Top tips to strengthen your strategic relationships during COVID-19

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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
“Well managed construction companies with a focused strategy have the best chances of excelling post-pandemic.”

“Having strong personal relationships with your business partners, is more critical than ever.”
Looking into 2021, what is your greatest business concern?

- Lack of backlog
- Retaining employees
- Decreasing employee productivity
- Adequate cash flow
- Material availability
Employees
Employee well-being

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

**Strategies:**
- 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

**Strategies:**
- 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?
Owners and future leaders
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

Strategies:
- 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
Clients and project owners

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

Strategies:
- 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 companies
Surety, bonding and insurance

**Challenges:**
- Underwriting requirements
- Changing terms
- Increased reporting

**Strategies:**
- 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?
Banks and financial lenders
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

Strategies:
- 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
(subcontractors and suppliers)
Supply chain

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

**Strategies:**
- 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
(architects and engineers)
Design professionals

**Challenges:**

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

**Strategies:**

- 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 providers (CPAs, attorneys, and technology providers)
Professional services

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

**Strategies:**
- 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
Lobbying groups and government officials

**Challenges:**
- Legislative impacts on business
- Delays in approvals and permits

**Strategies:**
- 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
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?
Questions?
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: bakertilly.com/specialties/construction-covid-19-recovery-assessment
Connect with us

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