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# Strategic Planning for Builders

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In 2007, at the outset of the nation's real estate crisis, the market was saturated with people trying to buy, sell and build new homes. Faced with growing competition from experts and amateurs alike, Chicago-based builder Nick DiCosola decided that he needed to differentiate himself.

"I felt like I needed to put myself in a clear position in the market, and I was trying to figure out where that was," says DiCosola, founder and president of custom homebuilding company Distinguished Dwellings. "I didn't have an identity for myself out there in the marketplace. That's when I asked myself, 'How do I become a valued brand in custom homebuilding?'"

To help him answer that question, DiCosola turned to Jason Sherman, president of Chicago-based SHERMAN communications & marketing, who recommended that they build something together that Distinguished Dwellings had never done before: A strategic plan.

"When the plan was complete, Nick had a 44-page document that became a blueprint for Nick's business," Sherman says. "It took us about two months to get the whole thing down on paper and to start implementing our strategies. In 2007, Nick had his best year ever, with a 500 percent increase in his business."

## The Purpose of Planning

Like DiCosola, builders can use strategic planning to grow their business, or to maintain it in the face of stiff competition or challenging economic circumstances, according to Ted Gee, author of [Hope Is Not a Strategy: Simple Solutions for Doing Business in the 21st Century](#). A former division leader for Bloomfield Hills, Mich.-based Pulte Homes, he says strategic planning—outside of primarily used financial plans—is the best way to set and achieve goals for your homebuilding business.

“A strategic plan is what you look at to decide how you’re going to get your organization from where it is today to where you want it to be in the future,” he says. “It helps you set goals, and helps you understand the flexibility you will need in downturns of the economy.”

In the same way that a house is a place for you to grow and nurture your family, Sherman adds, a strategic plan creates a foundation upon which to build your business. “The foundation is the broader plan and objectives for the business—what you want your business to be—and the rooms are the strategies and tactics that you’re going to use to get there,” he says.

Because strategic planning forces you to better understand where your business is going and how it’s going to get there, the planning process and outcome make you more nimble and therefore more successful than competitors who don’t develop a plan.

“How can you know what you want for your business in the long term,” Sherman asks, “unless you have a plan for what that should look like?”

## A Blueprint for Your Business

While it may sound complicated, a strategic plan can be as simple or as complex as you need it to be. Sherman recommends including at least the following four elements in your written plan:

- **List of Objectives:** A broad objective, whether it’s quantitative—to make a certain amount of money or get a certain number of clients; or qualitative—to build a certain type of home or to build within a certain market—is a critical component of your strategic plan, as you’ve got to know what your target is so that you can accurately aim for it.
- **SWOT analysis:** Before you can get to where you’re going tomorrow, you’ve got to assess where you are today. This must include an analysis of your *Strengths*, *Weaknesses*, *Opportunities* and *Threats*. Ask yourself what you do well and what you need to improve on, who your customers are, what they do and don’t want from you, who your competitors are and what they’re doing that you’re not.
- **Brand Identity:** This is crucial. Your brand identity differentiates you, explains what promise your service is going to deliver to others and sets the tone for all communications materials.
- **Strategies and tactics:** Just as important as what you want is how you intend to get it. Your strategic plan should therefore have broad strategies, such as partnering with architects or having specific tactics like including individual action items for your to-do list.

## From Strategy to Action Steps

Although planning is key, execution is essential, according to Gee. Like plans for a house, he suggests, eventually you’ve got to build it.

“After you’ve developed your strategic plan, the next step is to put a roadmap together,” he says. “Your roadmap should be at least a three-year plan that looks at your organization annually and where it’s going quarterly, and starts defining what activities need to occur—by when, by whom, how long they will take and at what cost—to get it there.”

Because three years can sound overwhelming, Gee recommends following your “roadmap” with a 30-, 60- and 90-day plan for yourself and your employees. “The point is to have a planning session, and for everyone to leave that session with activities to start doing.”

Upon completing strategic plans for them, Sherman commits himself to at least 12 months with his clients so that they can focus on executing and implementing the plan together. The result, according to DiCosola, is success.

“In spite of the economy, I’m still busy,” he says. “I’m still going today. I’m not sitting on the sidelines begging for work. Because of my strategic plan, I’ve become much more of a household name among my key audiences.”