And so, I do like reading. I do like catching up on things that are happening out and about, and hopefully, that makes all of those dialogues and interactions very helpful. And then, lastly, you mentioned my community engagement, which is, you know, at a pretty high level, but it's in different areas. Whether it's teaching or being on panels at a school of building construction, or whether it is involved in the local or state chamber or other organizations that help drive the economy of what's happening in the markets that we serve, that's another touch point, another data point. It's also an opportunity to interact with people that you look around the community and say they're good leaders, and I can learn from them. And being surrounded by people who make the world a better place, I think, in turn ups your own game.

Susan Quinn: That's well said. Well, there is power in partnerships. We certainly observe that day to day, in our own companies and our own communities, and in terms of power of partnerships and what you are seeing and what you're excited about for your own company and industry, is there anything that is giving you a new sense of passion? That is, maybe those who don't walk in your shoes, but the best is yet to come for how we are gonna be in the built environment.

Mark Hourigan: Well, there are really some fun trends and things that are happening that I-, that our company, has enjoyed being a part of. You know, the sustainability initiative that started with the lead system of trying to recognize how sustainable the building products were, that growth of the sustainable environment has really changed in so many ways from building systems, and how they operate, to sourcing of the materials, to now changing whole new structures of buildings. We just recently completed a project that was an award-winning project for sustainable design, and the entire structure is a mass timber structure, so it's wood columns, wood beams, wood floors of heavy mass timber, that surprises most people when they find out that has a higher fire rating than steel and concrete. But from a sustainable impact, you're using a renewable resource, your carbon capture is incredibly high. It is a building that can be disassembled and reassembled in another location the way that it is constructed. I don't know how often that will happen, but it is interesting to know that people are thinking that way. And when I look at how we build on this planet, for the foreseeable future, ways that we can be more sustainable in how we design the buildings and build these buildings and reduce our carbon footprint is a trend that I think will continue to accelerate. So, for me, that's fun. As we think about our development company, where we now go out and buy land and own buildings in partnership, or on our own, helping our clients, again, what is that pain point that they have, finding a way that we can own and operate and build a building for them so they can focus on their core business and do so in a highly collaborative and partnership type of way, that's a great new trend for us. That's something else that we can do when the situation warrants it. So, for us, it opens up a whole bunch of new doors that that we're excited to walk through.

Susan Quinn: Mark, how would you describe your leadership slash communication style? You know everyone has their own authentic way of guiding and leading. What does that look like for you?

Mark Hourigan: Wow! That's a dangerous question to ask me. I may better, probably ask some of our people what my management style is.

Susan Quinn: [Laughs]

Mark Hourigan: I guess I'd like to say, Susan, that I am a big believer in empowering others. I want the smartest heads and voices around the table, and know that their opinions, their perspectives matter, and I always seek to hear what those voices are at the table. Ideally, the people who have the ultimate responsibility for whatever decision that's being made, I would love for them to be the ultimate decision maker. Sometimes that is easier said than done, and I would say at that point, then I will generally step in and make a decision, if I feel like that needs to be made, because there may be uncertainty in what's the best way to move forward. So, I would hope that people would say it is highly collaborative, that you ask questions you seek to understand, and hopefully make the best decisions that you can. And as someone once told me, you know, we're not all perfect in our decision making, and if for some reason you make a bad decision or a wrong decision, it just means you have an opportunity to make another decision. And so, if that happens, you know, acknowledge it quickly, and make the next best decision.

Susan Quinn: I like that. Well, you know, it's easy to bring people together, and just, you want everyone nodding their head. I have found throughout my career that if everyone's nodding, then maybe we aren't asking the right questions.

Mark Hourigan: [Unintelligible] [Laughs]

Susan Quinn: [Laughs] You know, and there's a way, a dignity to share a different point of view, but do you find that that's a hard thing for people to do, to share a different point of view? Is there a way to do that in a productive, empowering way?

Mark Hourigan: Well, back to our conversation about guiding principles and culture and what you're trying to create, your actions need to mimic your words, and so if it's important for me to hear other people's opinions, then they do have to be valued, and you do have to acknowledge and let people make those decisions. I think, when they see that, it creates more comfort and trust in sharing your opinion and your perspective, knowing that ultimately, we're gonna try and make the best decision possible. I do think that does help, and hopefully, we've created that type of environment and culture where people can in fact do that. For me that's important.

Susan Quinn: As a leader of a company, what is one of your proudest moments? What stands out that, over time...?

Mark Hourigan: I think there's a couple of things that bring me great joy. I'll start on the business development front. When the phone rings and someone says we've never met, but one of your former clients told me if ever wanted something built, you are the person that I should talk to, then I feel like we have raving fans out there that are helping us connect with other good people in the marketplace. That entity or project may never have been on our radar screen, but for that to come to us in that way, it's the ultimate report card on the brand and reputation of the organization. So, those are always great moments when things like that happen, so for me, that's fun. I would also tell you, as you develop the next generation of leader, and you see their confidence, their ability to make challenging decisions, to contemplate all sides of the issue in a way that you would try and do, and you see them do that, that's pretty powerful, because now you're seeing that next generation getting ready for a transition where they can have their hands on the wheel and carry forward the organization in a way that hopefully honors the original intent of the organization. Those are great moments. And I guess, lastly, I would say, when we walk into a facility that has been designed and built for an end user, whatever that use may be, and it is so apparent that how they used to do something in their old facility versus how they're doing it in their new facility, and what it has unleashed in them and their organization, that's highly satisfying, that's fun to do. And when you see the impact that it has on the people who work in those facilities, that's about as good as it gets in our business.

Susan Quinn: And the work that you do has very visible implications, and you get to see it long after the project is done. We finish a report, and the report is done; it's not very visible in the community. But you've certainly built impressive communities around the Commonwealth of Virginia, around the mid-Atlantic, and curious, if you could give us your top three things cause I am-, anyone who knows Susan Quinn, I always say, give me the power of three. What are the three things, the non-negotiables that, as a leader, it's part of your every day of what's important to you?

Mark Hourigan: You know, it's interesting you asked that question. I literally just finished meeting with, you know, three new people who joined our organization – and I meet with every person who joins the organization – one, to hear their story about where they've come from, and what motivates them, and how they got to where they are now that they are with our firm, and I share with them my story of how I got where I am and what I think is important to the organization. And I think it's helpful for them to understand why the diversification in the market sectors and the industry sectors that we operate in, and understand the why behind what we do and how we do

it. But the one thing I will always tell them is, it always begins and ends with integrity, and that is a nonnegotiable in our firm, because, you know, you need to have high integrity in this industry if you are to become a trusted partner. And sometimes that comes at a cost, either in dollars or time, or whatever, that may or may not be good for us, but if it is the right thing to do in that situation, then it's a nonnegotiable. And I think people are surprised sometimes to hear that we are willing to do that, but, for me, it is the only way that you can continue to drive the brand of the organization forward. And again, your actions need to mimic those words, and I think that's an absolute nonnegotiable. The other thing I will tell you is we're in a challenging industry when it comes to safety, and it is important that everyone who works for us, or who works on our projects knows that the most important thing for me is that they go home to their families every night in a safe manner. And so, we can never bypass proper safety and safety protocols because we have a need to make up time or speed, or we're going to do something because it will cost less to do that. That is an absolute nonnegotiable. And I do think that our people understand that our subcontractors understand that, and it is important that we do that in a way that makes sense. And then the last thing is kind of what we started with, all of this matters greatly, but the relationship with our people all around us is vitally important. We all get to do whatever we do during the day as part of our jobs, but the impact you have on people and the relationships and the quality of those relationships that you have, to me, really does kind of supersede all of the other things. It's not about making money, it's not about how many buildings you build, it's not about any of the other stuff, it's about how you've had a positive impact on people, on those relationships. And those are probably the top three.

Susan Quinn: That's awesome. You know they say discipline is your destiny, and it does seem that there is quite a bit of discipline in your company. And I'm gonna end our conversation with this question because it's one of the traits of the highest performing companies throughout the world. What do you do to keep bettering your best?

Mark Hourigan: Hmm. Wonderful question, Susan. I think it comes down to two things. Be curious. I continue to be thirsty, to learn, to understand, to try new things, to open your horizons to whatever else may be out there. And then, kind of marry that up or pair that up with creativity. I think we can get stuck in doing things whatever way we've done that. Let's be creative. There's the yes, there's the no, there's the right, there's the wrongs, whatever. Find the third option. Find the one that isn't one or the other and be smart and creative about that. And I think if you can do those things, you'll normally find a solution that kind of works for everyone, and that's kind of fun is to be creative. We try and instill that in the folks that work here so that they are not stuck in again, yes or no, right or wrong, whatever it may be, but let's find the right answer, even if it's completely different.

Susan Quinn: So grateful that you've given us some insights to how you run your day to day. And for our show notes, we will put your website. Is there any other thing we should put in there for how people could get in touch with you?

Mark Hourigan: I think the website's a wonderful way. It's been designed by a great firm, so it should show very, very well, Susan.

Susan Quinn: That was a nice way to end this. [Laughs]

Mark Hourigan: [Laughs]

Susan Quinn: Take care.

Mark Hourigan: Bye.

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