

Preparing for local construction works

A guide for small business owners



Small Business
Development Corporation

smallbusiness.wa.gov.au

Contents

Introduction.....	3
Planning/pre-construction phase	4
Construction phase.....	6
Project completion.....	8
Resources for the planning/pre-construction phase	9
Resources for the construction phase	21
Resources for the project completion phase.....	22

The Small Business Development Corporation (SBDC) is a Western Australian Government agency that has been delivering relevant, practical support to small business since 1984. Our primary role is to offer free, confidential advice and guidance to small business owners. We also work with all levels of government to improve their interactions with the small business sector.

Note: The information in this guide is not a substitute for legal advice.

ISBN: 978 0 6482871 4 8

Introduction

Construction work and infrastructure projects can have a significant impact on small businesses. This can include both financial and non-financial disruptions, such as a loss in turnover, reduction in customer traffic and disruption to deliveries caused by road works.

This guide is to help small business owners prepare for construction work associated with the development of new infrastructure, or maintenance of existing infrastructure like road works or water pipes near their premises. While the content focuses on public works (government projects), much of the advice also applies to works carried out by private developers.

The information is presented according to the three phases that most projects fall into:

1. Planning/pre-construction
2. Construction
3. Project completion

It is almost inevitable that, at some point, your business will be affected by public works.

Digging up roads or footpaths for pipes and cabling, traffic diversions, major construction projects, and power outages are the sort of activities that can affect your business, sometimes for long periods of time.

Despite the pain, construction works may ultimately be a good thing for your business.

Construction works could increase the value of your business by improving the look, feel and accessibility of the surrounding area, attracting more visitors and potentially resulting in more customers.

If works are planned near your premises, there are actions you can take to minimise its impact. Taking action before works begin will help prepare your business for the impacts and ultimately ensure your business reaps the benefits the project may bring.

The checklists at the end of this guide suggest the type of questions to ask the project team responsible for the construction, as well as other useful prompts.

Planning/pre-construction phase

This stage is about identifying possible negative impacts your business might experience during the construction phase. Taking action in the pre-construction phase may help minimise these impacts on your business, such as losing customers and reduced cash flow.

Typically, major construction and public works are planned several years in advance. If you are aware of these works before they begin you can better prepare your business.

It is important to keep informed about upcoming works in your area. Keep a look out for communication from your local government and the major utility and infrastructure providers (eg. Water Corporation, Main Roads WA) about upcoming works projects through their websites, stakeholder emails or materials posted to you.

It is recommended you gather as much information about the project as possible, before construction begins.

Once you become aware of upcoming works, you should contact the project team and find out when and how they will be consulting with businesses in the area. This is the best time to try to influence change. Get in early to make sure your concerns or suggestions are heard and considered.

Attend any planning meetings to find out details about the project and to voice your opinion.

During the pre-construction phase you should:

- Make contact with the project manager from the agency or organisation planning the works. Their details should be included on any advertisements for the upcoming works.
- Contact other businesses impacted by the project and discuss the opportunity to work together in attracting customers during the construction phase.
- Make contact with your local chamber of commerce or other local business association. It can be useful to talk with businesses and chambers in other locations that have been affected by construction projects in the past to see what worked well and what they would do differently.
- Plan how you will communicate with your customers. Think about the main message you want to give them about the project and its impact on your business. Also consider how customers will be able to reach you during the construction phase.
- Undertake initial financial planning to prepare for a possible reduction in cash flow.
- Review your inventory – will you need to reduce stock levels during the construction phase?
- Check your lease for options to renew, or if market rent review dates fall near or during the project, so you can negotiate with your landlord.
- Use the construction period to undertake renovations on your premises or as a chance for you and your staff to take annual leave.

For a more detailed checklist to guide your actions during the pre-construction phase, please see Tool 1 on page 9.

Case study

A small business restaurateur contacted us with concerns about the impact a major infrastructure project would have on their business.

This project involved ripping up the road in front of the restaurant, restricting customers' access to the premises and an expectation of reduced revenue. Taking our advice, the restaurateur diversified their business model by offering catering and deliveries for customers who wanted to avoid the construction.

Need advice on preparing for public works?

If you need to prepare for public works, we have a team of advisers who are ready to help. Our services are free and we can provide support across a wide range of issues including:

- new ways to promote your business
- making operational changes
- financial management
- negotiations with landlords
- managing disputes.

Help is available by phone and email, or take advantage of our walk-in service from 8:30am to 4:30pm, Monday to Friday.

W: smallbusiness.wa.gov.au

E: info@smallbusiness.wa.gov.au

Visit: Level 2, 140 William St, Perth
(above the Perth Underground train station)

You can also find support and advice from thousands of other WA business owners by joining our Facebook group, 'I'm a small business owner in Western Australia'.

Construction phase

The construction phase of a project will likely be the most disruptive for small businesses.

When construction is underway, customers may be put off visiting your business due to:

- dust, noise and vibrations
- restricted access from road or footpath closures
- fewer available parking spaces
- interruptions to public transport
- loss of visibility due to temporary fencing or construction vehicles blocking businesses.

The biggest impact you are likely to experience during the construction phase is reduced customer numbers. Research has shown a decrease in customers during the construction phase can continue long after the project is complete. This is due to permanent behavioural shifts within the community as people find new businesses to frequent.

Other impacts could include:

- logistical issues such as disruptions to receiving deliveries
- disruption to your ability to make deliveries
- loss of utilities such as water, gas and electricity
- loss of staff access and parking
- internet interruptions.

It is reasonable to expect your revenue will drop during the construction phase of a major project near your premises. However, by implementing the plans you developed in the planning/ pre-construction phase, you may be able to minimise these impacts.

Despite the negative impacts, you should continue to communicate positive messages to your staff and customers. People may be put off visiting an area if they only hear negative things.

**Less foot traffic = fewer customers
= reduced revenue**

Construction phase

During the construction phase you should:

- Implement the plans you developed in the pre-construction phase, like customer communication plans and product or service diversification.
- Monitor your business activity – is it tracking as you expected?
- Review and amend your plans if necessary.
- Keep in contact with the project team and site manager.
- Keep track of cost, profit and customer numbers in case there is an opportunity to claim compensation.

During the construction phase it is important to keep the lines of communication open between you, other businesses in the area, customers and the project team.

You should also monitor how well your pre-construction plans are going by keeping an eye on customer and revenue figures taken once construction begins. Small tweaks to your plan could lead to increases in revenue.

Being flexible in the implementation of your plans and tweaking them when necessary will ensure they are effective.

For a more detailed checklist to guide your actions during the construction phase, see Tool 2 on page 21.

Project completion

The project's construction phase is over — hopefully your business has minimised any negative impacts.

While the 'dust' may be settling post-construction, your business may still be feeling the impact. Existing customers may be slow to return to the area or you may find you have a new demographic of customers attracted to the area because of the changes.

Regardless of whether your business is still feeling the impact of the construction, it is wise to review and evaluate the plans you implemented to determine if there are any elements that may still benefit your business (eg. cost efficiencies).

The disruption caused by construction may be over, but there could still be work to rebuild customer traffic for small businesses in the area.

Some things you might want to consider include:

- Celebrating the project's conclusion and benefits with your customers and other local businesses.
- Review your customer demographic – if you lost regular customers during the construction phase, think about how you might encourage them back. If you're attracting new customers, think about whether you need to adapt your product range or services in line with their needs/wants.
- Review your amended business plans. Are there any aspects of the amended plan that would benefit the business in the long term? If so, consider how you could incorporate these into future operations.
- Undertake promotions and advertising to let people know the construction is over and it's business as usual.
- Send thank you letters/messages to your supporters and the project team.

For a more detailed checklist to guide your actions once construction has finished, see Tool 3 on page 22.

Resources for the planning/pre-construction phase



TOOL 1

Prepare your business for the construction phase by collecting as much information as you can about the project, and taking steps to prepare for a potential drop in revenue.

We have prepared this list of tasks to guide you during the planning/pre-construction phase of the project. You can use the second column to record your notes.

About the project

Gather as much information as you can about the project and its potential impacts on your business

<p>Who is responsible for the project? Eg. local government, State Government or private developer.</p>	
<p>Who is the project's designated contact and alternative contact person? Record their phone numbers and email addresses. Note: There may be a head contractor responsible for managing the construction. You will need their contact details as well as the project manager's.</p>	
<p>Contact your local government's economic development officer They can help you with information about additional signage or easing parking restrictions for customers.</p>	
<p>What is the potential impact of the construction project on the local area or business? For some suggested questions to ask the project manager see page 16.</p>	
<p>Assistance Is funding available from the project team to help disrupted businesses? Eg. Support for advertising and promotional activities or to compensate for a loss in revenue.</p>	



TOOL 1

Review your plans for the scheduled construction period

What usually happens in the period earmarked for the planned construction phase?

- Does your business hold any special events or promotions during that time of year?
- Is it usually a busy time of year for your business?
- Do you see a fluctuation in customer numbers over this period? Eg. your busy time peaks later in the day during winter.

Review your staff rosters for the construction period

Give your staff plenty of notice of roster changes.

Will the project impact on customer or supplier access to your business?

Consider how you will overcome this, by putting up temporary signage or uploading maps on social media that show customers how to access your business during construction.

Build your networks

Contact your local chamber of commerce and business associations to discuss the project

Record their contact details for future reference.

Contact businesses that have lived through public works

They may have advice for you on strategies that worked and didn't work.

Contact other local businesses in your area

Discuss the project and their willingness to work together.

Hold an initial meeting with fellow business owners

For some suggestions to guide this discussion, see page 17.

Resources for the planning/pre-construction phase



TOOL 1

Preparing financially

There are some actions you can take to financially prepare for construction works in your area. This includes reducing your expenses and building a contingency fund.

Our website has a number of useful tools to help you with cash flow forecast templates, sales forecasting and breakeven analysis. Visit smallbusiness.wa.gov.au/tools.

Review your financial position

- Do you have enough cash (including your bank account, money owed by customers, and stock) to cover debts due and payable during the construction period?
- Does your business rely on debt to operate?
- Do you know your gross margin?
- Do you know your net margin?
- Do you know your breakeven position?

Review your risk management strategy

Do you have a risk management strategy?
If not, assess the impact of risk on your financial viability during the construction period. Consider if you are too reliant on a small number of major customers or suppliers, or one source of income. Ensure your systems for monitoring payment by customers are adequate so your business is paid in full and on time.

Review your income and expenses from previous years to plan for the scheduled construction period

You need an accurate financial picture to make informed decisions about preparing for the construction period.



TOOL 1

Estimate your cash flow during the construction phase

- Estimate your regular and guaranteed income by reviewing regular customers or ongoing orders. This does not include discretionary income, like extra customers who make a one-off purchase or whose visits depend on the weather.
- How much income do you need to pay for your fixed costs (eg. utilities, occupancy costs, wages for permanent staff)? Do you need to extend or reduce your trading hours?
- Estimate expense reduction. How much do you need to reduce your expenses by to offset a reduction in your discretionary income?

Make a plan to reduce expenses to deal with a decrease in income

- Review your staff roster and costs, particularly in relation to casuals. If you think customer numbers will decrease during the construction period, plan staff holidays during that time.
- Review your inventory and ordering systems. Can you reduce your stock levels during the construction phase? Can you negotiate prices with your suppliers?
- Negotiate to reduce your bills. Talk to your utility providers (eg. water, electricity, internet) and landlord (eg. rent, variable outgoings).

Resources for the planning/pre-construction phase



TOOL 1

Make a plan to increase your income

- Consider how to retain existing customers and attract new ones.
- Consider diversifying your product or service range.
- Put practices in place to ensure customers pay on time.
- Could you convert unsold stock to cash?
- Adjust your prices – you should be doing this every year in line with inflation. Review your prices leading up to the construction and make sure they are appropriate.

Tip: Some business owners are uncomfortable putting their prices up – don't be! It is normal practice and expected by customers.

Develop a financial strategy specific to the construction period

- Contact your lenders to restructure debt and lines of credit in light of potentially diminished revenue during construction.
- Seek advice about your financial strategy by speaking with an SBDC business adviser.

Review your business

With the information you have about the construction project, consider any changes you can make to minimise a loss in revenue. Involve your staff in these discussions – they may have some innovative ideas.

Operating hours

Will construction restrict customer access at certain points during the day? Could you change your opening and closing times during the construction period?

Access

If construction restricts the regular access point to your business, consider making alternative arrangements for customer access (eg. through the back door rather than the front entrance).

Resources for the planning/pre-construction phase



TOOL 1

<p>Deliveries Consider changing delivery times and location to accommodate any restrictions in access to your premises.</p>	
<p>Marketing and communications plan Do you need to create, update or expand your plan?</p>	
<p>Website and social media Consider creating a new website, updating your current website, or increasing your business social media presence.</p>	
<p>Customer communication Plan your communication with existing and potential customers. What message do you want them to hear from you during the project? How do you plan on staying in touch and encouraging their custom?</p>	
<p>Contact details Gather customer contact information for the purpose of sending updates during the construction period.</p>	
<p>Methods of communication Investigate the best communication channels (eg. social media, direct email or phone contact).</p>	
<p>Create systems</p> <ul style="list-style-type: none"> • Review how you deal with customer complaints and issues. • Schedule the timing, messaging and methods of your communications. • Create a customer communications plan to record any decisions you've made about how and when to contact them, as well as any messages you want to impart. • Develop a script for your employees to use when giving customers directions and information during the construction phase. 	

Resources for the planning/pre-construction phase



TOOL 1

<p>Physical signage Consider using temporary signage (directional, parking, driveway or alternative access signs) to direct your customers to your business.</p> <p>Before ordering signage, make sure you get permission from your local government regarding their placement.</p>	
<p>Begin communicating Inform customers in advance of the construction work and what your plan is (eg. changing opening hours, access points to the business).</p>	
<p>Implement plans Prepare to implement your plans before construction starts. Make sure to detail timings and any specific steps you need to take.</p>	
Customer communications plan	
Stakeholder communications plan (eg. other businesses, project team)	
Marketing and promotions plan	
Financial management	

Planning/pre-construction phase

Questions to ask the project manager

Get in touch with the project manager as soon as you become aware of the project. Use this opportunity to get as much information as possible about the project's construction phase and raise any potential issues you see that they may not.

Here are some questions you may want to consider asking:

- Full contact details for the project manager and onsite construction manager. These might be different people.
- Do they plan to hold regular stakeholder meetings to discuss the impacts on local businesses and to address business owners' concerns?
- When will the project start?
- What is the anticipated length of the construction phase?
- Does the project team have a contingency plan if the project runs over time? Does this plan consider the impact on local businesses?
- Will access to the area be restricted (eg. road closures, reduction in parking, changes to public transport timetables or routes)?
- If the project coincides with a busy period for your business, will the project team negotiate a different start time?
- Does the project team plan to help local businesses during the construction phase? This could include:
 - » contributing to promotional or advertising funds
 - » providing 'open for business' signs
 - » ensuring access to businesses is not restricted
 - » promoting local businesses to construction workers (eg. placing menus from local cafes and restaurants in the break room)
- purchasing goods and services from local businesses (eg. catering for events, printing services, office supplies)
- creating maps and other promotional events to draw customers to the area
- establishing a business interruption fund to provide businesses with financial assistance to cover certain fixed operating expenses.
- Do they have a plan to manage the traffic in the area? Eg. do they have a parking plan for the construction workers that won't decrease parking available for customers?
- Will there be a lot of dust and noise during construction? If there will be, ask the project manager what they will be doing to assist local businesses to deal with this. Eg. you may have to hire a cleaner twice a week instead of once and you may want to query whether the project team will contribute towards this additional cost.

Planning/pre-construction phase

Initial meeting of local businesses

Affected businesses may wish to work together to minimise the impact of the construction work on their local area. For example, pooling resources to create a united advertising/promotional campaign to keep customers coming to the area. They could also nominate a spokesperson to raise their collective concerns with the project team.

We recommend local businesses hold an initial meeting to discuss the potential impacts of planned construction projects in their area and how they will work together to minimise these impacts. It may be worth contacting your local chamber of commerce or business association to invite them to the meeting.

If a consensus cannot be reached between all affected businesses, you may wish to implement some of the ideas developed yourself or with a smaller group of businesses.





Consider the following points to guide your initial meeting. Some of the ideas will require further work by the businesses (such as developing promotional activities), however it is worth raising the topic at the preliminary meeting and getting everyone's ideas and opinions.

Preliminaries	
Organise the group	<input checked="" type="checkbox"/>
Collect the contact details of each business willing to work together and distribute it at the end of the meeting.	
Nominate a group coordinator to set meeting dates and distribute information.	
Potential impacts	<input checked="" type="checkbox"/>
Discuss the potential impacts of the construction project on businesses in the area. Eg. access restriction, noise, dust, traffic. Tip: Keep this discussion brief and positive to ensure the group stays focussed on thriving during the construction phase!	

Planning/pre-construction phase

Business group meeting	
Promotion and Advertising Try to agree to coordinate promotional activities to keep customers coming to the area during the construction phase.	
Resources	☑
Discuss what resources may be needed to create a coordinated promotion of the area.	
Discuss how each business can contribute. Eg. time, money or skills like advertising, graphic design, social media management.	
Social media	☑
Discuss how each business currently uses social media.	
Consider talking to a social media expert for advice on how the group can coordinate their messages and what platforms to use, (eg. Facebook, Instagram).	
Agree on a shared tagline for advertising campaigns, like 'We are still open for business!'.	
Create images of the group's message that you can post online.	
Consider using loyalty apps and community Facebook groups to promote your message.	
Agree on a social media strategy, which could include cross promotion of businesses in your group.	
Update your free business listing on 'Google My Business'. This will help people find your business on Google Search and Maps.	
Local advertising in the area	☑
Check the local government's rules around temporary signage. You may find they are willing to relax restrictions during this period of disruption.	
Place professionally printed signs in prominent areas around the site and in nearby locations. Consider using directional, parking and access signs.	
Consider how you can use temporary fencing to display art works to make the area attractive to customers, or signs to direct them to your business.	
Business group meeting	

Planning/pre-construction phase

Promotional events 	
Plan a series of business-generating promotional events in your neighbourhood. See if the local government wants to be involved in organising or funding these events.	
Pool your ideas and resources to do something really special and creative – people love being the first to try something new and can share their experience on social media.	
Communication	
Project team 	
A coordinated approach to communication may help build a positive relationship between the project team and businesses in the local area.	
Select a representative to be in charge of communication with the project team (eg. letting them know about business concerns and sharing project updates).	
Business group 	
Discuss the best way to communicate with each other. For example, setting up a private Facebook group, messaging apps (eg. WhatsApp), regular meetings, emails or telephone. Tip: Creating a private Facebook group to share information and construction updates with other local businesses is also a great way to share successful tactics used to encourage customers.	
Agree on a communication schedule, including frequency of emails and meetings.	
Customers 	
Discuss how each business currently communicates with its customers and how this can be enhanced leading up to, and during, construction (eg. collecting email addresses from regular customers to provide them with project updates and specials, and to let them know you are open).	
Discuss how your group can coordinate its communication to customers who regularly visit the area.	
Business group meeting	

Planning/pre-construction phase

Customers continued	<input checked="" type="checkbox"/>
Create a positive message for customers to encourage them to return to the area.	
Encourage customers to connect with your business via social media.	
Community	<input checked="" type="checkbox"/>
Discuss options to involve other community organisations, like schools and sporting groups, to encourage local support for businesses.	
Supporting each other	
Discuss ways local businesses can support one another. This may include cross promoting businesses to customers, personal recommendations, or displaying each other's posters and business cards.	
Purchase your supplies or services from businesses in your group. This is a great way to keep money in the area.	
Consider contacting businesses in a nearby area that won't be impacted by the construction to let them know the services/products provided by businesses in your group. If you offer complementary services or products, the other businesses could promote you to their customers. Offer to return the favour.	

Resources for the construction phase



TOOL 2

Construction phase tasks	
Implement plans developed in the pre-construction phase	☑
Financial management	
Communication plans	
Marketing and promotion plans	
Changes to your business plan, eg. operating hours, product or service diversification	
Monitor business activity	☑
Customer numbers – are there changes in peak periods?	
Customer demographics – have they changed?	
Review stock levels	
Review sales – what is selling, what is not?	
Review revenue and expenses during construction	
Networks	☑
Hold regular meetings with your business group	
Communicate with your business group, customers and project team as planned, and ad hoc if needed	
Review and modify plans	☑
Monitor the effectiveness of the plans you have implemented and consider if they can be improved	
Discuss performance of the plans with your staff, customers and other businesses to seek feedback and ideas (eg. you can ask your customers if the amended operating hours suited them)	
Make any necessary amendments to these plans	
Customer communication	☑
Continue to communicate with your customers	
Seek advice	☑
Contact the SBDC during the construction phase to discuss how your business is going. Our business advisers may have some advice on developing and implementing your plans, or improving them if necessary	

Resources for the project completion phase



TOOL 3

Project completion phase tasks	
Review plans developed from the pre-construction phase	☑
Are there any elements of the plans that will still work for your business now the project is complete? Consider if you should continue them	
Seek feedback from your customers, staff and other business owners	
Monitor business activity	☑
Review customer numbers and sales results during the construction phase	
What products or services were consistent sellers during the construction phase?	
Continue to monitor customer numbers in the post construction phase	
If customer numbers are low, consider how you could increase them	
Networks	☑
Celebrate with your business group, customers and project team	
Consider sending thank you cards to your supporters	
Financial management	☑
Review your financial data from the construction phase	
Review your expenses from the construction phase. Can you continue with these changes to keep expenses lower?	
Customer communication	☑
Let your customers know that the project is finished	
Hold promotional events to encourage old and new customers to come visit the area	



Small Business Development Corporation

Level 2, 140 William Street, Perth WA 6000

info@smallbusiness.wa.gov.au

smallbusiness.wa.gov.au