What business strategy is all about – what distinguishes it from all other kinds of business planning – is, in a word, competitive advantage. Without competitors there would be no need for strategy, for the sole purpose of strategic planning is to enable the company to gain, as efficiently as possible, a sustainable edge over its competitors. *Kenichi Ohmae.*
As the developer ask yourself:

What am I building and for whom am I building it?
What is the legacy of my project?
Have I been honest with myself with the underlying economic assumptions?
Who are my partners?
What is my competitive advantage?

Instructor: Martin McDermott
October 24, 2017
Winning doesn’t have to equate to profits

Where you play is more about filtering than adding

To win your target customers you need a product or service that uniquely meets their needs.

Capabilities are people. Do you have the right ones for your goals? If not, do you need to change your goals or people?

Connect strategy to compensation, performance measurement and motivational processes
“Good to Great: Why Some Companies Make the Leap and Others Don’t” by Jim Collins, published by Curtis Brown, LTD, 2001
Your strategic plan should address:

Who is your customer?

What is the problem that you solving for that customer?

Where do you want to position the company within the development spectrum?

Where in the Market Cycle is the Project?
Development Spectrum

- Land acquisition
- Land entitlement
- Construction of improvements
- Stabilization of asset
- Disposition
### Small-Scale Developer Skill Session: Strategic Planning

**Instructor:** Martin McDermott  
**October 24, 2017**

<table>
<thead>
<tr>
<th>Industry Role</th>
<th>Current</th>
<th>Future</th>
<th>New Geo</th>
</tr>
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<tbody>
<tr>
<td>Land Speculation</td>
<td>Yes/Self</td>
<td>Yes/Self</td>
<td>Opportunistic/Self</td>
</tr>
<tr>
<td>Single Family</td>
<td>Yes/Self</td>
<td>Yes/Self</td>
<td>Yes/Self</td>
</tr>
<tr>
<td>Multifamily</td>
<td>Yes/Self/Third</td>
<td>Yes/Self/Third</td>
<td>Yes/Self</td>
</tr>
<tr>
<td>Senior focused</td>
<td>No</td>
<td>No</td>
<td>No</td>
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<tr>
<td>Condo conversion</td>
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<td>Yes/Self</td>
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<tr>
<td>Redevelopment</td>
<td>No</td>
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<tr>
<td>Mixed use</td>
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<td>Yes/Self</td>
<td>No</td>
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<tr>
<td>High-rise</td>
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<tr>
<td>Long-term investment</td>
<td>No</td>
<td>Opportunistic/Self</td>
<td>Opportunistic/Self</td>
</tr>
</tbody>
</table>
• What are your core competences and how should you apply them?

• What size/location should you be to achieve your plan?

• Who needs to be on the team?

• How is money procured, earned, applied, distributed, controlled, invested and saved to support the plan?

• When the winds of the market shift, what do you change?
Fundamentals of the Strategic Plan Process

When?

With the signs of a cycle shift; about every 3-5 years

Who?

Key leadership and other strategic thinkers in the company. Keep the team small
Fundamentals of the Strategic Plan Process

How?

Without distraction, sequester the group

What?

The length and work product is not as important as distribution and access to it
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Unstick your plan

If you tend to rely on the same avenues for growth, you're likely to miss out on others that might be more advantageous or less risky.
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Rolls Royce

Target

Walmart

Based on Cliff Bowman and David Faulkner; developed Bowman’s Strategy Clock
Strengths

Consider your strengths from the point of view of your customers and companies in your market.

When looking at your strengths, think about them in relation to your competitors. For example, if all of your competitors provide high quality developments, than a high quality development is not a strength in your firm’s market; it's a necessity.
Weaknesses

Consider this from an internal and external basis

What do our customers, employees, investors, etc. tell us we need to improve?

What do our competitors beat us at?
Opportunities

1. Changes in technology on both a broad and narrow scale.
2. Changes in government policy and zoning
3. Changes in social patterns, population profiles, lifestyle changes
4. Changes in transit
5. Changes in micro and macro economics
Threats
1. What obstacles does your firm face?
2. Where are your competitors beating you?
3. Are quality standards or specifications for your product or services changing?
4. Is changing technology threatening your position?
5. Do you have debt or cash-flow problems?
6. Could any of your weaknesses seriously threaten your business?
Only accept **precise**, verifiable statements

Ruthlessly **prune** long lists of factors and prioritize them

Make sure that options generated are **carried through** the strategy formation process.