

# Strategic Planning in a Down Economy

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Strategic business planning is the process of researching, developing, and implementing a plan to compete better and differently than the competition. In recent years, it has become synonymous with growth planning. This flawed logic creates the false assumption that if the economy is in recession, companies do not need to perform planning. Strategic thinking is good to apply all the time, but can really add value when economic recovery is more than one year away.

There are many reasons why strategic business planning should be performed in a down economy. Companies can take inventory of their portfolio of geographic regions, market segments, customers, projects, subcontractors, project delivery systems, business units, departments, and major functions and use this information to make short-term and long-term decisions. Business models can be redesigned to produce more comprehensive cost management programs. Strategic business planning can also help to develop new approaches to marketing, sales, preconstruction, and estimating in this hyper-competitive environment, including identifying new alternative markets. The process will solidify management, creating a tight-knit leadership group that inspires hope and optimism with a company's stakeholders.

A strategic business planning process needs to be modified to accommodate current economic conditions. Construction companies need to focus their planning on four critical performance areas; marketing and sales, operations and project delivery, communications and people, and financial management and achievement. The process should utilize an integrative approach and focus on proper execution and implementation. Real ingenuity is needed in order to specifically address critical performance areas that cut costs and win more work in the marketplace. Due to the competitive landscape, it is no longer sufficient to simply increase efficiency.

A company's financial executives are uniquely qualified for leading the strategic planning process. They must ensure that all facets of the company are properly assessed and planned for because strategic planning involves more than just financial goals. They are responsible for helping the leadership team stay focused and making difficult decisions. By keeping the team together throughout the process, they can ensure the resulting strategic plan includes appropriate procedures for both short-term operations and long-term positioning.

Strategic business planning in a down economy is essential because it is the only way for a company to both survive and plan for its future. The planning process needs to be customized in accordance with current economic conditions. Financial executives must make sure they are prepared to lead the strategic planning process and take control of this process because stakeholders are counting on them to develop the right plan to survive current market conditions and be properly positioned to thrive when the economy rebounds.

In summary, yes this process can seem a daunting task; however a good initial framework can be broken down into five areas for which upper management can focus:

- Have we as a company taken all appropriate cost reductions steps to survive in the current economy? If not, why and if yes, are we achieving the desired results?
- Do we have a three year approach in place for cost management during this extended downturn and has it been fully and repeatedly communicated throughout the company and to all of the key stakeholders?
- Do we have a three year plan for reengineering our marketing, sales, branding, preconstruction and estimating to win in this era and do we have the right talent to execute?
- Have we taken this opportunity to rethink our business model and reinvent our company?
- And most importantly, have we as leaders provided our employees and other stakeholders with a plan, a vision, and a direction that inspires confidence and hope and is everyone engaged in the process to weather the storm?

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