

Hi, this is Wayne Rivers at FBI, and *We Build Better Contractors*.

This week, I want to talk about a key strategic planning component, and that is the SWOT Analysis. We love strategic planning. We think it's the thing that really moves the needle for contractors. And in fact, our Contractor Business Boot Camp course, Raleigh, late March, Denver, April 28 and 29 next year. So, don't forget. Our Boot Camp class culminates in strategic planning. So, we've got leadership, we've got operations, we got finance, we've got business development. We've got all the components that make for a successful construction business. And we culminate with John Stump leading Strategic Planning. It's a big hit. The members just seem to love it.

So, what about this is important to you? Strategic planning is a big process. One of the key components is SWOT. So, we'll talk about how this SWOT Analysis might help you. And once you've done your SWOT, what do you do to distill it down to some actionable, a manageable list of items? So, the SWOT is just what it sounds like. It's a simple component, strengths, weaknesses, opportunities, and threats. And I have one more that I'll add later, in the blog. Now, let's think about this. What if you apply the SWOT Analysis to your construction company, what are you going to come up with?

So, let's think strengths. Hmm. Strengths. Well, we've got some really good loyal customers. We've got some great people who execute on the superintendent level, the foreman level, whatever it happens to be, new equipment, whatever it is, there could be lots of strengths. So, you'll come up with a pretty good list there.

Weaknesses. Now you're going to come up with a really big list. We all, but maybe because we're too hard on ourselves, I don't know, but we all come up with lots of weaknesses. The weaknesses list will be the longest list of the four components. So, weaknesses might be, we have three key people retiring in the next year, maybe a project manager or superintendent and an estimator. Golly, that's daunting. That's a weakness. Our business development is not as good. We tend to finish second on lots of jobs, lots of invited bidders list, whatever. Other weaknesses might be, oh, I don't know, we're really bad at punch list stuff. We don't finish on schedule. Our safety isn't what it needs to be. You could have lots of weaknesses.

Opportunities. An opportunity might be, oh boy, we finally got a couple of small jobs with that industrial owner that we've been trying to get into for years. And we're hoping those small jobs, how can we leverage the small jobs into much bigger ones? So, opportunities look like that.

And then threats are exactly what they say. The biggest threat, and if you don't have this on your list, you're missing out, is sudden death, disability, illness, whatever it is. So, somebody gets hurt in an accident, somebody gets a disease, somebody has some serious illness. That's a big threat because we tend to be thin in our companies when it comes to people. If you lose your key people, golly, you're going to be in a bind and it's going to cause a pinch among all the other people in your organization. That's always a threat. Another threat might be a big competitor is coming into your geography for the first time and their pricing work artificially lower in order to gain market share, and that's putting a squeeze on everyone. So, the threats list is pretty decent too. Weaknesses will be the longest one, as I say.

Now, you've got all this stuff, you've got the strengths, weaknesses, opportunities, threats, you've got lists, lists, lists, lists. You've got dozens and dozens of things. What do you do with all that stuff? It's too much to be actionable. So, synthesize your list, squeeze them down, figure out what are the key things in each list? Do we have some duplication? Can we group things together? How can we get this down to a manageable list? We want it to be actionable. So, choose the one thing, ideally one, maybe as many as three things from each list that you want to take action on, the things that are going to have the highest impact in the company. Then from those, you're going to determine action plans. What is it that you're going to do? Who's going to do it? When are they going to do it? How are they going to do it? What resources, that's a better question, what resources do they need to do it? And what's the budget for them for this particular task?

And with these action plans, you can hold people accountable as you build on your SWOT Analysis, it now has actionable, real live takeaways for which people are responsible and you can manage these action plans as you go. And that's where all this goes.

I like to add a fifth component. So, for me, it's SWOT B. B is for barriers. You've got your action plans. Now, what barriers would keep you from achieving the goals listed in the action plan? So maybe one of your action plans has to do with improving the accounting function. Well, maybe your software is really outdated. And so, a barrier might be, "Gosh, we're terrible. We don't understand software as well as we should. We don't understand IT as well as we should. We don't know where to even begin."

So that barrier is ignorance of the IT function. That would definitely be one of mine. So how are you going to fix that? Well, you're going to call vendors and have them educate you. You're going to learn. So, figure out what the barriers are that are going to keep you from achieving the targets in your action plans and find ways to break through them, go around them or otherwise overcome them.

I'd like to hear what you're doing in terms of your planning for '22, your SWOT Analysis. I'd like to hear some breakthroughs perhaps, that you've had, as you've been thinking through all these planning components.

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