

Positioning your construction company for Post-Covid Success!

The economic downturn isn't permanent or real as it was orchestrated by our governments to deal with the health issue of the Pandemic. I am not saying that putting our economy into an induced coma will not have financial consequences for many individuals, businesses and industry segments. It's just that construction-related companies have done better and are able to continue doing better than other companies and some have set themselves up to benefit greatly from the uncertain and changing landscape.

Construction companies that are strategic in leveraging their strengths and navigating the new reality will have opportunities for success in the coming months and years.

The impact of COVID-19 has significantly affected the construction industry and we've seen companies step up to meet this new challenge. They have created COVID safety plans to protect their staff, clients, trades and the public by introducing innovative measures for site and project management, distancing and hygiene rules on and off work sites thus allowing them to continue building whilst most of us were not allowed to work and many other initiatives. When we emerge from this health mess, builders who look forward today and proactively plan will be far ahead of those who linger in a reactive response mode.

The critical actions:

Business Owners who have been speaking with consultants, financiers and other experts with experience in dealing with past crisis' and getting strategies on how companies have been able to navigate the uncertain terrain will be flying in 2021!

We have had multiple tests-runs on what happens once the economy opens and the virus is under control. The resounding result each time has been a BOOM in employment, the economy, share market, property values and construction. If we add to this the billions of dollars of stimulus money, governments are shovelling to consumers and businesses, the uncertainty of the future is somewhat less unknown.

Therefore, construction related company owners are manoeuvring in the following ways:

- ✓ Make sure to cash-up in business, projects and personal situation! Money hasn't been so plentiful, cheap and available for decades!
- ✓ Recruiting skilled staff and bedding them down in preparation for winning future projects.
- ✓ Honing the skills, objectives and targets of existing staff
- ✓ Contacting the best trades and suppliers in preparation for future tenders
- ✓ Reviewing and perfecting process and procedures to best support on-time and on-budget project completion
- ✓ Revising their cash flow requirements to ensure they have enough money (and insurance) to take on additional work
- ✓ Identifying the most lucrative and cashed-up markets post covid
- ✓ Pivoting their marketing activities and business profile to be the builder of choice for their target group

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The important questions

The first step is to gather your leadership team and ask the following questions:

- What will our target markets look like this year and the next 3 years?
- What are our core strengths in each of our markets and service offerings?
- What are our current gaps and weaknesses in current markets and service offerings?
- What new opportunities exist in the coming year where we're best or least equipped to capitalize?
- **Are we able to participate financially in the future opportunities or will cash-flow restrict our abilities to succeed?**

In assessing these questions, your management team will need to conduct a fair amount of research and need the services of an experienced facilitator.

Best-in-class business owners excel at reinvention because they continually identify where future opportunities will be and redirect their talents to those areas. They also seek solutions for areas of opportunity where their talent is light and make the hard decisions to move away from traditional areas of strength that don't look strong in the future.

Focus on the long view

The winning strategy in the coming months and years will be highly customized to your company's market, relationships, competencies, and the enhancements and adjustments that you make as part of your strategic development. Restart plans should include your new short-term, midterm, and long-term strategies. It's not only highly important that you develop a strategy to capitalize in the future, but also a bold statement from ownership and management to tell the leadership team and company staff that they're here for the long haul and intend to continue long-term success.

In the meantime, whilst focussing on the long view, identify the low hanging fruit and quick wins which are obvious due to the current conditions where governments are aiming hundreds of millions of dollars towards businesses in general and construction-related companies specifically.

The borrowing landscape has never been so advantageous to business owners with loans which haven't been available for decades available again! These include low-doc, no-doc, asset loans, unsecured finance, overdrafts and lines of credit / cash-out finance available plentiful! Ensure you review your financial situation to capitalise on these opportunities to reduce repayments and access funds not previously available.

If you would like to discuss your financial/lending and business plans, contact Harry Pontikis from Chocolate Money on 1300 137 539 or harry@chocolatemoney.com.au