

Post **COVID-19** Action Plan for Real Estate & Construction Sector

- By Er.H.R.Girish



There has been no other time as profound, impactful and with direct consequence(s), as the present COVID19 times. The feelings amongst all is either one of dismay, anxiety, helplessness, anger, depression, hope, faith, opportunity-in-adversity, confidence-to-win etc., or a combination of these. The present time is the reiteration of the fact that, no matter how advanced or globally-integrated our civilisation is, we just haven't developed a fool-proof system that has the capability to localise or avoid such cataclysmic Pandemic. Till such time a truly global responsible approach, in thought and deed is realised, 'prevent-mitigate- manage' seems to be the only *mantra* to manage lives. This is precisely what citizen-centric countries, like India, are doing in a commendable and exemplary manner. The scale and intent of collaboration(s), along with trust and mutual self-help presently being displayed amongst all stake holders, is not only amazing but stands out as a glittering example, worthy of being emulated. Bringing the focus more to Construction, Real Estate and Civil Engineering Industry, immediate actions are called for to ensure safety and business continuity, duly ensuring that a pragmatic and holistic approach is adopted. This article attempts to provide certain insights of actions that are advisable to be taken. Attention is drawn to the fact that nobody has the proverbial 'crystal ball' to precisely forecast or map the contours of times ahead. Hence discretion is advised to understand and synthesize what has been articulated herein, so as to derive optimal ideas and solutions to tackle issues more specific to individual business enterprises and practising professionals in the Construction & RE Industry. The immediate touch points that need precise focus, study, analysis, understanding and action, can be classified as follows.

Safety and Health:

- On "Immediate" basis, strict protocols and guidelines to all concerned viz., Employees, Vendors, visitors, out-of-office visits, On-site protocols, material-receipt protocols etc., need to be put in place. Always remember that Safety is the top priority, come what may; all other aspects can be managed if the aspect of safety to life is taken care of. The protocol should address the immediate action that needs to be triggered in case a covid19 case is detected or confirmed. There shouldn't be a last-minute panic or un-preparedness.
- For office-based work, a combination of WFH (Work from Home) and WFO (Work from Office) needs to be implemented.
- Work from home (WFH) has to be encouraged wherever possible. Develop a matrix to measure productivity. Provide adequate suggestions and guidance to make Work from home comfortable both to the Employee and the Employer. Employer should be proactive in providing tools and minor facilities such as work-furniture, ergonomic chair etc., for WFH.
- At regular intervals, Employees' of 'WFH' need to be invited to office for an exchange of views and ensuring the 'psychological touch' of connect between the Employee and Employer.
- WFO (Work from Office) has to be restricted only to those activities and designations that are essential to business operations and Policy/decision making. It should be only need based and not on the inept wish of some decision maker devoid of sound reasoning.
- Shift or rooster system has be adopted for those required to work from office as the seating/ work-station plan in all offices are designed for normal/group working during pre-Covid times

and definitely not for 'public distancing'. This has a direct impact on office capacity leading to its outright reduction to around one-third of the pre-Covid capacity.

- Etiquette and normal Office habits such as greetings by hand-shake and similar such habits need to be banned. Don't hesitate to provide full face visor/ transparent full-face mask, if need be; don't fall a prey to the myopic thinking that it may look odd or alien; most important is Life; it comes first amongst all priorities.
- Protocols such as frequent hand sanitising, hand washing with soap, furniture disinfecting using electronic waves/ UVC light, social distancing, web-meetings with vendors etc., should be mandated in deed and spirit. It should become second nature.
- Younger generation take easily to adapting latest technology like webinars and virtual meetings; the older generation would find it difficult. Empathy and patience is called for; coach gently to familiarise them. Technology adoption is the only way going forward.
- Avoid visitors coming into office unless really unavoidable.
- Top priority and Role of Senior Management needs to be to ensure absolute adherence of Covid-related safety, both in letter and spirit. Nonchalance, unacceptance or ignorance of any of these, will lead to cascading failure and threat to the entire business system, with cataclysmic consequences.
- It is essential to note that even if one single case Covid19 positive is reported, the entire office may be sealed. Hence Safety and protocols have to be considered with extreme seriousness by the top/ senior management and pushed down the line through diligent awareness drives and continuous follow-ups.

Finance and Cash-flow Management:

THE most important and critical activity, immediately after Safety aspect, is to ensure an exceptionally sharp focus on Finance management and Cash flow.

- Borrowings/Loans: Engage diligently with the Lender. Workout various modalities such as deferred payments, principal repayment holiday, reduced interest rates, retiring of existing loans by availing new cheaper loans etc. Please be weary of 'short-term-attractions' like Principal moratoriums unless implications of the same is clearly understood.
- Cash Reserves need to be reviewed thoroughly, relevant information collated and inferences confirmed so to ascertain the exact Cash Reserves position.
- Cash receivables warrant meticulous review. A thorough understanding of ground reality has to be immediately undertaken. Action(s) needs to be initiated on top priority so as to pursue collections, without any delay, taking cognisance of prevailing situation across the Industry.

- Decisive decisions such as formation of 'Action-team' to pursue debtors is a step in right direction. The approach should not be that of the usual 'breathing-down-the-neck' of debtors; rather an apathetical and rational approach needs to be adopted. One needs to use common sense and understand that these are unusual times; every business is impacted. Innovative and value-added do-able actions need to be ideated upon. Approach has to be more of a collaboration and voluntary participation and definitely not that of hostility or short-term gain.
- The Cash out-go/outflow needs to be THE important area of focus. Immediate control of all outflows needs to be ensured. 'Spend' should be only for highly critical activities that impact business operations and essential requirements.
- Austerity has to be practiced with immediate effect.
- Extreme caution should be exercised in Cash payments; do not deny payment that is long overdue; discuss the same with the Creditor/service provider/vendor so as to ascertain the ground reality of urgency and do make the payment once it passes this scrutiny. Outstanding credits of each vendor has to be closely analysed and managed in a meticulous manner.
- Remember, vendor or service provider should'nt be "mis-treated" or neglected. They need to be respected. The Business enterprises that see their vendors' / service providers' as their business partners, go on to build robust, reliable and cost-efficient supply chains in times to come. Please remember that vendors and service providers are also business entities like yours and will be adopting similar strategies and practices to manage their Cash flows in these times. Hence a win-win situation is called for.
- "A drop saved is a drop earned". And "drops make an Ocean!". Don't mistake "saving" as denying payment to downstream suppliers or service providers. "Saving" means spending wisely.
- The Cash outgo towards Rent, salaries, Overheads, Establishment, AMC etc., need to be reviewed meticulously.
- Regarding Salaries, a rational approach needs to be adopted based on need and not on plain Arithmetic. For example, 'a vanilla' approach of flat 20% Salary cut across the ranks, makes no sense. Rather the Salary has to meet the basic requirements of the Employee's basic living like House Rent, School Fee, Medical expense, Food expense, Transport, Utility Bills etc. Adoption of such rational / empathetical approach may as well result in no salary cut at all for support staff and those at the bottom of Organisational pyramid. The percentage of cut needs to increase with hierarchy /size of remuneration package. The magnitude of salary cut should resemble an 'inverted pyramid' superimposed on Organisation 'upright pyramid' structure.
- Office Rentals: The aspect of reducing or deferring rent should be looked into as this normally is amongst substantial fixed costs. Request for about 6-months of decrease in rent or postponement of rent payment should be considered. Another approach is to negotiate with Land lord for Rent deposit to be adjusted for next 'x' months; by adopting this approach, one literally has a rent free premises for 'x' months.

- Maintenance expenses: Reduce premises/ maintenance expenses like Electricity, Water, Telephone bills, more so given that only about 1/3rd Employees will be attending office. For example: If office is spread across several floors, consider consolidating and shifting work areas to a few floors but without compromising on safety or social distancing. This will help in freeing up of other floors, there by saving huge expenses on fixed costs such as Electricity, Air-conditioning, water, housekeeping, restroom maintenance, support staff, security etc.
- Maintenance contracts such as AMC need to be renegotiated. Renew only those that are essential. For reasonably low-risk areas, AMC's can be done away with and rather an 'al-carte' rate list for services can be negotiated with the service provider.
- Expenses towards Insurance premiums can be reduced by discussions and negotiations with service provider duly defining the real risk. Insurance cover can be only for those that are essential.
- Licences and Renewal fees are considerable areas of Cash out-go. Essential licences like Builder's licences should not be 'tampered' with as far as expenses are concerned.
- Tax compliances and related obligations are areas that require prudent Cash management and need to be focussed upon. Meticulously working /follow-up on tax refunds needs to be adopted. Do not neglect promptly attending to Tax related issues. Make sure to ensure there is no default on tax payment; however, deferment is one area that is worth a thorough review and action.
- Cash realisations from main business operations are extremely vital and main focus points. Every potential revenue generation possibility has to be followed 'pin-to-pin'. Ensure there are absolutely no misses or oversights; these shouldn't be tolerated. Need-of-hour isn't haste but pragmatism. Resolve firmly and realise revenue. In RE (Real Estate) business, this aspect is further elaborated under 'Sales'.

Sales:

The following articulation is more specific to Real Estate Industry.

- Communication: Ensure Immediate and regular communication with existing Customers. The communication needs to be cordial and comforting. This has to be done immediately duly conveying message of your support and commitment of your obligation(s) towards them.
- Understand your customer: Profile your customers/Client. Understand their position in this situation. Engage; meet them (virtually); appraise them of your situation; solicit information on their situation.
- Continuous communication: Ensure regular and positive communication focussing on tangibles and need-of-hour and immediate future.
- Bind yourself to your customer: Come up with unique sales plan/ out of box thinking to retain customer, increase sales and ensure liquidity of stocks/inventory.

- Come up with unique sales schemes. Encourage Innovation and ‘out-of-box’ thinking in product-offering. Adopt technology to facilitate virtual site visit and “walk” them through the project. Enable virtual views & scenes around the project through the Apartment Balconies and bedroom windows. Make sure to ‘walk-them’ through amenities like gardens, club-house, utility kiosks, security cabin, access control etc.; this will add immense value to the sales-pitch.
- Enable web based discussions and meetings effectively and frequently. Ensure website is not dated; it should be dynamic and easy to navigate for a visitor. Dump unwanted adjectives and ‘sales-pitch’; make it more focussed and purposeful.
- Keep prospective customers informed about sops and attractive finance options offered by Banks.

For Products and Services:

- Increase the level of engagement with every customer.
- Retain each customer account.
- A supplier or service provider cannot supply or service the full-spectrum of customer’s requirement if it isn’t matched by like payment terms. Workout a via media, duly and transparently discussing your situation. Probably a reduced order against assured payment receipt is more prudent than a large order with deferred or uncertain payment terms.
- Add value to your offering. Focus on quality and service.
- Do not abandon a Customer at this crucial time. Weigh each of your customer’s project to understand as to which of its projects are in advance stages of completion and focus your efforts and sales accordingly.
- Plug leakages and wasteful marketing expenses.
- Ensure business dealings conform to high integrity levels; strictly ban grey areas and corrupt deals.

Onsite Construction activities:

- Ensure top priority to Safety and Health of all on project site.
- Meticulously plan work-flow and material-flow. Design processes that are fool proof and avoid threats of virus spread.
- Post-covid speed of execution will be drastically curtailed to about 30-35% or a maximum of 50% of pre-Covid speed; this will be the order for atleast next 6 (six) months.

- It is more prudent to divide the entire on-site teams into groups of disconnected entities physically. This ensures that in case of any infection, the spread is contained only to the respective team. During passing-on of work flow from one team to the other, ensure a good time gap is created. This gap can be used for disinfection activity.
- Understand that these are extreme times wherein no known 'time-motion study' or 'task-out turn efficiency' model works, as is the case in normal times.
- Ensure ongoing construction does not stop, come what may, even if it means reducing the number of activities and the magnitude of activities.
- Ensure no new projects are taken up so as to not divert attention from completion of ongoing projects, unless resources are truly available.
- Ensure lean approach, frugal engineering, JIT (Just-in-time) principle, Zero-inventory, almost Zero-wastage, avoid corruption/leakages, adopt 'recycle-repair-reuse', barter machinery in case of surplus/extras. Every activity should be meticulously focussed on and acted upon.
- Adopt "Waste is Cash" approach. Seriously analyse waste or "leakage"; arrest it immediately. Repair and Re-use. Barter. Buy 2nd hand if possible. Hire, don't purchase wherever possible. Remember the earlier saying in this article: Drop saved is a drop earned.
- Encourage innovation and out of box thinking amongst site staff. Do not undermine the ingenuity of team members; they can come out with exemplary ways and means to tackle challenges in present times.
- It is the prime responsibility of top management/ senior management to provide constant encouragement, words of praise and visible and true-intent-support to each and every member of team. Spend on aspects of team's health like free supply of citrus fruits on daily basis so as to boost immunity.
- Strictly ban intoxicating substances such as smoking, *gutka*, *pan* chewing amongst teams and workers; terminate those indulging in these immediately as they pose extreme and sever threat.
- Remember migrant labourers have families. Their emotions and anxieties have to be empathetically addressed. Facilitate video calls to their families at regular intervals. Do what best can be done like online remittances or providing basic necessities to them through your contacts in their location.
- Going forward, adopt Technology and mechanisation, in as many aspects, as is possible. Challenge status-quo in conventional approaches.

Technology, innovation, mechanisation and emerging fields:

- Embrace and adopt technology. Educate yourself about technologies available and adopt only those that benefit you. Ensure constant awareness of emerging technologies – both in administration and operations. Technology are ground breakers and bring in positive disruption to business, if shrewdly pursued.
- Immediate-future and the future after that, belongs to corporates and business enterprises that believe in technology and are in the forefront of its adaptation.
- One of the major reasons for poor penetration of technology in construction Industry is lack of awareness of its benefits and the value it brings in a tangible manner to the Owner/ investor, that can be measured. There is a severe dearth of training and skill development in Technology in the Construction Industry. Therefore, it is essential to focus on considerably understanding technology and adopting the right one useful for the respective line of business. Make sure to ensure that technology is 'solid-state' ie based on a sound under-girder of durable technology with open protocol so as to be compatible for future improvements and enhancements.
- Do not get cheated by 'high-preachers' of IT Solution providers who will try to sell solutions, with either little or no knowledge of RE ground realities and challenges posed by construction activities real time.
- Technology need not be reckoned as something that is "hi-fi". Technology can be defined as "bettering the previous". Technology, going forward, will play a highly decisive and critical role in business operations and continuity; it will be akin to, what blood is to human body for survival.
- Ensure entire team is trained and tech-savviness becomes second nature. Target that in next 6months. Ensure that at least 15% of present practices are converted to 'Technology-run'.
- Regarding mechanisation, set targets. such as a minimum of 20% mechanisation per year, over the next three years. With respect to Innovations, set targets such as a minimum of 20% technological innovations to be incorporated, over the next three years. A business entity that is not on speed with technology will become non-competitive and will eventually perish.
- Examples of Technologies that will gain in demand will include non-touch based sensors & systems voice command operated systems, motion operated devices, sensors to read-collate-operate building elements based on microprocessor controllers, crisp algorithms and Artificial Intelligence.
- Migrate from in-situ to precast construction; try hybrid materials; embrace eco-friendly approach.
- Precast, Pre-fab and 'pods' will be the order of the day in the immediate future. "Immediate" means 12 to 18 months or may be a bit more from now since these factories, to set up 'afresh'

on a mass scale or to expand existing capacity, are 'capital, build and system' intensive. Till then, the present "85% on-site and 15% off-site" practice will continue, albeit at a slow pace.

- Retrofitting will gain in prominence. Existing facilities will be redesigned and reconfigured to meet requirements of the new post-covid World. Since cash is king and with outflow on a tight leash, existing facilities will be leveraged technically & to optimal extent to meet business sustenance demands.
- Technologies such as IoT (Internet of Things), Virtual reality, Augmented Reality, Building Information Modelling, Artificial Intelligence, Machine Learning, Drone based Monitoring & Management, Data analytics/ Data Acquisition systems, Remote management (which I prefer to refer to as "management by wire"), e-procurement, Smart MoC (Material of Construction), sensor based operations, Mechanisation, Robotics will very soon be the order of the day.
- Data: Ensure data such as productivity, efficiency, challenges, unpredictability, unreliability etc., are decisively and diligently captured and documented. Data collection is akin to Gold mining – tedious process but with high-value gain(s). Big-data will be the 'grand-super-hero' in times to come. This will open up an hitherto unknown and unimaginable area(s) for decision making in times ahead.
- Standard operating procedures need to be dynamic and undergo regular upgradation to be in tune with Technology adoption, Resource availability & prevailing situation.
- Procurement process needs to undergo substantial change. A matrix of procurement routes need to be adopted for optimal outcome and to address ever-changing Industry and market dynamics. E-procurement will become the norm henceforth. The entire activity chain from RFP/Q (Request for Proposal/Quote) - WO/PO (Work-order/ Purchase-order) – Invoicing – Material delivery – Payment will be and should be 'real-time' online. Logistics and inventory management will be the critical areas of focus.
- Contract formulation and administration need to be agile yet simple and clear so as to adopt a fresh approach towards collaboration and mitigation rather than the erstwhile approach of "confrontation" and resolution. Remember, no party is a winner in War; this cannot be more true than present times. Litigations and disputes are to be very carefully avoided; these are not only expensive but cause huge collateral damage in terms of Time and cost overrun, destruction of relationship and, importantly, huge drain of Senior management's focus which could otherwise be utilised for constructive business growth and management.

Document/Archive:

- Ensure to meticulously document experience of pre-covid, covid & post-covid19. This should be available for all future references. Recall the importance of Data gathering, which has been emphasised earlier in this article.
- Remember, how much ever one wishes that such pandemic shouldn't recur, history proves otherwise.

- Recall/pull out archives of previous serious contingent situations/ depressions and understand thoroughly as to how it was handled. Experience need not be centric to respective corporate but will be good idea to share amongst the fraternity.

PR, Branding and Outreach:

- Ensure regular & active connect with Professional organisation. Make sure to regularly engage in interactions with Government departments and similar organisation through professional bodies like NAREDCO, CREDAI, CII, FICCI, Assocham, Industry specific associations etc.
- Be at the fore front of all related present statutory requirements and upcoming new governmental norms. Try to be an influencer by contributing substantially to discussions and articulations, duly bringing out your experiences for the benefit of not only your Industry but also for a wider sections of the Industry that are dependent.
- PR will shift from big-time advertising like half/full page ads to more specific focussed customer groups. It will be more like a surgical strike with least collateral expenditure.
- Branding will undergo a considerable change from being commodity oriented to service oriented.

Social Outreach:

- This is the time to demonstrate that you care. Make sure to reach out to atleast a minimal number of people, to start with, to help them tide over the present unfortunate crisis.
- Start with your own labour force. Make sure they and their families are supported with respect to their basic needs.
- If your resources permit, make sure to take care of those living around your project sites and those that require help. This is the time for you to reach out and demonstrate your good intent.
- The good that will generate as a spin-off of the above gesture, will accrue invaluable reciprocal “benefit(s)” going forward. It’s time to act when the going gets tough. Remember, if attempt is made to quench a man’s thirst when he is thirsty, it invites a life-long gratitude; but if attempt is made when he isn’t thirsty then it arises suspicion. Hence, time to act is now.

Strategy and Business Sustenance team (Business Continuity):

- Staff: Continuously focus on Health and staff welfare and hygiene. Staff’s efficiency can be ensured through keeping good health and motivation.

- Ensure exceptional levels of discipline, focus and commitment, based on empathy to situation in all areas of business.
- Human touch is paramount. Be empathetic to your clients and partners'/ stake holders' such as lenders, vendors, suppliers and service providers. Be transparent and upright because when "threat" is near and real, no point in faking or acting "*chaaloo*" ("*chaaloo*" is a local Hindi slang for a "crookedly smart" approach).
- Reskilling should form a major HR (Human Resource) thrust. It should not be one-time process; rather it should be a continuous one. The mind-set that Reskilling is only for lower cadres or rungs of organisation, should be demolished. It is essential that everyone, including the CEO, MD and Owner, should upgrade and enhance their knowledge and skill in applicable area. If senior management like MD or CEO are not tech-savy, they will be replaced by competitive ones. Family owned businesses that aren't inclined towards technology or refuse to hire professionals, will find going touch or may even go out of business sooner.
- Every corporate and Business Enterprise, irrespective of its size, should formulate and put in place a Strategic team with a mandate to look-out for oncoming disruptive element(s) to business, henceforth.
- Remember, Covid19 like situation may not be an one time-event; there may be ripple effects and similar destructive events which may rise time and again. Hence, accept and adapt to the new norm. Be prepared and train to work around such situations, as and when they occur.
- Team Re-formation: Re-form teams to suit present situation. Formulate two strategic teams, say, 'Ops or Alfa Team' and 'Strategic or Beta Team'. Alfa team's mandate is to run day-to-day business operations and take care of 'nitty-gritty' challenges of Operations in an efficient and effective manner. The Beta Team's mandate should be to identify and train for any threat or business disruption contingency that may arise and be ready with Plan-A, B and C in order to avoid or mitigate disruption and ensure Business Continuity
- The Strategic team or Beta team, so formulated, should act as an early warning system and scramble to act effectively, either to ward off the threat, or deal with it effectively.
- The strategic team should have embedded foresight and capability so as to ensure Business Continuity.
- Do deeds with good intention and leave the rest to God. For those who are confused whether to believe in God, then at least believe in the super Accountant or Judge called "Nature". It is not for nothing that (s)he has hit the reset button named "Covid19"; to reclaim crystal-clear waters in Rivers, particulate free air, happy flying birds in the sky and animals exploring beyond their habitat; hitting us on our knuckles and telling us that 95% of priorities in our modern life are completely misplaced. Forget arrogance, ego and anger. Don't be afraid. Be firm. Fully reclaim that something which perhaps was not being put to much used or was used partially, called the "Common sense"!

- Adopt simple living and high thinking.
- Remain positive. Remain humble. Remain ever-adaptable to change.

Winners are not those who make a wind-fall of profit and then perish or become mundane; Winners are those who adapt and respond to any (adverse) situation so as to sustain and ensure Business continuity through persistence, ingenuity, innovation and a responsible and optimal approach.

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Link to the article on LinkedIn: <https://www.linkedin.com/pulse/covid-post-covid-action-plan-real-estate-construction-girish-h-r>