This issue's guest columnist says there are plenty of reasons for optimism in the year ahead – and those electrical businesses who have an effective strategy in place will do best when it comes to avoiding the obstacles and reaping the rewards

We've got reasons to be cheerful

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IN my role as a business improvement consultant in the UK construction industry, I spend a significant amount of time looking at economic forecasts to get a handle on where the economy is heading and how it will impact the industry and my clients specifically.

At this time of year, all business owners and leaders want to look ahead with certainty and optimism, but recent economic reports such as the S&P Global/CIPS UK Construction Purchasing Managers' Index don't make for encouraging reading.

With December's activity slipping below the crucial 50 no change mark to 48.8 for the first time since last August, December saw the steepest fall in activity since the beginning of the pandemic in May 2020 and a similar plummet in pipelines of new work.

Poor demand has seen supply chain managers reducing spending on materials, resulting in the sharpest fall in buying activity for more than two-and-a-half years.

Recent months have also seen construction companies reining back on recruitment, unconvinced about economic growth prospects in 2023.

Understandably, these headwinds have a significant impact on optimism for the year ahead, but despite all the above I would encourage you **NOT** to be despondent.

DON'T PANIC... STRONG BUSINESSES WILL SURVIVE

I've been around this industry long enough to have come through the great recession of 2008 and the resulting decade of austerity, quickly followed by a pandemic which sent the world economy into a tailspin and from which we are still trying to recover.

However, throughout all these challenges, construction has shown itself to be incredibly resilient. This industry employs some of the smartest and most innovative people that I've come across in my working life, who always seem to find ways to overcome the obstacles put in front of them.

This shouldn't come as a surprise to anyone, certainly not those SELECT Members who work in the industry and who see the practicality, creativity and technicality that the sector processes.

Yes, there are challenging times ahead and some companies will inevitably struggle and fail, but let's be honest, many of those companies have been poorly run. They have failed to adapt to the new reality, buried their heads in the sand and hoped that everything will turn out alright. Unfortunately, it seldom does.

Economic recessions are like droughts in the animal kingdom – they affect the weak. Those who can anticipate change on the horizon and plan and adapt accordingly not only tend to survive, they can also thrive.

They don't rely on luck and have instead developed strategies that optimise their resources. They fully understand what the market and their clients want and they consistently and efficiently deliver.

None of this happens by accident. The owners and leaders of these companies make the necessary investments in time to strategise, they develop efficiencies, they're financially prudent, build lasting relationships with their customers and supply chains and, most importantly of all, they look after and invest in their people.

"POOR DEMAND HAS SEEN SUPPLY CHAIN MANAGERS REDUCING SPENDING ON MATERIALS, RESULTING IN THE SHARPEST FALL IN BUYING ACTIVITY FOR OVER TWO-AND-A-HALF YEARS"

TRAINING AND MARKETING ARE TOO IMPORTANT TO BE CUT

From experience, the first thing that invariably happens is that businesses stop investing in marketing and training, with these two areas always getting cut. My advice is that these are the **LAST** two areas you should be looking to cut back on. If anything, you need to maintain at the very least, but preferably you should be investing and here is why.

In a recession there are still opportunities to be found – you just need to work a little harder to find them. Investing in your marketing helps you reassure current and prospective clients that you're open and ready to do business. While others are cutting back, you're building your profile, which gives clients confidence.

Paul McDevitt is Managing Director of McDevitt & Co, an experienced business consultancy that helps to inspire people, improve productivity and increase profits in the construction industry. Find out more and contact him at www.mcdevitt.co