

Member Communication Experience

Midyear Check-In: How's Your Construction Firm Doing?

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With so much economic uncertainty, now is the time to put your business on the offense.

It's no secret the last few years have been tough for commercial construction and other industries in general, and the last few months haven't helped.

Fears of high inflation and rising rates have been met head on with the threat of a financial crisis and slowing economic growth. It's an understatement to say that it's a very interesting time in our nation's economy as volatility continues to be a major theme.

It was expected that many segments of the commercial construction industry would decline in 2023 but this shouldn't deter owners of commercial construction businesses. As we approach the midway point of the year, we recommend that contractors explore several areas of opportunity for company growth and do the following to help them reach their year-end goals:

Review your long-term business strategy. If your liquidity and short-term money is sufficient, there is an opportunity for commercial construction business owners to focus on their longer-term strategic planning. Now may be the best time for you to review and adjust your 2023 business plan as well as three- and five-year plans.

In particular, consider how the recent macroeconomic trends, current volatility and inflation have changed your company's perspective and what challenges and opportunities have appeared as a result.



Contractors can miss out on opportunities for growth or new work by hoarding excess cash given market uncertainty. Questions to ask yourself are:

- » Which priorities will drive the growth of your business and a stronger valuation for when the time comes to consider possible monetization or exit options?
- » What progress and results are there from initiatives that you may have implemented as a result of the pandemic or supply chain issues last year and should you consider any adjustments?

Showing strength and growth in today's environment will likely be important to attracting a premium valuation.

Show appreciation for your employees. The war on talent remains competitive in the construction industry. As competition for talent persists and remains difficult to find, it's

essential that you go the extra mile for your employees and let them know that you and the company are available for support and assistance with their career development.

Do not underestimate the value of the personal connection with your employees; when times are difficult, they need to know you're accessible. Also, be sure to communicate the benefits you offer employees as they may not be top of mind.

In the face of a competitive labor market, these actions can help reduce the burden of employee turnover.

Capture additional market share. With so much economic uncertainty, now is the time to put your business on the offense. If the survival and maintenance of your business is under control, marketing campaigns to expand your brand can be both timely and powerful use of time and resources.

A consistent and creative use of newer social media platforms can be cost effective and bring you closer to those who will hire your business.


Focus on retaining clients. The same circumstances that create opportunities to attract new customers could also work against business owners. While you may be diligent in checking in with clients regularly, continuing this cannot be emphasized enough. Important clients should know you're feeling optimistic and ready to assist them.

Conference calls, webinars, educational content, and promotions can all be effective touch points. A simple check in and "How are you doing?" can work as well. Staying visible and engaged is the key.

Assess your financial situation from a macro perspective. And if these planning topics don't satiate your need for reflection, there may also be some financial matters that executives can address during the summer. I recommend that business owners meet with their financial advisors, who can provide expertise on growth opportunities throughout the year.

From a near-term cash flow perspective, the summer can be an important time to look at profit progress versus goals because it is your team's yearly "halfway" point. How might the recent rise in interest rates impact your existing or strategic financing needs?

Ask yourself what programs require increased effort and what should be canceled? Would a new approach to reporting and metrics create transparency and help get things on track?

If you are not where you want to be in terms of earnings, you may want to reassess your goals and consider a new game plan to get to where you want to be by the end of the year. 



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