



LEADERSHIP FOR A NEW WORLD

Suhrita Sen, founder and principal of Infrastructure Advisors, considers the role of small and diverse businesses in fostering innovation and entrepreneurship in infrastructure, including in P3s

To deliver the infrastructure for a broad range of economic and social requirements including the needs of a diverse population, we need an equally broad representation of organizations who are capable of solving differently. At the present time, however, the infrastructure industry is dominated by large companies where it can be difficult for different approaches to always break through. While the scale of some infrastructure projects demands a certain capacity from developers and financiers, opportunities exist for greater participation of skilled organizations throughout the lifecycle of projects.

Therefore, a greater focus is required in fostering the growth of a new generation of organizations who can provide a broad range of solutions by bringing their own diverse backgrounds to the table.

Q: Why is it important for the P3 industry to foster greater development of smaller companies?

Infrastructure entrepreneurs are rare; rarer still are the ones that dare to do P3s. As a result, entrepreneurship is a largely missing force in the P3 industry. Aside from traditional design firms, and a few investment management and development firms that can be counted on one's fingers, there has not been much independent value creation.

Entrepreneurship is a mindset. While this path is definitely not for everyone, unless the industry reinforces new business formation, the advantages of innovation and equity value creation – especially for diverse owners – will remain a missing force.

Right now, I think there is a huge unmet need in the industry to allow for new thinking and experimentation. Our built environment is complex, and has developed over centuries. It needs entrepreneurs to re-envision brand new solutions over potholes, congestion, and funding gaps using substantially new business models.

The type of experimentation and creative processes that are needed cannot be fostered in siloed environments driven by short-sighted metrics. These journeys come without

a map. What is needed is the ability to view things differently, and the perspective to solve differently while remaining flexible and resilient.

It is well-known that large established companies struggle to enable innovative processes that require them to fundamentally change their internal structures and functional set up. On the other hand, incentives and motivations for creative processes are natural in a small business and can happen on an ongoing basis. These are the key differentiators for entrepreneurs like us at Infrastructure Advisors. This really is our purpose, our authentic “why”.

●● Greater focus is required in fostering the growth of a new generation ●●

Q: As a women-owned enterprise, how does our business fit into this?

Women-owned firms made up only 19.9% of all firms that employed people in the United States in 2018. The demographic characteristics of the nation's women-owned firms are similar to their male-owned firm counterparts: most women-owned businesses are run by white women (82.8% of all women-owned firms), non-minority (74.6%), non-Hispanic (92.4%), and non-veteran (98.9%). Women and minority entrepreneurs in general have received less than 2% of the nation's venture capital. I am not aware of the existence of any such statistics for the infrastructure or the P3 industry – we can safely assume the numbers are lower. In general, some things are not right with this statistic overall.

Infrastructure Advisors was born the year I became an American citizen. I was not aware of these ghastly statistics then. Even identifying as a certain racial or gender-specific group professionally is alien to me. But the barriers for women and minorities are certainly not imaginary. There is no precedence of a woman-owned P3 advisory firm. This then becomes important, because this has not happened historically.

Most of our public sector awards have been through full and open competition for prime consultants. We are very clear about the intrinsic value of what we have created. We also remain honest about the fact that our clients remain under served without examples of diverse leadership influencing critical decisions.

Q: How can the market benefit from supporting the development of smaller advisory firms?

In order for the infrastructure industry to expand the pie and grow as a whole we need to invest in spawning new entities just as the technology industry seeds and nurtures the full growth cycle of entities of all kinds. In that world, we see a lot more interesting and structured innovation processes that are being experimented with.

Entities of all shapes and sizes in all stages of growth are critical to an industry's future development. A small business is not a smaller version of a big business – it has completely different characteristics, and creates value in substantially different ways. Small businesses are natural ‘Davids’ – they use speed, agility, precision and disruption to stand apart from the ‘Goliath’ business models. And as author Malcolm Gladwell reminds us: “It's not just that we misunderstand David and his choices, it's also that we profoundly misunderstand Goliath.”

Covid-19 has presented us with a rationale for why it is important for us to think about reinventing almost every aspect of our systems in place. Infrastructure entrepreneurship is the force of positive change we need right now. Let it be unleashed. **P3**