

SWOT Analysis and Strategic Management of:

Davies and Sons Ltd Construction Services



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Please refer to the glossary page in appendix A as a guide to use throughout this report.

INTRODUCTION

The construction industry is widely recognised as a complex sector, but it's predominantly high-risk, requiring effective management of financial, operational and regulatory challenges. Small and Medium Enterprises (SMEs) play a significant role in the UK construction sector, accounting for a substantial proportion of employment and project delivery, particularly in maintenance and refurbishment works (CITB, 2024). However, the Health and Safety Executive (2024) continues to identify construction as one of the UK's highest-risk industries, characterised by labour shortages, financial pressures and regulatory complexity. For Davies and Sons Construction Services, these industry-wide risks are intensified by its rural location within Pembrokeshire, where labour availability and supply chain access may be more constrained than in urban areas.

Davies and Sons Construction Services is a medium-sized contractor based in Crymych, Pembrokeshire, employing approximately 138 staff with an annual turnover of £9–12 million. The company operates within the Pembrokeshire County Council framework and the Sell2Wales procurement system, providing a stable pipeline of work while also exposing the organisation to risks such as public sector funding changes and increasing compliance requirements.

This report presents a SWOT analysis supported by structured risk management tools, including a risk register, TOWS analysis and a Management responsibilities matrix. The aim is to critically evaluate the internal and external factors affecting the fictional organisation and demonstrate how these can be effectively managed. Particular focus is placed on health and safety, environmental performance, quality management and financial resilience.



Figure 1 shows operating area of Davies and Sons Construction Services

COMPANY PROFILE AND ASSUMPTIONS

Davies and Sons Construction Services operates as a medium-sized regional contractor delivering maintenance, refurbishment and small-scale construction projects across Pembrokeshire and South West Wales. With approximately 138 employees, the company has the capacity to deliver multiple projects, providing operational flexibility and responsiveness to local authority requirements.

It is assumed that approximately 60% of company turnover is derived from public sector frameworks, reflecting procurement trends within Wales where local authorities increasingly utilise framework agreements to deliver maintenance and capital works efficiently (Welsh Government, 2024). This assumption is justified given the company’s position within the Pembrokeshire County Council framework and its registration on Sell2Wales.

The company is assumed to operate ISO-aligned management systems, including ISO 9001, ISO 14001 and ISO 45001, reflecting increasing expectations placed upon contractors operating within public sector procurement environments (ISO, 2015; Welsh Government, 2024). This assumption is justified as framework contractors are commonly required to demonstrate robust systems relating to quality, environmental management and occupational safety. These assumptions align with industry data indicating that medium-sized contractors typically operate within similar workforce and turnover ranges (CITB, 2023).

LOCAL AND NATIONAL CONTEXT

Davies and Sons operates within both local and national construction environments, each presenting distinct challenges. At a local level, Pembrokeshire’s rural geography can limit access to skilled labour and increase logistical complexity, affecting project delivery. In addition, projects undertaken in conservation areas or near environmentally sensitive locations require strict adherence to planning and environmental regulations.

At a national level, the construction industry faces ongoing pressures including material price, labour shortages and increased regulatory requirements. The Health and Safety Executive (2023) identifies construction as one of the highest-risk industries in the UK, reinforcing the need for robust safety management systems. Furthermore, Welsh Government policy emphasises decarbonisation and energy efficiency, particularly through retrofit programmes (Welsh Government, 2021), presenting both opportunities and compliance challenges.

These factors highlight the importance of effective risk management in ensuring organisational resilience.

RISK MANAGEMENT FRAMEWORK

Risk management is embedded within Davies and Sons’ operations and aligns with ISO 31000 principles, where risk is defined as the likelihood of an event occurring and its associated consequences (ISO, 2018). Risks are identified and assessed using likelihood and impact scoring, and recorded within a structured risk register. Refer to Appendix C for guideline for the risk registers in this report.

Impact ↓ / Likelihood →	1 Rare	2 Unlikely	3 Possible	4 Likely	5 Almost Certain
5 Catastrophic	Medium	High	High	Extreme	Extreme
4 Major	Medium	Medium	High	High	Extreme
3 Moderate	Low	Medium	Medium	High	High
2 Minor	Low	Low	Medium	Medium	High
1 Low	Low	Low	Low	Medium	Medium

Figure 2 shows risk heat map

This approach enables the company to prioritise high-impact risks such as financial exposure, labour shortages and health and safety incidents. Mitigation strategies include risk reduction through training and procedures, risk transfer through contractual arrangements and risk avoidance through effective planning. Compliance with legislation such as the Construction (Design and Management) Regulations 2015 ensures a structured and legally compliant approach to risk control (HSE, 2023).

The use of a risk matrix further supports decision-making by visually categorising risks according to their severity, ensuring that management focus is directed towards the most critical issues.

Risk mitigation strategies include:

- **Risk reduction** through training, supervision and procedures
- **Risk transfer** through insurance and subcontract agreements
- **Risk avoidance** through project selection and planning

Compliance with key legislation is central to risk control, including:

- Construction (Design and Management) Regulations 2015
- Health and Safety at Work etc. Act 1974
- Environmental Protection Act 1990
- Environment (Wales) Act 2016

These frameworks ensure that risks relating to safety, environment and operations are systematically managed.

COMPREHENSIVE SWOT ANALYSIS

Summary SWOT Matrix

The below table is a SWOT Analysis of the SME “Davies and Sons” as part of a local authority framework.

Strengths (Internal +)	Weaknesses (Internal –)
Strong local authority framework position	Moderate financial exposure vs large contractors
Established regional reputation	Organisational complexity (138 staff)
Skilled and structured workforce	Partial reliance on subcontractors
ISO-aligned management systems	Limited advanced digital adoption
Strong Health & Safety culture	Administrative burden of compliance
Environmental awareness & waste management	Limited in-house environmental expertise
Capacity to deliver multiple projects	Pressure on supervision across sites
Stable workload pipeline	Overheads associated with size

Opportunities (External +)	Threats (External -)
Welsh Government retrofit & net-zero agenda	Material price volatility
Expansion of local authority frameworks	Labour shortages
Apprenticeships and workforce development	Environmental regulation & planning constraints
Waste recycling and reclamation markets	Public sector budget cuts
Digital construction technologies	Health & Safety incidents
Strategic partnerships	Supply chain disruption
Regional expansion	Reputational damage
Increased sustainability weighting in tenders	Economic instability

SWOT Analysis Summary

Please refer to Appendix B for a comprehensive breakdown of the SWOT Matrix above.

The SWOT analysis demonstrates that Davies and Sons possesses a large amount of operational strengths through its framework position, workforce capacity and structured management systems. However, these strengths are partially offset by organisational complexity, financial exposure and reliance on external labour markets. Externally, Welsh Government investment in retrofit and sustainability presents strong growth opportunities, although inflation, labour shortages and public spending uncertainty remain substantial threats. This demonstrates the importance of strategic management and proactive risk mitigation.

Strengths

The company benefits from a stable stream of work through its position within local authority frameworks, reducing reliance on competitive tendering and supporting financial planning. The rotational allocation process outlined within Contract Procedure Rules (CPR) contributes to a relatively stable workload pipeline, improving business predictability and financial planning. However, continued allocation remains dependent on performance, compliance and client satisfaction. However, this advantage is dependent on maintaining high performance standards, as poor delivery could result in a warning on the framework, once a certain amount of warnings are given exclusion from the framework is at risk. Framework-based procurement is widely used within Welsh public sector construction to ensure long-term delivery and consistency (Welsh Government, 2021), highlighting the importance of maintaining strong client relationships.

Weaknesses

As a medium-sized contractor, Davies and Sons remains more financially exposed than larger organisations, particularly in relation to cash flow and cost fluctuations. This is a common challenge within the construction industry, where margins are often tight and external factors can significantly impact profitability (ONS, 2023). For Davies and Sons, effective financial management and forecasting are therefore essential to maintaining stability. Financial resilience is particularly important within the construction industry, where cash flow pressures and contractual risks can significantly affect business performance. The collapse of Carillion in 2018 demonstrated the consequences of over expansion, poor financial control and reliance on low-margin contracts. While Davies and Sons operates at a significantly smaller scale, the example highlights the

importance of maintaining cash flow forecasting, contingency planning and controlled growth strategies to support long-term sustainability.

Opportunities

Welsh Government investment in net-zero carbon targets and retrofit programmes presents a significant opportunity for Davies and Sons to expand its services. This shift in policy is driving demand for sustainable construction practices, particularly within public sector buildings (Welsh Government, 2021). By developing expertise in this area, the company can enhance its competitiveness and secure future work. Welsh Government investment in retrofit and decarbonisation programmes presents a significant opportunity for contractors specialising in maintenance and refurbishment. Initiatives focused on improving energy efficiency within public buildings demonstrate increasing demand for retrofit expertise (Welsh Government, 2021). This aligns closely with Davies and Sons’ maintenance-focused business model and may provide opportunities for future framework expansion.

Threats

Labour shortages remain a significant threat to the UK construction industry, with the CITB (2024) forecasting continued demand for skilled workers across construction trades. For Davies and Sons, this risk is amplified by its location in rural Pembrokeshire, where access to labour markets is more restricted than in urban areas. Consequently, apprenticeship programmes and workforce retention strategies become not only beneficial but operationally necessary.

Link to Risk Management

The SWOT analysis highlights that risks can be effectively managed through structured organisational controls. The company’s risk register ensures continuous monitoring, while management systems support mitigation strategies. Strengths are reinforced, weaknesses are addressed and opportunities are strategically pursued. The importance of effective health and safety management is reinforced by continued enforcement activity within the construction industry. The Health and Safety Executive (HSE) regularly prosecutes contractors following serious incidents involving falls from height, inadequate supervision and unsafe working practices. These cases demonstrate the financial and reputational consequences of poor safety management and reinforce the need for Davies and Sons to maintain strong training, supervision and compliance systems (HSE, 2025).

RISK REGISTER

ID	Risk Description	Category	Likelihood (1–5)	Impact (1–5)	Risk Score	Potential Impact	Mitigation Measures	Risk Owner
R1	Material price increases	Financial	4	4	16 (High)	Reduced profit margins, project losses	Early procurement, framework pricing agreements, contingency allowances	Commercial Manager
R2	Labour shortages	Operational	4	4	16 (High)	Project delays, increased costs	Apprenticeships, retention strategies, local recruitment	HR Manager
R3	Health & Safety incident	H&S	3	5	15 (High)	Injury, legal action, reputational damage	Training, site inspections, compliance with CDM 2015	H&S Manager

R4	Environmental non-compliance	Environmental	3	4	12 (Medium)	Fines, delays, reputational damage	Environmental assessments, staff training, waste management plans	Site Manager
R5	Supply chain disruption	Operational	4	3	12 (Medium)	Programme delays, cost increases	Supplier diversification, early ordering	Procurement Manager
R6	Public sector budget cuts	Strategic	3	5	15 (High)	Reduced workload pipeline	Diversify into private sector, maintain frameworks	Directors
R7	Poor subcontractor performance	Quality	3	4	12 (Medium)	Defects, delays, rework	Pre-qualification, monitoring, contracts	Project Manager
R8	Reputational damage	Strategic	3	5	15 (High)	Loss of future work, framework removal	Quality control, communication, client feedback	Senior Management
R9	Digital inefficiency	Operational	3	3	9 (Medium)	Reduced productivity, errors	Invest in digital tools and training	Operations Manager
R10	Planning/ environmental delays	Environmental	3	4	12 (Medium)	Project delays, increased costs	Early engagement with planners, EIA process	Project Manager
R11	Weather disruption	External	3	3	9 (Medium)	Programme delays	Programme allowances, flexible scheduling	Site Manager
R12	Cash flow issues	Financial	3	5	15 (High)	Insolvency risk, delayed payments	Forecasting, staged payments, cost control	Finance Manager

Risk Register Application

The risk register presented above demonstrates how Davies and Sons Construction Services applies structured risk management in practice. Each risk is assessed using a likelihood and impact scoring system, enabling prioritisation of high-risk issues. This approach aligns with industry practice, where risks are continuously monitored and reviewed throughout the project lifecycle. As highlighted in the Risk Management Plan example, risk registers are live documents that support decision-making, governance and proactive mitigation of risks.

By assigning clear ownership and defining mitigation strategies, the company ensures accountability and effective control of risks. This structured approach enables the organisation to reduce risks to a level that is “as low as reasonably practicable,” supporting safe, efficient and sustainable project delivery.

TOWS STRATEGIC ANALYSIS

The TOWS analysis translates SWOT findings into strategic actions.

- **SO Strategies:** Leverage reputation and capacity to expand into sustainable retrofit projects.
- **ST Strategies:** Use strong management systems to mitigate risks such as inflation and labour shortages.
- **WO Strategies:** Invest in digital tools and environmental training to address internal limitations.
- **WT Strategies:** Diversify income streams to reduce reliance on public sector frameworks.

	Opportunities (O)	Threats (T)
Strengths (S)	SO Strategies • Use strong framework position and reputation to secure retrofit and net-zero projects • Leverage skilled workforce to deliver sustainable construction works • Utilise ISO systems to improve tender success rates	ST Strategies • Use financial controls to manage material price volatility • Maintain strong H&S culture to reduce incident risks • Use established supplier relationships to minimise supply chain disruption
	WO Strategies • Invest in digital technologies to improve efficiency • Develop in-house environmental expertise through training • Use apprenticeship programmes to address labour shortages	WT Strategies • Diversify income to reduce reliance on public sector frameworks • Improve supervision structures to reduce operational risk • Strengthen financial planning to withstand economic instability

The TOWS analysis builds upon the SWOT framework by identifying strategic actions that align internal capabilities with external conditions. By leveraging strengths to exploit opportunities, Davies and Sons can expand into emerging markets such as sustainable retrofit projects. Similarly, strengths can be used to mitigate external threats, including economic and supply chain risks. Opportunities also provide a means to address internal weaknesses, particularly through investment in workforce development and digital capability. Finally, defensive strategies are required to minimise the combined impact of internal weaknesses and external threats. This structured approach ensures that the SWOT analysis is translated into practical and actionable strategies.

QUALITY MANAGEMENT STRATEGY

Quality management is supported through ISO 9001 principles, ensuring structured processes and continuous improvement. Tools such as inspection and test plans, snagging procedures and performance monitoring through KPIs help reduce defects and improve consistency (ISO, 2015). This is particularly important within local authority frameworks, where quality directly impacts client satisfaction and future work opportunities.

MANAGEMENT RESPONSIBILITIES TABLE

This management structure demonstrates how Davies and Sons aligns its internal responsibilities with both legislative requirements and the expectations of local authority frameworks. Clear allocation of roles ensures accountability and supports effective management of risks relating to health and safety, quality, environment and financial performance. In the context of public sector procurement, this structured approach is essential to maintaining compliance, achieving performance targets and securing future framework opportunities.

Role	Key Responsibilities	Relevant Legislation / Standards	Local Authority Framework Relevance
Managing Director	Strategic leadership, financial oversight, stakeholder engagement, ensuring compliance across all operations	Health and Safety at Work etc. Act 1974; Corporate Governance principles	Ensures compliance with framework agreements, maintains client relationships and secures repeat work
Commercial Manager	Cost control, procurement, contract management, financial reporting, managing variations	Public Contracts Regulations 2015; NEC Contract standards	Ensures projects are delivered within framework cost constraints and contractual obligations
Operations Manager	Coordination of projects, resource allocation, programme delivery, performance monitoring	CDM Regulations 2015; ISO 9001	Ensures efficient delivery of multiple framework projects and compliance with programme requirements
Health & Safety Manager	Development and enforcement of H&S policies, site audits, training, incident management	Health and Safety at Work Act 1974; CDM Regulations 2015; ISO 45001	Ensures compliance with strict public sector H&S standards and reduces risk of enforcement action
Quality Manager	Quality assurance, inspections, audits, defect management, continuous improvement (PDCA)	ISO 9001; Building Regulations 2010	Ensures works meet local authority quality standards and reduces rework and complaints
Environmental Manager / Advisor	Environmental compliance, waste management, sustainability initiatives, environmental risk assessments	Environmental Protection Act 1990; Environment (Wales) Act 2016; ISO 14001	Supports sustainability requirements and environmental scoring within public procurement
Site Manager	Daily site operations, supervision, safety enforcement, quality control, coordination of trades	CDM Regulations 2015; Health and Safety at Work Act 1974	Ensures works are delivered safely and efficiently within live public environments (e.g. schools, housing)
HR Manager	Recruitment, training, apprenticeships, workforce planning, employee welfare	Employment Rights Act 1996; CITB training standards	Supports local employment and social value objectives required by local authority frameworks
Procurement Manager	Supplier and subcontractor selection, material sourcing, supply chain management	Public Contracts Regulations 2015; Modern Slavery Act 2015	Ensures ethical sourcing, compliance and reliability within framework supply chains
Finance Manager	Budgeting, financial reporting, cash flow management, cost forecasting	Companies Act 2006; Financial reporting standards	Ensures financial stability and compliance with public sector financial controls

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and financial performance. In the context of public sector procurement, this structured approach is essential to maintaining compliance, achieving performance targets and securing future framework opportunities.

Risk management within Davies and Sons aligns with the principles of ISO 31000 (2018), which promotes systematic identification, assessment and treatment of organisational risks. Within construction environments, effective risk management is particularly important due to uncertainty surrounding programme delivery, labour availability and cost fluctuations (HSE, 2024). Therefore, the use of a structured risk register enables Davies and Sons to prioritise risks according to severity and likelihood.

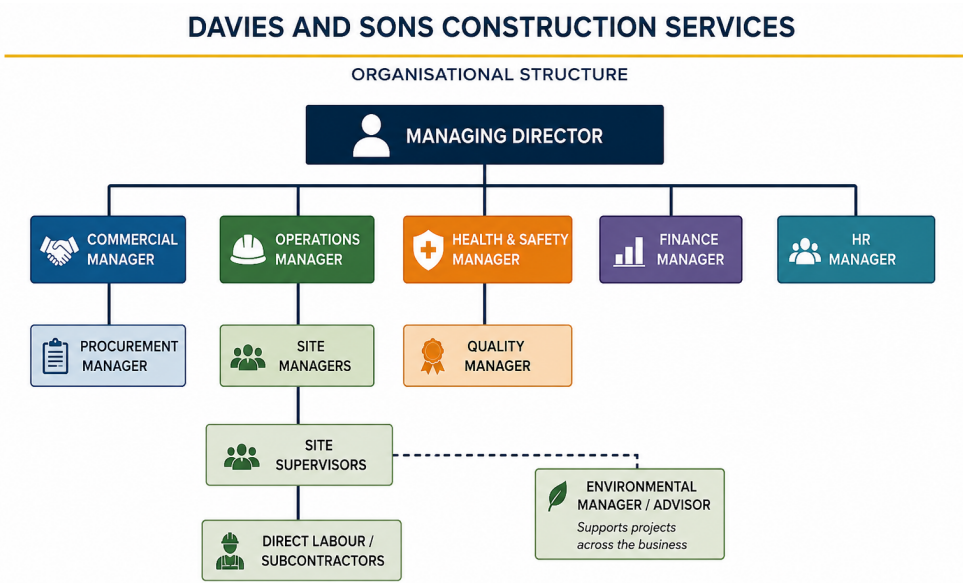


Figure 3: Organisational Structure of Davies and Sons Construction Services
Source: Author's own illustration (2026)

STRATEGIC MANAGEMENT AND RISK MITIGATION

Davies and Sons manages risk through a combination of workforce development, financial control and operational planning. Apprenticeship programmes address labour shortages, while planned maintenance of plant and equipment reduces operational disruptions. Environmental practices such as recycling and material reclamation support sustainability objectives and improve performance in procurement processes, where environmental considerations are increasingly weighted (Welsh Government, 2021).

CRITICAL EVALUATION

SWOT analysis remains one of the most widely adopted strategic planning tools due to its simplicity and ability to identify internal and external influences (Hill and Westbrook, 1997). However, critics argue that SWOT can oversimplify organisational challenges and lacks mechanisms for prioritising risk severity. In construction environments, where risks evolve rapidly, reliance on SWOT alone may therefore be insufficient. For this reason, Davies and Sons integrates SWOT analysis with TOWS strategic planning and structured risk management processes, ensuring strategic observations are translated into operational actions.

CONCLUSION

This report has demonstrated that Davies and Sons Construction Services operates within a complex and high-risk environment, where success depends on the effective management of both internal capabilities and external pressures. While the company benefits from strong regional positioning, a skilled workforce and structured management systems, it must continually address challenges such as financial exposure, labour shortages and regulatory compliance.

The integration of SWOT analysis with structured risk management processes highlights the importance of translating strategic insight into practical action. This is particularly relevant in the context of the UK construction industry, where uncertainty and change are constant (CITB, 2023). Furthermore, emerging opportunities linked to sustainability and retrofit programmes present a pathway for future growth, provided the organisation adapts accordingly (Welsh Government, 2021).

However, it is important to recognise that the analysis is based on assumptions and qualitative tools, which have inherent limitations (Hill and Westbrook, 1997). Despite this, the findings demonstrate that with effective risk management, strategic planning and continuous improvement, Davies and Sons is well-positioned to maintain long-term sustainability and competitiveness.

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APPENDIX A

Glossary of Terms

Term / Abbreviation	Definition
Apprenticeship Programme	A structured training system combining on-the-job experience and formal education, used within construction to develop skilled workers and address labour shortages.
Building Information Modelling (BIM)	A digital process for creating and managing information throughout a construction project lifecycle, improving coordination, efficiency and decision-making.
Cash Flow Forecasting	A financial management process used to predict incoming and outgoing cash, ensuring sufficient liquidity to meet project and operational costs.
Circular Economy	An economic model focused on minimising waste through reuse, recycling and material recovery, particularly relevant in construction through reclamation practices.
Construction (Design and Management) Regulations 2015 (CDM 2015)	UK legislation outlining duties for managing health, safety and welfare throughout construction projects.
CPR (Contract Procedure Rules)	Standing orders that establish mandatory procedures for how organisations procure goods, works and services, ensuring legal compliance, transparency and value for money.
Environmental Impact Assessment (EIA)	A process used to evaluate the potential environmental effects of a proposed project before it is undertaken, ensuring compliance with environmental regulations.
Framework Agreement	A procurement arrangement between a client (e.g. local authority) and contractors establishing terms for future work over a defined period without repeated tendering.
Health and Safety at Work etc. Act 1974	Primary UK legislation governing workplace health and safety responsibilities for employers and employees.

ISO 9001	An international standard for quality management systems, ensuring consistent delivery of products and services.
ISO 14001	An international standard for environmental management systems, focusing on reducing environmental impact and improving sustainability performance.
ISO 45001	An international standard for occupational health and safety management systems, aimed at reducing workplace risks and improving employee safety.
Key Performance Indicators (KPIs)	Measurable values used to assess organisational or project performance against defined objectives.
Likelihood	The probability that a specific risk event will occur, typically measured using a numerical scale (e.g. 1–5).
Local Authority Framework	A structured procurement system used by public sector organisations to appoint contractors for ongoing works such as maintenance and refurbishment.
Mitigation	Actions taken to reduce the likelihood or impact of a risk.
Net-Zero Carbon	The balance between greenhouse gas emissions produced and removed from the atmosphere, with construction playing an important role in achieving national targets.
Procurement	The process of sourcing and acquiring goods, services or works through competitive tendering or framework agreements.
Residual Risk	The level of risk remaining after mitigation measures have been implemented.
Risk	The combination of the likelihood of an event occurring and the severity of its consequences.
Risk Register	A structured document used to identify, assess and monitor risks, including mitigation measures and assigned responsibilities.
Subcontractor	A specialist contractor engaged by a principal contractor to deliver specific elements of a project.
Sustainability	The practice of meeting current needs without compromising the ability of future generations to meet their own needs, particularly through environmental and social responsibility.
SWOT Analysis	A strategic planning tool used to identify internal strengths and weaknesses, alongside external opportunities and threats.
TOWS Analysis	An extension of SWOT analysis that develops strategic responses by combining internal and external factors.
Working Capital	The difference between a company's current assets and liabilities, used to assess short-term financial health.

APPENDIX B

SWOT Analysis

Strengths

STRONG LOCAL AUTHORITY FRAMEWORK POSITION

Davies and Sons Construction Services benefits significantly from its established position within the Pembrokeshire County Council framework, which provides a secure and consistent source of work. Framework agreements reduce the need for repetitive competitive tendering, allowing the company to focus on delivery rather than bid acquisition. This creates greater financial predictability and supports long-term resource planning. However, this strength is conditional upon maintaining high performance standards, as failure to meet key performance indicators could result in removal from the framework. To mitigate this risk, the company implements continuous performance monitoring, client feedback systems and strict adherence to contractual obligations, ensuring that its framework position is sustained.

ESTABLISHED REGIONAL REPUTATION

A strong regional reputation within Pembrokeshire and South West Wales provides Davies and Sons with a competitive advantage, particularly in rural communities where trust and reliability are critical. Reputation influences client confidence, repeat business opportunities and stakeholder relationships, especially when working within occupied environments such as schools and public housing. However, reputational strength is inherently fragile and can be damaged by poor performance, safety incidents or environmental breaches. The company actively manages this through consistent quality delivery, effective communication and community engagement, ensuring that its reputation remains a valuable strategic asset rather than a passive benefit.

SKILLED AND STRUCTURED WORKFORCE

The company's workforce represents a key internal strength, with a combination of experienced tradespeople, supervisors and management staff supporting project delivery. A structured organisational hierarchy ensures clear roles, responsibilities and communication channels, enabling efficient coordination across multiple sites. This reduces operational risk and enhances productivity. Furthermore, investment in training and apprenticeship programmes supports workforce sustainability and addresses industry-wide skills shortages. However, maintaining workforce competence requires ongoing investment in training and development. The company mitigates this through continuous professional development programmes and competency tracking systems.

ISO-ALIGNED MANAGEMENT SYSTEMS

The implementation of ISO-aligned management systems, including ISO 9001 (Quality), ISO 14001 (Environmental) and ISO 45001 (Health and Safety), provides Davies and Sons with a structured and consistent approach to managing operations. These systems support compliance with legislative requirements, reduce variability in project delivery and promote continuous improvement. They also enhance the company's competitiveness within public sector procurement, where formal management systems are often a requirement. However, maintaining these systems involves administrative effort and cost. This is managed through internal audits, documented procedures and dedicated management oversight to ensure ongoing compliance and effectiveness.

STRONG HEALTH & SAFETY CULTURE

Health and safety is a critical strength within Davies and Sons, supported by a proactive safety culture and structured management systems. Regular training, toolbox talks, site inspections and incident reporting systems contribute to reduced accident rates and improved workforce wellbeing. Compliance with legislation such as the Health and Safety at Work etc. Act 1974 and CDM Regulations 2015 ensures that risks are identified and controlled throughout the project lifecycle. While construction inherently involves risk, the company mitigates this through continuous monitoring, supervision and reinforcement of safe working practices, ensuring that safety remains a core organisational priority.

ENVIRONMENTAL AWARENESS AND WASTE MANAGEMENT

Environmental management is an increasingly important strength, particularly given the company's operations within environmentally sensitive areas such as conservation zones and near the Preseli Hills National Park. Davies and Sons demonstrates environmental awareness through waste segregation, recycling and material reclamation practices. By treating waste as a resource, the company reduces landfill costs and aligns with circular economy principles. This also enhances performance in public sector tenders where environmental criteria are heavily weighted. However, environmental compliance requires careful management and monitoring. The company addresses this through environmental risk assessments, adherence to regulations and partnerships with licensed waste carriers and reclamation firms.

CAPACITY TO DELIVER MULTIPLE PROJECTS

With a workforce of approximately 138 employees, Davies and Sons has the operational capacity to deliver multiple projects simultaneously. This enables the company to maximise revenue opportunities and respond effectively to framework demands, including reactive maintenance and planned works. The ability to manage concurrent projects also strengthens its competitive position when bidding for larger contracts. However, managing multiple sites introduces risks related to coordination, supervision and resource allocation. These risks are mitigated through structured project management systems, clear communication channels and experienced site supervision.

STABLE WORKLOAD PIPELINE

Participation in local authority frameworks provides Davies and Sons with a relatively stable and predictable workload pipeline. This stability supports financial planning, workforce retention and long-term strategic decision-making. Unlike contractors reliant solely on competitive tendering, the company benefits from ongoing work allocation, reducing business uncertainty. However, reliance on framework work also creates exposure to public sector funding changes. To mitigate this, the company diversifies its income streams through private sector work and Sell2Wales opportunities, ensuring resilience against fluctuations in public sector investment.

Weaknesses

MODERATE FINANCIAL EXPOSURE VS LARGE CONTRACTORS

Although Davies and Sons demonstrates greater financial resilience than smaller SMEs, it remains more vulnerable than large national contractors with substantial financial reserves. The company is exposed to risks associated with delayed payments, cost overruns and fluctuations in material prices, particularly within fixed-

price contracts. This financial exposure can impact cash flow and limit the company's ability to absorb unexpected project costs. To mitigate this, the organisation implements detailed cash flow forecasting, incorporates contingency allowances into project pricing and maintains strong cost control procedures. However, due to its size, financial risk cannot be fully eliminated and remains an inherent limitation.

ORGANISATIONAL COMPLEXITY (138 STAFF)

The scale of Davies and Sons introduces organisational complexity, requiring structured communication and coordination across multiple departments and project teams. Managing 138 employees across various sites increases the risk of communication breakdowns, inefficiencies and delays in decision-making. Unlike smaller SMEs, where management structures are more informal, larger organisations require formal processes and clear reporting lines. The company mitigates this risk through defined organisational hierarchies, regular management meetings and structured communication systems. Despite these measures, maintaining efficiency across a larger workforce remains an ongoing challenge.

PARTIAL RELIANCE ON SUBCONTRACTORS

While the company benefits from a substantial directly employed workforce, it still relies on subcontractors for specialist trades and peak workload periods. This reliance introduces variability in quality, safety performance and productivity, as subcontractors may not consistently meet company standards. Poor subcontractor performance can result in defects, delays and reputational damage. To control this risk, Davies and Sons operates an approved subcontractor list, conducts pre-qualification assessments and monitors performance through site supervision and contractual requirements. However, the reduced level of direct control compared to employed labour means this risk cannot be entirely removed.

LIMITED ADVANCED DIGITAL ADOPTION

Davies and Sons demonstrates moderate digital capability but has not fully adopted advanced construction technologies such as Building Information Modelling (BIM), integrated digital asset management systems or automated reporting tools. This limitation may reduce efficiency, increase reliance on manual processes and affect competitiveness in tenders where digital capability is a requirement. The lack of advanced digital integration can also impact data accuracy and project coordination. The company is gradually addressing this weakness through incremental investment in digital tools and staff training; however, financial constraints limit the speed and scale of implementation.

ADMINISTRATIVE BURDEN OF COMPLIANCE

Operating within local authority frameworks and maintaining ISO-aligned management systems requires a high level of administrative effort. Documentation, audits, reporting requirements and compliance procedures increase the workload on management and administrative staff. This can divert resources away from core operational activities and increase overhead costs. However, these systems are essential for ensuring quality, safety and environmental compliance. Davies and Sons manages this burden through structured documentation processes, digital record-keeping and dedicated management roles responsible for compliance. Despite these measures, the administrative demand remains a significant operational challenge.

LIMITED IN-HOUSE ENVIRONMENTAL EXPERTISE

While the company demonstrates strong environmental awareness, it does not maintain a fully dedicated in-house environmental specialist. This can present challenges when undertaking projects in environmentally sensitive areas, such as conservation zones or near protected landscapes like the Preseli Hills. The lack of

specialist expertise may increase reliance on external consultants, leading to additional costs and potential delays. To mitigate this, the company engages environmental advisors where required and ensures staff receive training in environmental management practices. However, developing internal expertise remains a strategic area for improvement.

PRESSURE ON SUPERVISION ACROSS SITES

The company's ability to deliver multiple concurrent projects creates increased pressure on site supervision and management resources. Supervisors are responsible for maintaining quality, safety and programme performance, and excessive workload can reduce oversight effectiveness. This may lead to increased risk of defects, safety incidents or delays. Davies and Sons mitigates this through structured site management systems, clear allocation of responsibilities and regular monitoring. However, maintaining adequate supervision across multiple sites remains a critical operational challenge, particularly during periods of high workload.

OVERHEADS ASSOCIATED WITH SIZE

As a medium-sized contractor, Davies and Sons incurs higher overhead costs than smaller SMEs, including management salaries, compliance costs, training investment and administrative expenses. While these costs support structured operations and compliance, they reduce profit margins and increase financial pressure during periods of reduced workload. The company manages this through careful financial planning, cost control measures and maintaining a stable pipeline of work through framework agreements. Nevertheless, higher overheads remain an inherent characteristic of operating at this scale.

Opportunities

WELSH GOVERNMENT RETROFIT AND NET-ZERO AGENDA

The Welsh Government's commitment to achieving net-zero carbon emissions presents a significant opportunity for Davies and Sons Construction Services. Policies promoting energy efficiency, decarbonisation and sustainable construction have increased investment in retrofit projects, particularly within public sector buildings such as schools and housing. This aligns closely with the company's core expertise in maintenance and refurbishment. By developing skills in energy-efficient technologies and sustainable materials, the company can enhance its competitiveness in future framework tenders. However, to fully capitalise on this opportunity, Davies and Sons must invest in workforce training and remain aligned with evolving regulatory and technical requirements.

EXPANSION OF LOCAL AUTHORITY FRAMEWORKS

The continued expansion of local authority frameworks across Wales provides an opportunity for Davies and Sons to secure additional work and strengthen its market position. Framework agreements offer long-term contracts and reduce the uncertainty associated with competitive tendering. By leveraging its existing reputation and performance within the Pembrokeshire framework, the company can position itself to access new frameworks or expand its role within existing ones. Strategic bid management, performance monitoring and maintaining high client satisfaction are essential to securing and retaining these opportunities.

APPRENTICESHIPS AND WORKFORCE DEVELOPMENT

The ongoing skills shortage within the UK construction industry presents an opportunity for Davies and Sons to invest in workforce development through apprenticeship programmes. By recruiting and training local apprentices, the company can develop a skilled and loyal workforce tailored to its operational needs. This

reduces long-term reliance on external labour and supports business sustainability. Additionally, apprenticeship schemes contribute to social value objectives, which are increasingly important in public sector procurement. However, the success of this strategy depends on effective training, mentorship and retention of skilled workers.

WASTE RECYCLING AND RECLAMATION MARKETS

Growing emphasis on sustainability and circular economy principles has created opportunities within waste recycling and material reclamation markets. Davies and Sons can benefit from salvaging materials such as timber, slate and stone from refurbishment projects, reducing disposal costs and potentially generating additional revenue. This approach also supports environmental objectives and enhances the company's performance in sustainability-focused tenders. To maximise this opportunity, the company must establish partnerships with licensed waste carriers and reclamation firms, while ensuring compliance with environmental regulations.

DIGITAL CONSTRUCTION TECHNOLOGIES

Advancements in digital construction technologies present opportunities to improve efficiency, reduce risk and enhance project delivery. Tools such as Building Information Modelling (BIM), digital project management platforms and drone surveys can improve planning accuracy, communication and data management. Adoption of these technologies can also enhance competitiveness in procurement processes where digital capability is increasingly valued. However, successful implementation requires investment in training and infrastructure, as well as cultural adaptation within the organisation.

STRATEGIC PARTNERSHIPS

Forming strategic partnerships with suppliers, subcontractors and specialist consultants provides Davies and Sons with the opportunity to expand its capabilities and undertake more complex projects. Collaboration with environmental consultants, for example, can enhance compliance in sensitive areas, while partnerships with specialist subcontractors can improve quality and efficiency in specific trades. These partnerships enable the company to deliver higher-value projects without significantly increasing internal resource requirements. Effective management of these relationships is essential to ensure consistency and performance.

REGIONAL EXPANSION

The company has the opportunity to expand its operations beyond Pembrokeshire into wider regions of South West Wales. This expansion can increase revenue streams, reduce reliance on a single local authority framework and enhance business resilience. However, regional expansion introduces new challenges, including increased logistical complexity, competition and the need to establish new client relationships. Strategic planning, market analysis and phased growth are required to ensure sustainable expansion.

INCREASED SUSTAINABILITY WEIGHTING IN TENDERS

Public sector procurement increasingly prioritises sustainability, with environmental performance and social value forming a significant proportion of tender evaluation criteria. This presents an opportunity for Davies and Sons to differentiate itself through strong environmental management practices, including waste reduction, recycling and low-carbon construction methods. By aligning its operations with sustainability objectives, the company can improve its scoring in tender evaluations and enhance its competitive position. However, this requires ongoing investment in environmental practices and compliance with evolving standards.

Threats

MATERIAL PRICE VOLATILITY

Material price volatility presents a significant external threat, particularly within fixed-price framework contracts. The Office for National Statistics (2024) highlights continued fluctuations in construction output and inflationary pressures affecting material procurement. For Davies and Sons, unexpected increases in timber, steel or fuel costs may reduce profitability unless mitigated through early procurement strategies and contingency allowances. Material price volatility remains a major risk across the UK construction sector. Following global supply chain disruption and inflationary pressures, many contractors experienced significant increases in the cost of timber, steel and fuel (ONS, 2024). For Davies and Sons, this creates financial uncertainty, particularly when operating under fixed-price framework contracts where costs cannot always be recovered.

LABOUR SHORTAGES

Labour shortages within the UK construction industry, particularly in rural areas of Wales, present a persistent threat to project delivery and operational efficiency. Limited availability of skilled tradespeople can result in increased labour costs, project delays and reduced productivity. Competition from larger contractors further exacerbates this issue, making it difficult for SMEs to attract and retain skilled workers. Davies and Sons mitigates this risk through apprenticeship programmes, workforce development initiatives and employee retention strategies. However, external labour market conditions remain a significant influencing factor that cannot be fully controlled.

ENVIRONMENTAL REGULATION AND PLANNING CONSTRAINTS

Operating within environmentally sensitive areas such as conservation zones and near the Preseli Hills National Park exposes Davies and Sons to strict environmental regulations and planning constraints. Compliance with legislation, including the Environment (Wales) Act 2016 and Environmental Protection Act 1990, is essential to avoid project delays, fines and legal action. Planning restrictions may also limit construction methods, materials and working hours, impacting project delivery. The company mitigates these risks through environmental impact assessments, careful planning and engagement with regulatory bodies. Nevertheless, environmental compliance remains a complex and evolving challenge. Construction projects within environmentally sensitive areas require careful management to avoid delays and reputational damage. In Wales, developments affecting conservation areas or protected landscapes often face stricter planning and environmental controls. This is particularly relevant to Davies and Sons, given its assumed operational proximity to environmentally sensitive locations within Pembrokeshire, including areas near the Preseli Hills.

PUBLIC SECTOR BUDGET CUTS

As a company reliant on local authority frameworks for a significant proportion of its workload, Davies and Sons is exposed to the risk of public sector budget reductions. Changes in government spending priorities or economic downturns may result in reduced investment in maintenance and construction projects. This could lead to decreased workload and increased competition for available contracts. To mitigate this risk, the company seeks to diversify its income streams through private sector work and alternative procurement opportunities. However, reliance on public sector funding remains a structural vulnerability.

HEALTH AND SAFETY INCIDENTS

Health and safety incidents represent a critical threat within the construction industry, with potential consequences including injury, legal action, financial penalties and reputational damage. Despite robust safety management systems, the dynamic and high-risk nature of construction means that accidents cannot be

entirely eliminated. The company mitigates this risk through compliance with the Health and Safety at Work etc. Act 1974 and the Construction (Design and Management) Regulations 2015, alongside regular training, site inspections and incident reporting systems. Continuous reinforcement of safety culture is essential to minimise this threat.

SUPPLY CHAIN DISRUPTION

Supply chain disruption poses a significant threat to project delivery, particularly in the context of global economic instability and logistical challenges. Delays in the supply of materials or equipment can lead to programme overruns, increased costs and contractual penalties. Rural locations such as Pembrokeshire may exacerbate these issues due to longer delivery times and limited supplier options. Davies and Sons mitigates this risk through supplier diversification, early ordering of materials and maintaining strong relationships with key suppliers. However, supply chain reliability remains partially outside the company's control.

REPUTATIONAL DAMAGE

Reputational damage is a critical threat for Davies and Sons, particularly given its regional focus and reliance on local authority frameworks. Negative publicity resulting from poor-quality work, safety incidents or environmental breaches can significantly impact future contract opportunities and client relationships. In smaller communities, reputational damage can spread rapidly and have long-term consequences. The company mitigates this risk through consistent quality management, strong health and safety performance and effective stakeholder communication. Maintaining a positive reputation is essential for long-term business sustainability.

ECONOMIC INSTABILITY

Economic instability, including inflation, interest rate fluctuations and wider economic downturns, presents a significant external threat to the construction industry. Rising costs and reduced public sector spending can impact both profitability and workload availability. For Davies and Sons, economic uncertainty may lead to increased competition, tighter margins and reduced project opportunities. The company mitigates this risk through financial planning, cost control and diversification of revenue streams. However, macroeconomic conditions remain largely beyond organisational control.

Appendix C

TABLE 1 - GUIDELINES FOR ASSESSING THE PROBABILITY OF A RISK OCCURRING				
5	4	3	2	1
Almost Certain	Likely	Possible	Unlikely	Rare
The risk is expected to occur during project delivery or operational activities. Strong evidence or previous	The risk is more likely to occur than not and may arise during framework	The risk may occur at some point during operations	The risk is not expected but could occur under certain	The risk is highly unlikely and would only occur in exceptional circumstances.

Table 1 outlines the criteria used to assess the likelihood of risks occurring within Davies and Sons Construction Services. Probability ratings are assigned based on previous experience, industry trends and

project-specific conditions. This structured approach supports consistent risk assessment and enables prioritisation of management actions (ISO, 2018).

TABLE 2 - GUIDELINES FOR ASSESSING THE IMPACT OF RISK

Category	5 – Catastrophic	4 – Major	3 – Moderate	2 – Minor	1 – Low
Financial	Significant financial loss threatening business stability or framework viability (>£500k)	Major cost overrun affecting profitability (£100k–£500k)	Noticeable financial impact requiring management intervention (£25k–£100k)	Minor cost increase manageable within project contingency	Minimal financial consequence
Health & Safety	Fatality or life-changing injury, HSE prosecution or framework suspension	Serious injury requiring hospitalisation or significant investigation	Lost-time injury requiring intervention	Minor injury requiring first aid only	Near miss with no injury
Environmental	Major environmental breach, prosecution or severe reputational impact	Significant pollution event or planning breach	Moderate environmental non-compliance requiring corrective action	Minor breach resolved internally	Negligible environmental impact
Quality	Major defects resulting in project failure or contractual dispute	Significant rework causing delays and client dissatisfaction	Moderate defects requiring remedial works	Minor snagging issues	Minimal quality concern
Programme / Delivery	Severe delays affecting multiple contracts or framework performance	Major programme delays with contractual implications	Moderate delays requiring revised programme	Minor disruption to schedule	Negligible programme impact
Reputation	Serious reputational damage affecting future work opportunities	Significant negative publicity or formal complaints	Moderate client dissatisfaction	Minor complaint resolved internally	No noticeable impact

Table 2 outlines the impact assessment criteria used to evaluate the severity of identified risks. Impacts are assessed across key operational areas including financial performance, health and safety, environmental management, quality, programme delivery and organisational reputation. This ensures risks are evaluated holistically and supports informed decision-making during framework delivery.