



FEATURE

How To Make 2020 Your Organization's Best Year Yet: Seize the Opportunity Amid the Unknown

by Mark Drury, Shapiro & Duncan

2019 is drawing to a close, and with it, a deluge of hopes and predictions about what 2020 will bring. Particularly for the construction industry, there are several clear opportunities for growth in the months ahead. Planning now can help make sure your organization maximizes these to your full potential.

Five Top Factors to Watch in 2020

While we can't know the future, there are some certainties that we don't expect to change anytime soon. Being aware of these forces allows you to strategically develop a plan to combat and add in flexibility for what may lie ahead as well as understand the areas for opportunity.

The 'Top 5' factors to watch across the construction industry, now and into 2020, include:

- **A continued workforce shortage.** This is a trend that affects all industries, nationwide and is expected to continue in 2020, largely fueled by lack of qualifications among unemployed workers for available open jobs.
- **Increasing prices.** In tandem with workforce shortages, prices will climb as demand exceeds capacity. The key reasons for this are risk on the part of leadership and second, on overtime costs, particularly if property owners want jobs done within a certain time period and the construction company has a smaller pool of workers to accomplish it.
- **Delayed project starts.** Rising prices mean rising budgets for property owners. As a result, owners generally like to 'shop around' to see if they can get a lower quote somewhere else and this takes time. Start dates can be pushed depending on how long



it takes for a project's budget to get solidified.

- **Company failure.** It's a natural part of the economic system that all companies do not succeed. As the economy changes and evolves, we are starting to see larger numbers of organizations fail, and the usual cause is they took on more capacity than they could execute. This again is a likely trend that will continue into 2020.
- **A residential construction bubble.** Current situations indicate that over-building in the residential sector could signal a coming bubble. July, 2019 broke the record for housing starts - previously held by July 2007 - which has some experts anticipating a slowdown in the market and potential layoffs on the residential side of the construction industry. This also leads to opportunities for the

commercial side of the business as talent will be freed up and infiltrating new projects, which can be a positive development.

Diversity Is Key

One tried-and-true path to success is to diversify your client and market base to maintain a substantial backlog of projects. This ensures that you will have a steady stream of demand and opportunity, no matter the market conditions. Areas like Washington, DC that have a large base of different markets, from the federal government to healthcare to biotech and others, are less likely to feel dramatic effects of a market correction than regions where the labor force is largely dependent on one company, industry or institution. For organizations that have the majority of their client 'eggs' in one industry 'basket,' now is a great time to focus on

diversifying and branching out to serve new markets and areas as a key growth vehicle.

Market Outlook - Continued Growth across Several Industries, from Data Center to Healthcare and More

Going forward into 2020, there will continue to be growth in a number of key industries, the largest being data center, healthcare, defense spending, higher education, and K-12 sectors. Conversely, high-rise residential real estate and retail industries, such as shopping centers and malls, are likely to experience continued slowdowns. Of the growing areas, the data center market holds large potential, although due to the risk-averse, sensitive nature of the work this area also tends to be very exclusive and difficult to penetrate. Keeping apprised to these other growing areas can be a wise way to steer your company's sales and lead generation strategies into 2020.

Best Practices - Tools for Success

So how do you take all of this information and use it to your company's

best advantage in 2020? Here are some best practices to make sure you're positioning your company to succeed in the year ahead:

- **Know your capabilities and keep it real.** Be realistic about your goals, limitations, and potential of your workforce and be careful not to bite off more than you can chew project-wise;
- **Planning is everything.** Create a master schedule of your project backlog to allow you to proactively anticipate the ways you will apply your resources and leverage your talent;
- **Keep your eye on the bottom-line.** Understand where your costs are and where they are escalating;
- **Build your talent pool.** Your talent is the core of your business, and essential to its ongoing success and growth. Continue to hire and strive for the best; and
- **Train and educate your people.** The decision to invest in your company and your people is one of most advantageous you can make over the life of your organization. They are the life-blood and the future, and it's a good idea to treat them accordingly,

whether through professional development opportunities, mentoring, team-building, or other activities.

2020 - Full of Innovation and Opportunity

Despite the bluster from different corners of the market, 2020 looks to be a year brimming with innovation and opportunity. Remember, keeping a realistic view of your goals and making a proactive plan for success are critical elements to ensuring your company grows successfully, whatever the market brings.

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