Texas: Lessons from the Lone Star State

By Chris Daum

This edition of “The Quarterly” is all about Texas, the Lone Star State.

Many of the trends and market conditions in Texas reflect the broader national picture—which is not surprising, since the state's $1.65 trillion economy is the second-largest state economy in the U.S. Or said differently, it's almost the size of Brazil's economy (GDP of $1.77 trillion in 2015).

With an economy of that size and complexity, there are numerous lessons that engineering and construction firms can draw from Texas and then apply to a broader scale.

Consider this: Since 2011, Texas has outgrown other states by nearly a 3-to-1 margin and with a 26% compound annual growth rate. On an overall basis, Texas is the largest market for private, nonresidential construction put in place (CPIP).

Much of this growth and economic expansion can be attributed to the state's founding principles: Texas is driven by a pro-business attitude and entrepreneurial spirit that translate into every aspect of the engineering and construction industry. The state also has a favorable regulatory environment, low taxes, a multicultural workforce and an incredibly diverse economy. So, while there's no question that Texas is “really big,” the single greatest lesson we can learn about the state is: “Texas just works.”

Texas companies that thrive are the ones that truly embrace the local microcultures where they’re located. For example, if you want to do business in Houston, you have to have a physical presence in Houston; you have to think and act locally. Accordingly, each of the country’s top-10 contractors has significant operations in the Houston metro area, and a quarter of the region’s largest contractors have regional or national headquarters there.
Even if your plans don’t call for relocating or doing business in the state of Texas, there are things you can learn by studying this state’s market. These principles are equally applicable in your own local market and include embracing an entrepreneurial spirit, thinking big, acting fast, embracing diversity beyond what’s in the four walls of your own organization, and seeking out strategic partnerships.

In this Quarterly edition, our authors describe Texas’ business climate and reasons for success, share important lessons learned, and explore some of the key reasons why this state has maintained its prominence in the business market for decades. With its clear cultural and market sector diversity, Texas can teach the rest of us a thing or two about how to apply those success principles industrywide—regardless of geographic location.

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