Top tips to strengthen your strategic relationships during COVID-19

July 30, 2020





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## Presenters



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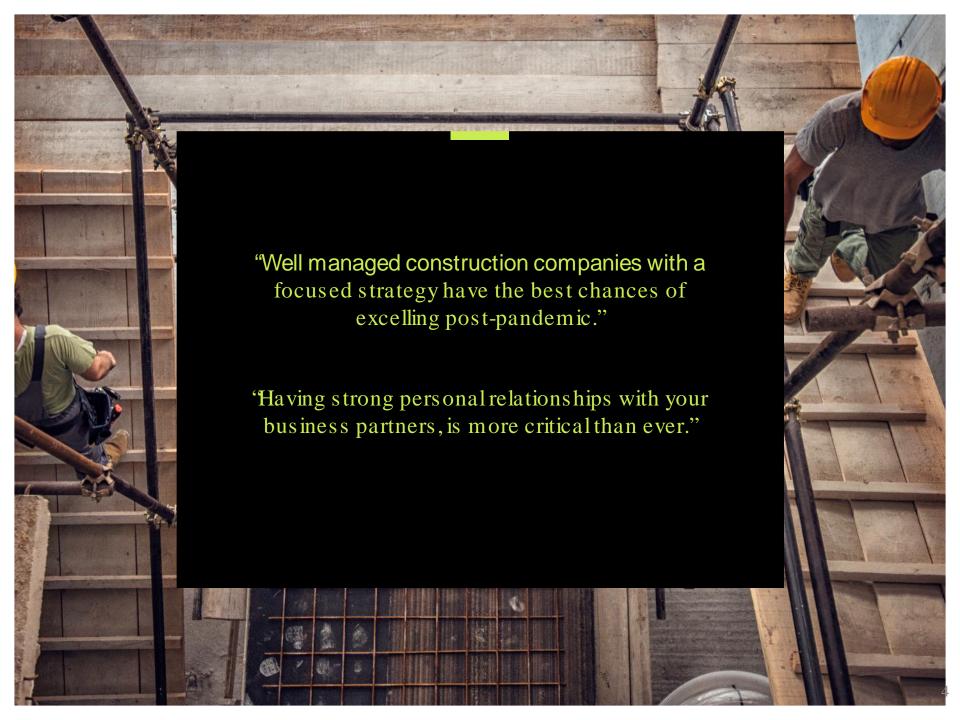
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#### Agenda

Strategic relationships contractors should focus on:

- Employees
- Owners and future leaders
- Clients and project owners
- Surety, bonding, and insurance companies
- Banks and financial lenders
- Supply chain (subcontractors and suppliers)
- Design professionals (architects and engineers)
- Professional service providers (accounting, legal, and IT)
- Lobbying groups and government officials
- Trade associations and industry contacts

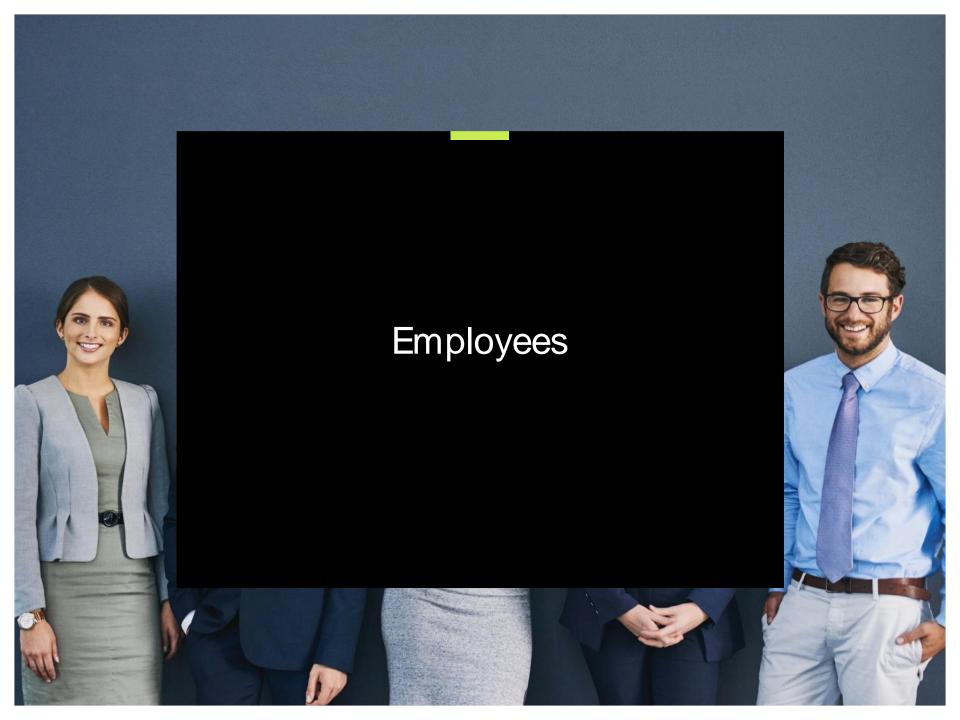




**POLLING QUESTION #1** 

# Looking into 2021, what is your greatest business concern?

- Lack of backlog
- Retaining employees
- Decreasing employee productivity
- Adequate cash flow
- Material availability





# Employee well-being

#### Challenges:

- Down-sizing and furloughs
- Remote workers
- Technology and productivity
- Culture and morale
- Safety plans

- Remote work strategy
- Ensure technology is adequate
- Open and transparent communication
- Measure employee engagement
- Revise safety plans for all work sites



# Employee recruitment & retention

### Challenges:

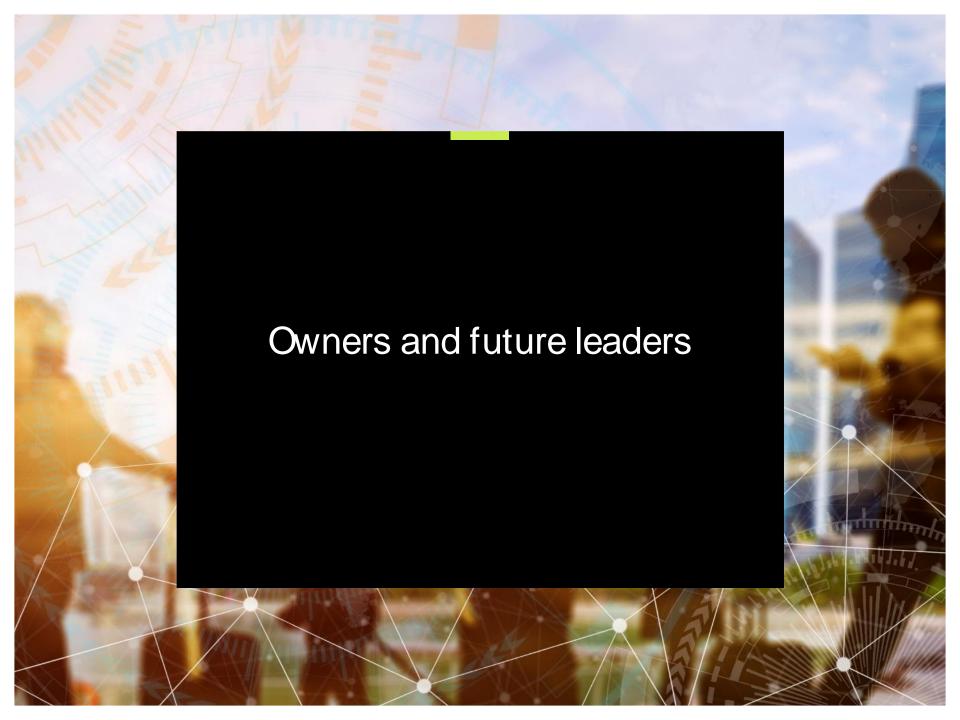
- Compensation
- Skilled workforce critical for future
- Reskilling/upskilling
- Development opportunities

- Evaluate competitiveness of compensation
- Identify critical positions
- Align new roles and responsibilities with performance evaluation
- Identify online training opportunities



# Critical conversations with employees

- How do you feel about working at home?
- Are you able to connect with your clients and team members to get the information you need?
- What can I do to help create an environment for you to do your best work while remote?





**POLLING QUESTION #2** 

# What is the status of your organization's succession plans?

- We have a well-documented plan
- COVID-19 disrupted our plans and we need to reevaluate
- We do not have a formal or documented succession plan
- Does not apply to our organization



#### Owners and future leaders

#### Challenges:

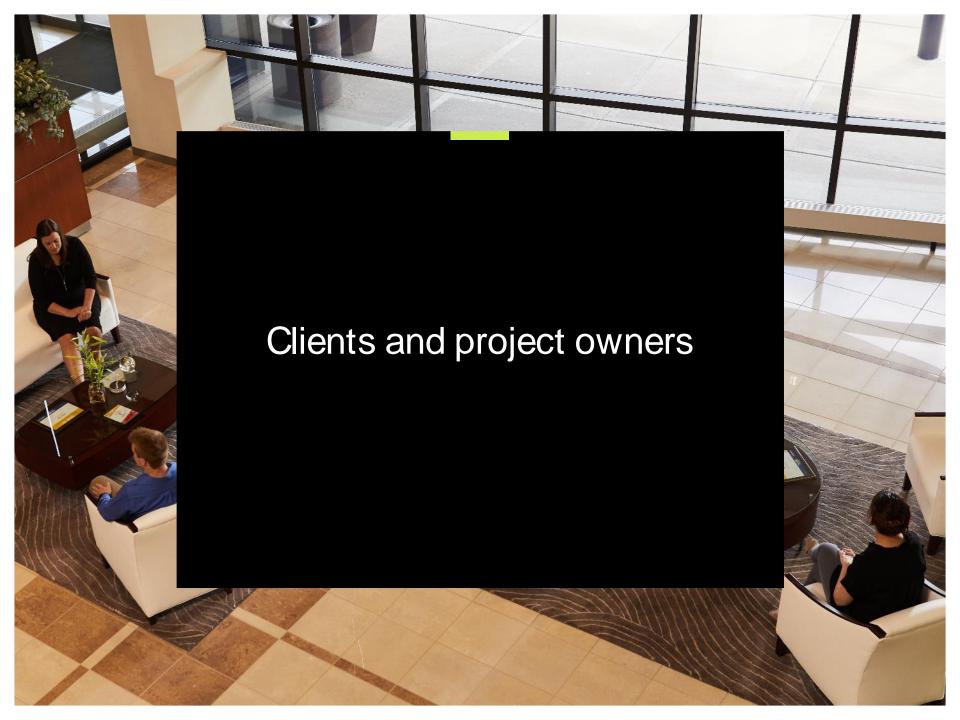
- Lack of clarity on control
- No/changing transition plan
- Leadership changes

- Business continuity plan
- Documented transition plan
- Evaluate impact of COVID-19 on transition plan
- Post-pandemic management needs



# Critical conversations with owners and future leaders

- Is there a continuity plan in place for decision-making and control?
- What business practices have we adopted during COVID-19 that we need to retain moving forward and what former practices should we let go of?
- What are the critical roles for our organization in the next two to three years?
- Do we have the right tools in place to ensure those people stay?





# Clients and project owners

### Challenges:

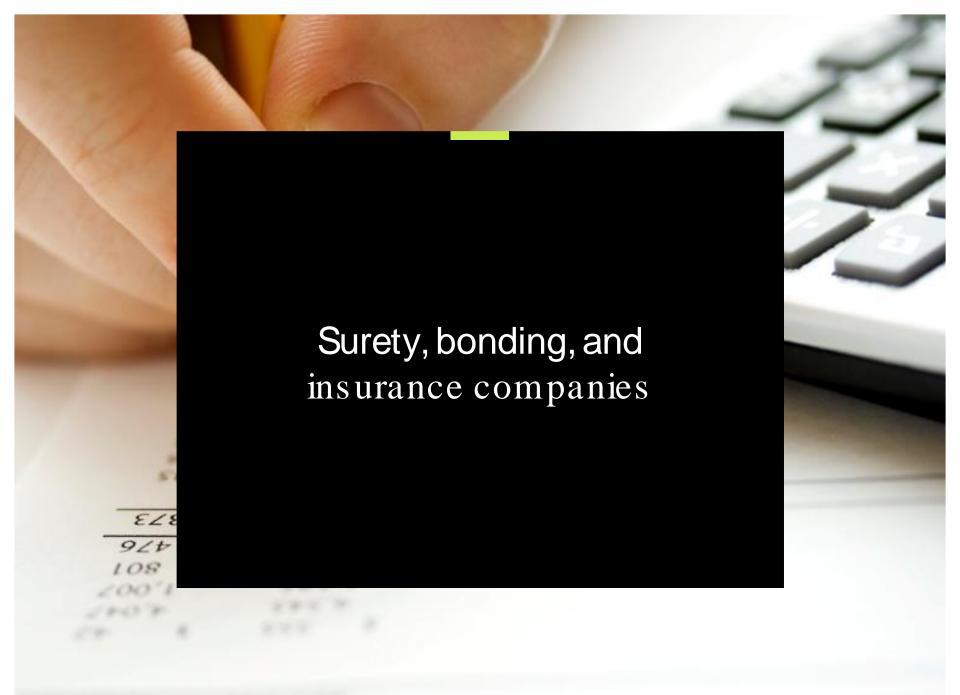
- Reduced in-person interaction
- Changing market conditions
- Identifying owner needs
- Cash flow

- Redefine customer interactions
- Measure industry inputs
- Conduct outreach to understand future needs
- Verifying financing



# Critical conversations with clients and project owners

- What are the biggest issues you are dealing with right now?
- What changes are you going to need to make within your organization to be successful moving forward?
- Have you faced any changes with funding (loss of tenants, changes in investors, credit availability, etc.)?
- If business is currently closed and work has started or will be starting soon (for example, a school), ask "Would you like us to get started on the project now while the building is empty to take advantage of minimal disruption and potential schedule accelerations?"





# Surety, bonding and insurance

#### Challenges:

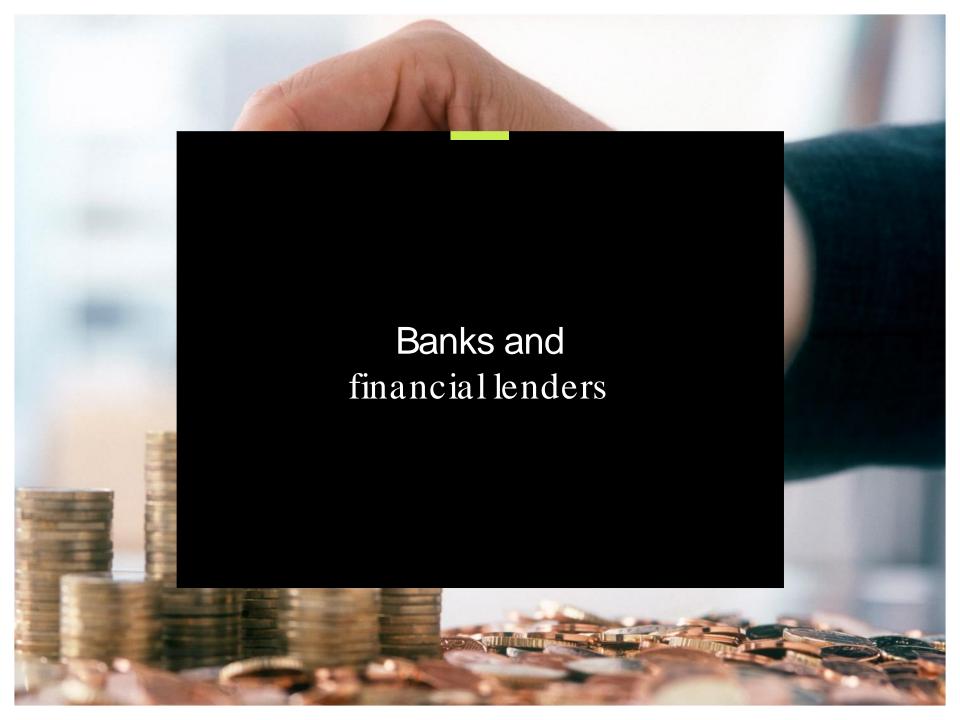
- Underwriting requirements
- Changing terms
- Increased reporting

- Discuss current business status
- Modify policies to match business changes
- Understand reporting requirements
- Nurture relationships



# Critical conversations with surety, bonding, and insurance

- How will underwriting requirements change going forward?
- Will there be changes to terms?
- Will there be an increase in reporting requirements?





**POLLING QUESTION #3** 

# Did your company apply for a Payroll Protection Program (PPP) loan?

- Yes, and we decided not to accept the money
- Yes, and we have started the forgiveness application
- Yes, and we have NOT started the forgiveness application
- No, we did not apply to receive a PPP loan



#### Banks and financial lenders

#### Challenges:

- Liquidity
- Debt terms &covenants
- Paycheck Protection Program (PPP) loan forgiveness

- Maintain 13-week cash flow model
- Discuss current business status and credit availability
- Prepare documentation for PPP loans
- Nurture relationships



# Critical conversations with banks and financial lenders

- What credit options are available?
- What is the timeline for obtaining funding?
- Will there be any changes to loan covenants?
- Is my line of credit adequate or should we consider increasing it now?





# Supply chain

### Challenges:

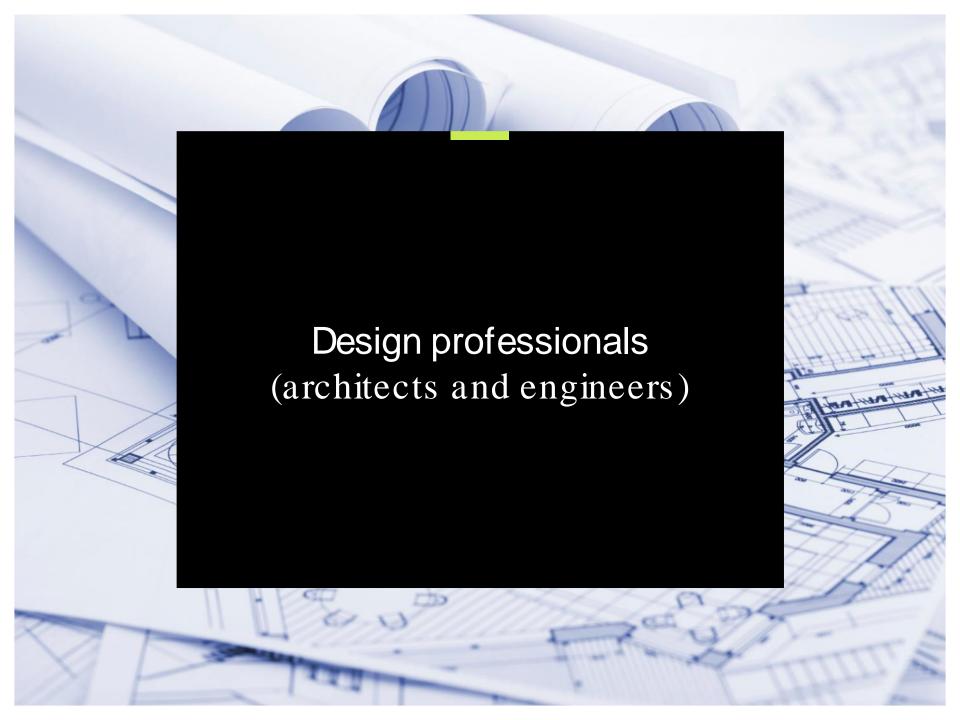
- Increased costs and schedule changes
- Safety protocols
- Workforce availability
- Delayed materials
- Cash flow

- Verify safety protocols in place
- Monitor performance
- Identify long-lead items
- Identify alternate materials
- Requalification



# Critical conversations with supply chain

- Do you have available workforce to complete the project?
- What safety protocols are in place to ensure your workers are healthy?
- Are any of the needed materials/equipment delayed? If yes, are there acceptable substitutions available?
- Can we utilize prefabrication to minimize the number of workers on site?





# Design professionals

### Challenges:

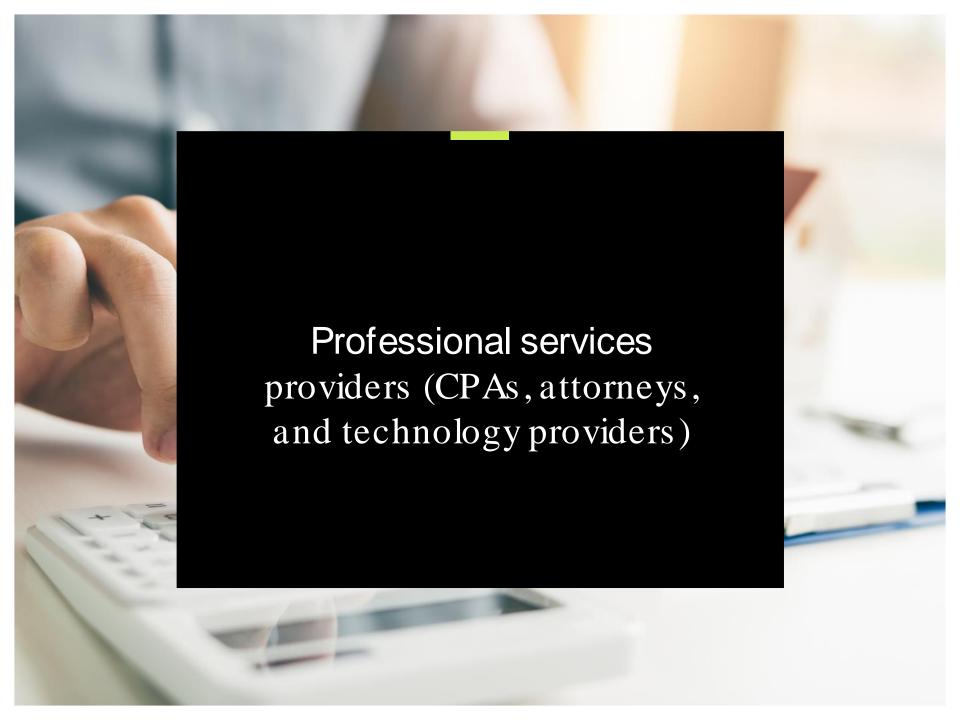
- Material availability
- Health and safety requirements
- Changing building needs

- Evaluate acceptable alternatives
- Discuss impact on schedules
- Gain insight into market demands



# Critical conversations with design professionals

- What design changes can be made to existing projects to help mitigate costs or accelerate schedule?
- What types of projects are in the pipeline?
- Are you hearing from your clients about interior revisions that will be necessary to meet safety recommendations when reopening?
- Are alternate materials being specified to meet new health and safety guidelines?





#### Professional services

#### Challenges:

- Credits and incentives
- Tax efficiency
- Recovering COVID-19related costs
- IT infrastructure
- Increase in cybersecurity breaches

- Consult with tax advisors on CARES Act and PPP forgiveness
- Create harm statement and related contractual language
- Update IT protocol to reflect remote devices
- Assess cybersecurity risks



# Critical conversations with professional services

- What credits and incentives are available because of the pandemic?
- What changes in tax laws will affect our business?
- What are the top cybersecurity threats to our business with so many employees working remotely?
- What changes in construction contract terms should we be looking for, including responsibility for virus-related delays?
- When are payments due for our various contracts with vendors?
- What types of technology investments will maximize cost-savings?





# Lobbying groups and government officials

#### Challenges:

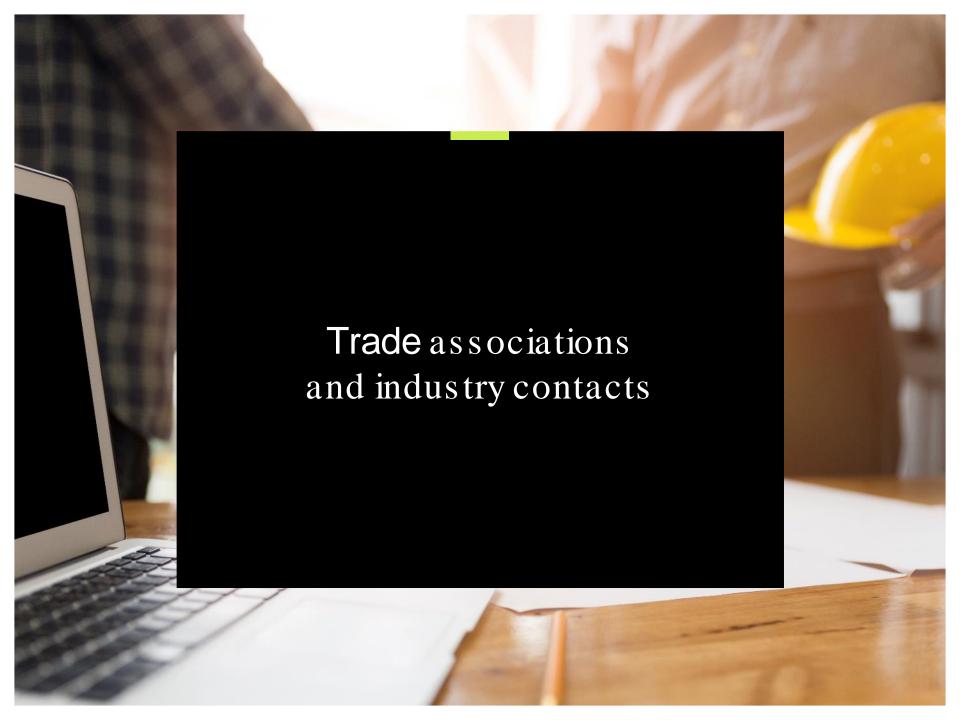
- Legislative impacts on business
- Delays in approvals and permits

- Stay informed of potential legislative changes
- Early communication with compliance agencies



# Critical conversations with lobbying groups and government officials

- Legislatively, what are the issues under consideration now that will affect our business?
- How can our business help support key initiatives led by lobbying efforts?
- How is the jurisdiction handling inspections and approval process because of COVID-19?
- Do we need to adjust project schedule to allow more time for plan approvals and inspections?





# Trade associations and industry contacts

#### Challenges:

- Industry challenges
- Lack of resources

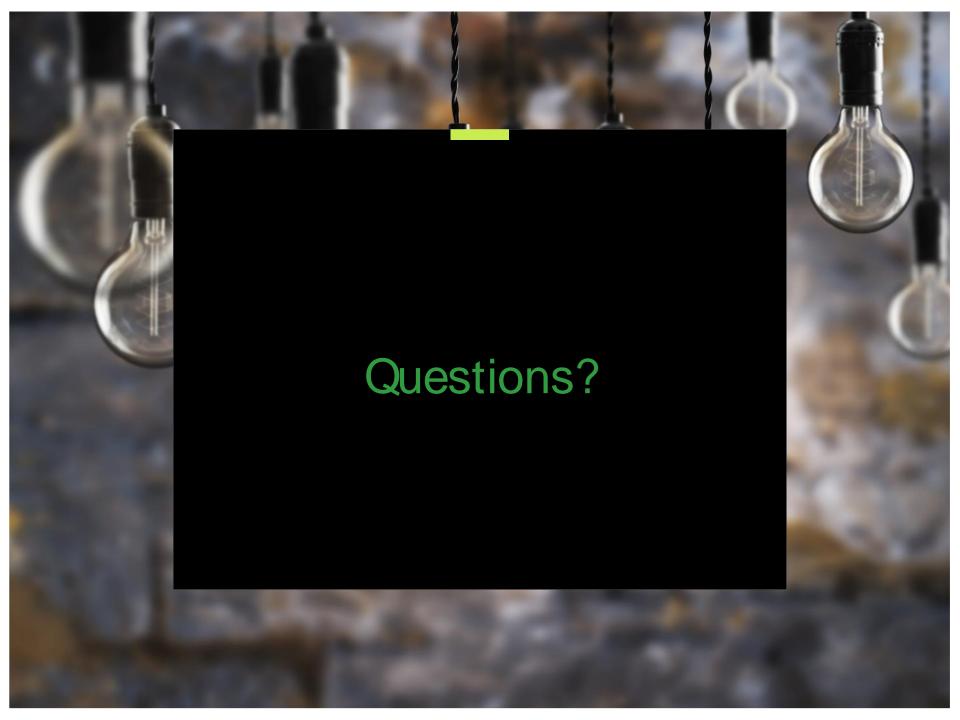
## Strategies:

Leverage knowledge and resources of associations



# Critical conversations with trade associations and industry contacts

- What are the top issues facing other association members due to COVID-19?
- What resources are available from trade associations that we can leverage (don't recreate the wheel)?
- How can our business help support key initiatives led by associations?





HOW PREPARED IS YOUR COMPANY FOR RECOVERY?

# Baker Tilly Construction COVID-19 Recovery Assessment

- Assess the impact of the crisis on your business
- Understand your readiness to respond to a recovering business environment
- Identify potential risks that may hamper your future success

#### Take the free recovery assessment:

<u>bakertilly.com/specialties/construction-covid-19-recovery-assessment</u>



### Connect with us



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Visit our construction coronavirus resource center at: <a href="mailto:bakertilly.com/specialties/construction-coronavirus-resources">bakertilly.com/specialties/construction-coronavirus-resources</a>



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