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# Creating & Measuring a Robust Strategic Plan

Given the challenging labor market, rising inflation, increased construction demand, and volatile material and equipment market, a robust strategic plan provides an opportunity for construction leaders to articulate their goals to their team, prioritize challenges, and develop solutions.

When done well, the planning process is just as important as the resulting strategic plan because it provides a greater understanding and support for the plan across the company, improving the likelihood of its success.

This article outlines the steps construction organizations can take to aid their strategic planning, as well as identifying and creating key performance indicators (KPIs) to measure success.

## Developing a Robust Strategic Plan

Strategic planning is an ongoing process that enables an organization to embed flexible, strategic decision-making throughout the company to stay on top of economic trends, labor challenges, and business changes while sustaining forward momentum.

An effective plan can help your business set expectations, establish accountability at multiple levels, track meaningful outcomes and metrics, communicate results to internal and external stakeholders, and incorporate directions for following up on results. In short, it sets the stage for the next strategic plan and sustainable success.

Let's look at four key aspects that every strategic plan should accomplish.

### A Long-Term Vision to Guide Strategic Decisions

This end state is where you and your organization want to arrive. It may be helpful to frame this with context specific to your business; for example, the end of a transition or the start of an important project.

To ensure your vision resonates throughout the organization, think about the strengths of the company as well as the areas

that will require growth. It's helpful to limit the scope of detailed planning to a 3-5-year horizon. Short-term goals will be encompassed in the roadmap or path, and longer plans may lack the certainty to gain full acceptance.

### Engagement at All Levels

Full buy-in and alignment throughout the organization depends on everyone understanding the company's goals and how they relate to their individual roles.

While strategic plans are most often shaped by the company's leadership, consider using employee focus groups, surveys, and check-in meetings throughout the process to shape the strategies and activities that will help achieve the company's goals. As the plan is implemented, these should align with department- and division-level performance measures, so each team can track its progress and contribution toward the company's mission and vision.

### An Understanding of Your Current State

You must understand not only how your organization arrived at its current state, but also where the company is in relation to its long-term vision. The strategies that helped your organization succeed in the past may not be what's needed to move the company forward.

As needs change throughout your company's life cycle in addition to economic fluctuations, your organization should regularly consider the following:

- Why do we do things the way we do them?
- Do we have the right people in the right roles?
- Can we operate more efficiently?

It may be helpful to frame this as part of a story and acknowledge the role that members of the organization played in getting the team to this point.

### A Clear Path to Your Desired Future State

With an understanding of where your company is and a clear vision for where it's headed, the pathway is ready to



be defined as a series of steps or intermediate goals. These steps are often interdependent, and it helps to identify, where appropriate, any parent-child or precursor relationships. For example, establishing a leadership development program to retain and develop managerial talent in your company might require identifying an executive champion, determining who in HR will lead the effort, and developing training content prior to launching the program.

A transformational, organization-wide strategic plan is likely to get complicated. While it's important to have task-level details at the time of execution, trying to explain that level of detail in a presentation might be a challenge. In the initial briefing, it may be better to explain these steps or intermediate goals at a higher level. Too much detail may make the plan hard to understand while too little may make it difficult to execute. Provide a balanced perspective for your audience.

In the context of telling a story or creating company knowledge, think of this as writing the next chapter and use the opportunity to help people see their role in the plan. Keep in mind that good plans have top-down direction and bottom-up refinements. Leave yourself time and space to account for feedback along the way.

### **Identifying External Challenges & Opportunities**

All organizations face challenges to achieving optimal performance — especially changes related to the COVID-19 pandemic that have already been seen. When developing or updating a strategic plan, identify the key challenges to success — such as material and equipment cost increases, labor shortages, and inflation — and ways to reduce these risks.

You will also benefit from determining how to capitalize on opportunities presented by the external environment. Construction companies are increasingly being pressured to distinguish themselves with innovative use of recycled and sustainable materials, smart building techniques, and technology integration. Creating jobsite or back-office process efficiency using technology, geographic expansion, and telling your company's environmental, social, and governance (ESG) story are just a few opportunities to consider.

### **Developing an ESG Strategy**

ESG metrics are shaping the development and operation of U.S. businesses. The construction industry is increasingly

challenged by regulatory, reporting, and customer demands on their operations while the current administration has accelerated talks around the importance of environmentally friendly business tactics. Further, financial institutions are looking at ESG performance as a marker of sustainable and resilient companies, which is affecting lending criteria.

Construction can benefit from factoring ESG considerations into planning its business strategy. While an ESG strategy will be unique to your company, when incorporating ESG goals into your strategic plan, consider:

- Environmentally conscious construction waste management
- Environmentally friendly construction materials
- Recycling and reusing
- Diversity and social inclusion
- Community impact and integration
- Health and wellbeing
- Governance strategies and policies
- Incorporating ESG into contracts and competitive bidding

### **Developing a Strategic Workforce Plan to Attract & Retain Talent**

The competitive landscape of construction talent requires a clearly defined strategic plan for recruitment and retention. To attract, retain, develop, and incentivize your ideal workforce, you must determine the resources and competencies that will be required at each level and in each facet of your organization. This empowers you to decide how to best cultivate and compensate the workforce needed to achieve your strategic goals.

Linking your strategic plan to your people through a workforce plan can be a powerful tool for your organization's management and team members.

### **Workforce Planning Considerations**

When developing a workforce plan, prioritize succession planning. Globally, the workforce is aging, and organizational plans haven't kept up. Older employees disproportionately hold management and leadership roles and are longer-term employees who hold a tremendous amount of institutional knowledge.

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At the same time, revenue constraints may prevent you from hiring ahead to cross-train the next in line. You also don't always know when team members will retire or move onto their next role. It's critical to identify key sole contributors and those with key relationships to the community and stakeholders to mitigate the risk of lost knowledge.

When developing your workforce plan, start with your existing organization and map career paths to support the progression of managerial and technical personnel; your current team members are your most valuable asset. During this process, you'll identify current and future gaps in your organization, which will define your recruiting, training, and development needs. Finally, create total compensation programs that provide incentives for employees to accomplish goals and objectives.

### **Conducting Company-Wide Change Communication**

Adopting a new strategic plan means new changes across the organization. Employee engagement is key to change success regardless of whether the initiatives are immediate or longer term.

Whenever possible, employees should be engaged prior to announcing new changes so they can help define the problem, give input on potential concerns, and provide suggestions to improve implementation. A robust change management approach should emphasize the human side of change to promote employee adoption. By acknowledging their concerns, leadership demonstrates its support of employees throughout the company, which improves overall change management.

Change management will vary for every company based on the organization's life cycle, culture, and leadership structure. Successful change management efforts start with aligned leadership that communicates a common understanding of the need for change. The organization plans for and understands the ramifications of the change, including short- and long-term impacts on people and processes. Leadership identifies and develops a method for staff education. Finally, progress is measured, monitored, and reported; use the data to adjust your approach when you're not meeting targets and celebrating successes.

### **The Five Pillars of a Data-Driven Organization**

Using data effectively can transform decision-making and strategic planning. Many organizations have a large quantity

of data in their enterprise systems but struggle to maximize its value. This can be for several reasons, including:

- Lack of access to the data sources
- Excessive complexity
- Large number of data sources

When assessing your organization's pathway to using data more in the crafting of your strategic plans, consider these five pillars:

#### **1. Data Infrastructure**

To use data effectively, it must be stored and transmitted in a timely and secure manner. There are a variety of options available — from cloud platforms to on-premises servers. A large growth in the use of data will lean heavily on the systems that contain it, so regularly assess the health and security of your systems.

#### **2. Curated & Quality Information**

Data exists in a variety of places and at varying levels of detail; gathering it all together to build an accurate picture can sometimes seem daunting. Modern business intelligence (BI) software can help your team assemble the data with the correct details and rigor to ensure the information is reliable and accurate.

A best practice is to have a directory of those preassembled sources for your team to reference to prevent duplication of efforts.

#### **3. Evidence-Based Decisions & Actions**

Once data is accessible to decision-makers, data and dashboards can be used for briefings. Consider that you'll be using your staff's expertise and experience more efficiently if they can see the data and use their judgment with a better understanding of the company's actual state. As confidence in the data grows, the focus will often shift from "why" to "what else."

#### **4. Intelligent Insights**

When more or better information becomes available to experienced teams, the results can be insightful. These insights can make a dramatic difference in the effectiveness of a team or organization.

Consider the benefits of seeing and avoiding stop-work issues in near-real time. Greater access to data can enable leaders throughout an organization to fully utilize their expertise and judgment to solve or preempt day-to-day problems.



## 5. Data Culture

A data culture is an environment where people throughout the organization actively seek data to support planning and decision-making. With better data systems, improved access to data, and a move toward using evidence-based decision-making, an organization is already forming a data culture. Data culture often benefits from having one or more data champions within a team or organization to answer questions and help others start on their data journey.

### Monitoring Progress With Key Performance Indicators

Key performance indicators (KPIs) enable you to monitor performance against your plan. These indicators should be developed for each facet of your organization, and each one should tie back to your strategic goals and objectives.

To begin, consider the following steps:

- Choose the measurements that directly contribute to each of your strategic objectives
- Identify benchmarks
- Assign responsibility for each KPI to team members
- Monitor and report on KPIs
- Use modern solutions and technology for KPI tracking and visibility

### Creating Your KPIs

In designing your KPIs, don't forget to keep the word *key* in mind. With a plethora of data at your fingertips, it may be tempting to create more measures than needed. Here are some tips to help keep you focused when describing the most important measurements for success:

- Consider creating a "top five" list to limit the number of measures that are considered key.
- Give your teams the overarching goals and let them create their own KPIs to accomplish their contributions.
- Consider designing KPIs in the context of management by exception and focus primarily on what is not going as planned — good or bad.

### Choose KPIs to Focus On

KPIs that may be relevant to assessing your company's progress toward becoming a data-driven organization might include:

- *Construction project management:* safety; quality and performance; workforce; project timelines; material supply; and equipment location, status, and rental rates
- *Finances:* working capital; operating cash flow; current ratio, return on investment, equity, and assets; gross profit margin; net profit margin; sales growth; and debt-to-equity ratio

It's important to note that, as an organization's needs and goals change, KPIs will evolve along with them. A best practice is to have a team of leaders who use these dashboards review and refresh the organization's KPIs regularly. This is actively steering to meet your goals and is important if the goals or timelines have been updated.

### Creating a Performance Dashboard to Connect KPIs to Insights & Strategy

An isolated metric won't spur strategic insights or questions, nor prompt action or engagement. Clear communication is valuable, and priorities are often illustrated by what's shown. Combine relevant data in one place so you can see changes, gain insights, and make faster, clearer, and more consistent decisions. Consider the value of having KPIs that are shareable with the stakeholders outside of your organization.

In the past, this level of data combination required custom development or expensive systems integrations. Now, modern BI software can often bridge those gaps to combine data and give it greater context. BI software often comes with the ability to refresh the data remotely or on a schedule. The result is often that custom dashboards from multiple sources can be created and scheduled, turning a lengthy manual process into a few moments of automation. This makes data more useable and is a key part of the shift from information to insight.

A well-designed data dashboard enables companies to ask questions and gain insights such as identification of trends, outliers, and correlations; forecasting and budgeting; predictive modeling and scenario testing; and optimization of resources.

Ultimately, a useful dashboard will include the elements of context that are relevant to the KPIs they're intended to measure, such as performance over time, workforce compared to tasks, short- and long-term forecasts, and budget to actual.

### Conclusion

Having a well-communicated strategic plan, strong KPIs, and the ability to monitor them can provide alignment to team members throughout the organization by answering the

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essential questions of what you are doing and why. The visibility of measures and results often increases the personal buy-in of each team member as data removes the uncertainty and helps the team focus on results.

With a good plan and modern tools, your organization can create, adjust, and refresh its strategic plan and KPIs as it grows and develops. ■

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