

Going Back To The Basics

Stabilizing and repositioning the company during hard times requires leadership, discipline and teamwork. **BY PATRICIA W. ATALLAH**

Over lunch recently, a contractor friend and I were reminiscing about an industry event we both attended recently about a year ago. It was a festive occasion, with all the makings of a great party minus the balloons. People in the room were abuzz with anticipation and something approaching euphoria.

The construction boom cycle was at full throttle then and we gathered to celebrate the achievements of

he is scrambling with shrinking revenues and higher costs, and wishing he had not signed that lease.

In recent months, I have spoken with other contractors about how changing market conditions are affecting their businesses. Many are thankful for a project backlog extending into 2009, but are concerned about sustaining their businesses in 2010 and beyond.

Immediate issues include tighter

for new and better infrastructure, energy, health care, schools, housing and other facilities accelerate.

As a construction business owner or executive, now is the time to take a close look at the fundamentals of your business and figure out how to:

- Tackle today's market challenges successfully
- Move forward with a strategy and organization that can adapt to change within a workable and enduring framework

Going back to basics means stepping back from the day-to-day operation of your company and take a two-pronged approach to stabilize your operation and reposition your company for the future.

Stabilizing the Operation: You need to deal with financial and operational issues head-on now, in a systematic and cold-blooded manner, to "stop the bleeding", starting with:

- Reviewing the company's cash position and financial condition with a fine-tooth comb and search for ways to improve project margins, cut overhead costs, accelerate cash inflows, control cash outflows and anticipate cash needs.
- Reaching out to company advisors including accountants, lawyers and insurance/bonding agents to obtain feedback in formulating a practical plan to stabilize the business.
- Meeting with lenders/investors to discuss results and confirm continued availability of credit.
- Communicating with project and office staff regarding the situation and plans to stabilize the business, and eliciting their cooperation and

Dust off old company plans/expectations and re-set 1-2 year company financial, business development and organizational development goals and objectives.

everyone in the room, public and private owners, developers, contractors, engineers, architects and vendors.

We celebrated as if the boom would last forever; however, alas, what goes up must come crashing down in the construction industry, leaving virtually no industry sector untouched. From boom to bust we go, leaving many of us befuddled, panicked, or both.

As recently as six months ago, my friend's general contracting business was doing well, and he made a commitment to expand his office space to accommodate additional staff. Now

credit availability, cancelled projects, delays in customer payments, cash flow shortages, overstaffing and layoffs, increased costs (labour, materials and insurance), fewer bidding opportunities and a heightened competitive environment.

These are great challenges and have unique implications for each construction firm.

Does this not all sound vaguely familiar? Here we go again...

The flip side to this story is that the construction industry is, indeed, cyclical, and what goes down must eventually come back up as global needs



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teamwork. This is no time to let the best people walk out the door.

Repositioning for the Future: Difficult as it may seem, this is also the time to make the right strategic

moves to position the company for future opportunities. Stabilizing and repositioning the company concurrently requires leadership, discipline and teamwork to step back, assess the big picture, formulate a game plan and implement it effectively. Given the visible trends in construction markets as of now, it would behoove

contractors to:

- Dust off old company plans/expectations and re-set 1-2 year company financial, business development and organizational development

goals and objectives.

- Identify ways to streamline company and project operations to gain efficiencies and reduce costs.
- Review services provided and markets covered and consider diversifying/expanding into new geographic markets or industry sectors. Examples include retooling for the public sector, shifting towards work in stable/growing sectors such as infrastructure, education, healthcare and energy, working in foreign market(s) and acquiring expertise in green construction.
- Focus on maintaining and building a strong core team via collaboration, cooperation, training and rewards, and always being on the look-out for top talent. ▲