

Old and New Business Strategies to Weather the Construction Recession



The construction world has been hit with story after story of the hard times that have hit those in commercial and residential construction markets. Doom and gloom is everywhere. Capacity built up in the good years led to larger construction companies that now have to deal with [bidding wars](#) (and the [potential liability from those bidding wars](#)) and layoffs.

However, not all is lost. As the latest issue of ENR [points out](#), with the right strategies, the contractors and subcontractors that remain standing can thrive in this new landscape. As Hugh Rice, of Denver, CO points out in the [ENR](#) article:

Once survival is no longer an issues, thinking about how to take advantage of future growth markets is critical.

Despite my occasional [Eeyore like tendencies](#), I fully ascribe to this more positive thinking for my clients and friends in the construction industry in Virginia, and elsewhere. Now that the contractors that survive have taken a lump or two, they are looking at their business practices more carefully. I have noticed that more construction firms are re-examining their business practices and talking to [me](#) earlier in the contracting process. When money was flowing, contractual provisions such as "[pay if paid](#)" clauses did not seem so critical. Even the basics like [incorporation](#) become more critical when money gets tight and bankruptcies are more common place. This is a good thing. This sort of pro-active thinking can only help contractors to grow, even in this down market.

Aside from the basic business and contractual processes, contractors need to have internal procedures to assure that they preserve their [mechanic's lien](#) rights. Because of the economic climate and the fact that [mechanic's liens survive bankruptcy](#), Virginia contractors need to make sure that they keep track of the [picky deadlines and requirements](#) for Virginia mechanic's liens. A simple set of demand letters at 30 and 60 days from invoicing can both lead to payment and keep a contractor aware of impending deadlines on this front.

On a more business growth note, I think that [sustainability](#) and selling the economics of sustainability will be a [growth area](#) for contractors. Virginia contractors [must speak the language of sustainability](#) to not just survive, but to thrive. Thinking "outside the box" and building closer relationships will also be key.

In short, while the landscape looks bleak, smart contractors and subcontractors can find opportunities in this quickly changing world of construction.

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