Prognosis for 2010: Only the best, cleverest and most active will survive

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Summary and evaluation of lessons learnt in the previous year is not easy. In any case, companies and firms of all sizes – including the construction sector and property development – in their strategic decisions, cannot ignore any longer the fact that the reality not only outside but also local market has undergone significant structural changes and has matured in a way. A thorough knowledge of the current state and the dynamics is one of the basic conditions for survival in 2010. Reprofiling of activity portfolio, a major change in production programme, identification of weak factors of companies or new definition of the target customer – all these are only a fraction of what is waiting for and won´t miss most of Slovak members of the top management.

Key aim is to provoke demand

Decisions about what to do with the latest crisis inheritance which has become unwanted in the meantime cannot be evaded. Unsold large-area flats in residential new buildings, empty offices in ultramodern administration complexes, unleased storage halls, unused or, in better case tenant fluctuation affected, retail units do not create a stable starting position on the threshold of new year. In many cases, the ability to cope with these tangled balls of problems will become certificate of capacity for further activity on the market.

It can be said without any pathos that the year 2010 will bring for both individuals and companies roofing over their activities a fight for survival. A classic darwinistic natural selection process will occur in this evolution pot within which only the strongest, best and cleverest will not perish. The key aim point of the involved parties on the side of the offer can be nothing else but provoking stagnant demand, its awakening from long-term lethargy which is undermining very basis of the market. There is simply not place for speculative thinking so well known from the year before last when the breathtakingly started construction boom automatically counted with definite interest of crowds of well-off people.

The client is much better informed

No smaller emphasis will have to be moved by the property developer or investor to marketing and the connected advertising elements. So far their quality has been staggering behind generally valid parametres. Websites, press advertisements or billboards on roads should, in their own interest, limit to sober and the truest possible style, without misleading superlatives and other embellishments in text and image level. It it not necessary to mention that on the break of 2009 and 2010, the client is much better oriented in the property field and has a better overview than 5 years ago, so saying no more valid “advantages” in contradiction with reality (most common formulations: excellent transport connection, easily reachable town centre, living in the middle of nature, a high standard of workmanship).

The most secure verifiable “added value” is to offer a ready project for sale, however, this still means a music of the future in the Slovak reality. Paradoxically, a potential buyer has many options to choose from and can view on the spot: there are hundreds of unsold flats in the Slovak capital. And as far as project “on paper” are concerned, the times when it was sufficient to give a couple of soaring words, have beautiful visualizations and misleading blueprints without detailed technical data are also long gone. A general awareness in the society is increasing, and today an average informed person can estimate the risk of devaluation of his life-long savings by buying a flat, the impractical and unusable disposition of which will be discovered after completion.

Businesses missing more endurance

More and more discussions on how to do good and efficient business differently are not led in vain. Only a marginal percentage of marketing workers have managed to adapt to the changed situation. They have not accepted sufficiently adequate measures not only in terms of their sales strategy, negotiating tactics but also in terms of their own patience and endurance. A lack and constantly decreasing number of commissions, often complained about by the construction companies managers, is to a large extent a result of recession as an objective reality. This economic depression is undoubtedly reaching to all-society as well as individual awareness which is falling into passive waiting, just at the moment when it should be stirred more.

A substantial drop in business activities is more than obvious. If a contract used to be concluded, let´s say in one meetings out of 6; today it can be 1 out of 20 or even more. In order to reach the statistical average in the number of concluded businesses which was reached the year before last is now necessary at least three times higher frequency of meetings, not talking about the financial volume, in order to maintain this volume the current uneasy situation requires an incomparable higher amount of effort. On the other hand, it is necessary to admit that a general decline has affected the will of a large part of potential partners to meet and to establish any business contacts.

The new-year view cannot therefore bring any other conclusion than the end-of-year one. The nearest future in the horizon of the year 2010 is unknown and it can bring many surprises, but the lived experience and learning from it in combination with an active approach to creation of the future is the only possibility of preventing perdition.

Illustration photo – author

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