

FEATURE

SMPS Fellows Identify Top Ten Industry Challenges

By Scott D. Butcher, FSMPS, CPSM and Barbara Stiles, FSMPS, CPSM

In the summer of 2025, we set out to better understand the current thinking of SMPS Fellows when it comes to major trends impacting the built environment. In preparation for the Fellows Forum at Amplify A|E|C 2025, we surveyed Fellows on a variety of current and emerging dynamics, from the general economy to demographics to marketing and business development. Approximately 30% of the body of SMPS Fellows participated in the research.

The results provide insight not only into the current thinking of the Society's most senior members, but also opportunities and challenges facing the AEC industry.

For the quantitative portion of the research, Fellows were asked to rank each of the trends included in our survey on a scale from 1 to 4, as follows:

- 1 - Not Concerned
- 2 - Neutral
- 3 - Somewhat Concerned
- 4 - Extremely Concerned

Responses were then scored and assigned a weighting to determine ranking by level of concern.

TOP CONCERNS

#1. Developing Seller-Doers

This is the top concern of the SMPS Fellows survey participants. With a generation of firm rainmakers, experienced seller-doers, and senior business developers nearing retirement — or perhaps already out the door — Fellows are very concerned about who will generate future work for their firms. As a result, our industry is experiencing not only a changing of the guard in business development, but also an entire rethinking of business development models and go-to-market strategies. Even though this issue ranks first in the weighting, it ranked second in the percentage of Extremely Concerned responses, with just under 29% of those surveyed being Extremely Concerned.

#2. Inflationary Pressures

Ranking second in the weighting, not far behind Developing Seller-Doers, approximately 27% of Fellows signified that they are Extremely Concerned about this trend. Inflation continues to negatively impact real estate development and capital spending, and as of this writing, shows no signs of letting up. In addition, since 2020, construction prices have increased significantly, initially driven by supply chain challenges and material shortages. Even though supply chain challenges abated, construction pricing did not fall. The recently enacted tariffs are directly impacting construction (e.g., the price of steel and aluminum), with the threat of additional tariffs still out there, Fellows are bracing for further impacts.

#3.-Economic Downturn

With inflationary Pressures ranking #2, it should come as no surprise that a potential economic downturn was the third-ranked concern among Fellows survey participants. Heading into 2025, AEC firms were generally optimistic about the prospects for the year. In fact, when Stambaugh Ness

conducted annual research for our 2025 Industry Outlook, we found the most bullish perspective in the three years that we have been conducting the research. By spring, projections of a recession ranged as high as 50/50 among some economists. Fortunately, the U.S. economy has continued to prove resilient, although many economic indicators have been in decline in recent months.

#4 Tariffs

Tariffs are the fourth-ranked concern of survey participants with 27% of Fellows Extremely Concerned. We're still only now learning the impact of tariffs on the built environment. However, the continued uncertainty around tariffs has sidelined some construction projects.

#5 High Interest Rates

Much of the built environment is dependent upon easy access to capital; that is, low interest rates for loans. Since bottoming out at 0.05% in April 2020, interest rates have risen or held steady, and despite a 2025 rate cut, they are currently near the highest level since 2007. Although the current rates may be lower than the historical high rates of 1980-1981, gone are the days of bottom basement interest rates. This keeps developers and owners on the sidelines when it comes to moving projects forward.

Four of the Top 5 concerning trends described above are external and directly related to economic conditions. The top concern, Developing Seller-Doers, may be internal, but it is, in large part, driven by external demographic trends.

THE SECOND TIER

#6. Integrating Artificial Intelligence in Business Development and Marketing. Automation is not new, and in fact, simple proposal and marketing automation tools were available more than a decade ago. However, as technology has advanced at exponential rates, AEC marketing and BD teams have struggled to keep up, even though this is where AI-related innovation seems to be taking hold in companies. From market research to document review and summarization to content development, marketing, and business development professionals are more likely to incorporate AI and automation into their workflows than their counterparts in other areas. This is partially due to the potential risk of using unproven AI in operations. Still, keeping up with the constantly changing technological landscape is difficult for AEC marketing leaders.

#7. The Lack of Mid-Career Professionals

This trend ranked seventh-most concerning among SMPS Fellows. However, when looking at the percentage of Fellows who are Extremely Concerned (scored a 4 of 4 in the survey), it ranked first at almost 36% of survey participants. The "Missing Middle" is real, and firms are struggling to deal with it daily. This holds true not only in marketing and business development roles, but across all functions of AEC firms. Factor in the demographic changes driven by Baby Boomer retirements, and we're experiencing a perfect storm in which senior leadership is retiring or approaching retirement, and there simply aren't enough emerging leaders ready to move into their places. Furthermore, the college enrollment cliff has arrived, and colleges will soon be graduating fewer professionals into marketing, sales, architecture, engineering, and construction roles. We'll be lacking talent at all levels of our firms, with the middle getting stretched dangerously thin.

#8. Integrating Artificial Intelligence into Operations/Production

Concerns surrounding AI integration ranked eighth in the survey. Firms that have used technology as a differentiator in the past risk getting left behind if they are not first to market with AI and automation in their delivery methods. But getting there is not without risk, and there are clear and present dangers related to relying on unproven technologies. Yet, given the current staffing shortages, which are projected to increase, emerging AI technologies offer a potential solution. Early adopters may be able to leverage technology as a differentiator - at least for the first few years, as they did with Building Information Modeling. Small and mid-sized firms may have more agility than their larger counterparts, but they also have more to lose. Marketing and BD leaders can offer lessons learned, as they have generally been earlier adopters of technology.

#9. Differentiating from the Competition

On the topic of differentiation, this age-old challenge ranks as the ninth highest concern among SMPS Fellows. One of the downsides of integrating AI and automation, whether in marketing or operations, is that every firm may essentially become the same, just a homogenized commodity with a different logo. Firms that are overly reliant on technologies for traditionally creative endeavors — whether writing marketing copy or designing buildings — may soon find they have lost any differentiation they once enjoyed. And although marketing leaders cannot necessarily control this on the operations side, they can on the marketing side. Humans matter and will continue to matter because technology can only replace so much in the workplace.

#10. Wage Growth.

Rounding out the Top 10 concerns is Wage Growth. In recent years, marketing and business development professionals have seen their salaries rise — in many ways, “catching up” to where they should be. And yet, increased compensation is only sustainable to a certain level, and the salary demands of entry-level and mid-career staff are often out of alignment with corporate budgets, leaving critical roles unfilled. How will this change with the integration of emerging technologies? That remains to be seen; however, with the promise of technology comes the potential challenge of lower budgets as CFOs expect technology to provide an increasingly heavy lift at the expense of expanding or at least maintaining marketing and BD staff size. AI is an entirely new frontier, and marketing leaders must be prepared to advocate for their teams and the value they deliver — while continually upskilling and reskilling team members as their roles evolve with technological advancements. In fact, the **Need to Better Train Staff** ranked twelfth in our survey.

Outside of the Top 10, only **Ability to Obtain New Private Projects, Need to Better Train Staff, and Ability of Firm/Staff to Keep Up with Technological Changes** scored at least a 3.5 in the weighting, placing them within the top 15% of concerns.

The bottom five concerns identified by SMPS Fellows include **Lack of Ownership Candidates, Quiet Quitting, Effect of Work-from-Home vs. In-Office vs. Hybrid, Acquiring another Firm, and Being Acquired by Another Firm**. These are clearly not major concerns in the eyes of the SMPS Fellows.

SMPS Fellows are senior marketing and business development leaders at their organizations who tend to have a holistic view of their firms, beyond just the day-to-day needs of marketing and BD. Although their concerns may not be in total alignment with those of CEOs or CFOs, they are strongly indicative of the major concerns and challenges we see with our strategy clients at Stambaugh Ness. In fact, parallel to the SMPS Fellows research, Stambaugh Ness conducted an industry-wide strategic planning survey. Industry executives identified business development as the top priority to clarify in their next strategic

plan. Executives' top identified disruptor in the coming years is artificial intelligence. The results of the Fellows survey very much reflect the broader industry.

Take this information. Study it. And share it with your firm leaders, as it offers an important look at trends and challenges that could be very disruptive to your company. Don't just sit back and wait for these trends to arrive before you act. Be the change agent. Live out the SMPS vision of Business Transformed Through Marketing Leadership!

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