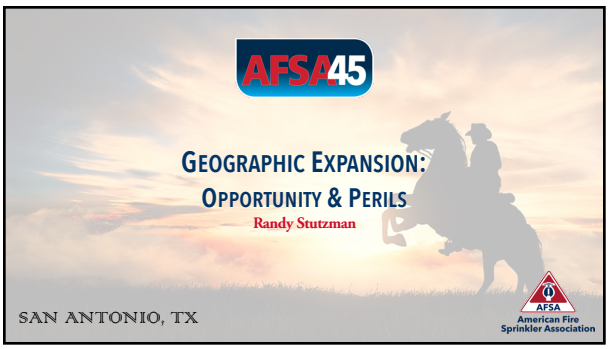
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GEOGRAPHIC EXPANSION:
OPPORTUNITY & PERILS
Randy Stutzman
SAN ANTONIO, TX
AFSA
American Fire Sprinkler Association

1

Randy Stutzman
Randal Stutzman Advisors, LLC
After having completed a successful 45-year career with FMI Corporation and FMI Capital Advisors, Inc., I am currently sharing my expertise with a select group of clients. I have spent my entire working career acting as a trusted advisor to contractors. Starting in the late 1970s, I spent the next 20 years consulting with companies on issues including strategy, pricing and bidding, increasing field productivity and ownership transfer. Since the late 1990s I have concentrated on helping clients around ownership transfer and management succession. This includes representing sellers to third parties, finding opportunities for buyers, facilitating employee and family buyouts, and adopting Employee Stock Ownership Plans. My focus has always been to do what is right for the client and build company value.
RSA RANDAL STUTZMAN ADVISORS
randy@randalstutzmanadvisors.com | 813-335-2152
AFSA

2

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The authority on fire, electrical, and building safety
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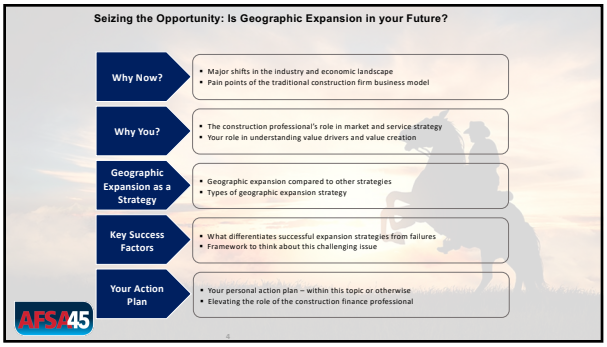
Seizing the Opportunity: Is Geographic Expansion in your Future?
Why Now?
Major shifts in the industry and economic landscape
Pain points of the traditional construction firm business model
Why You?
The construction professional's role in market and service strategy
Your role in understanding value drivers and value creation
Geographic Expansion as a Strategy
Geographic expansion compared to other strategies
Types of geographic expansion strategy
Key Success Factors
What differentiates successful expansion strategies from failures
Framework to think about this challenging issue
Your Action Plan
Your personal action plan – within this topic or otherwise
Elevating the role of the construction finance professional
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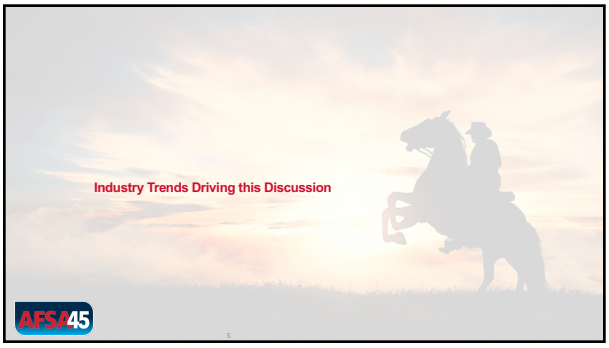
Industry Trends Driving this Discussion
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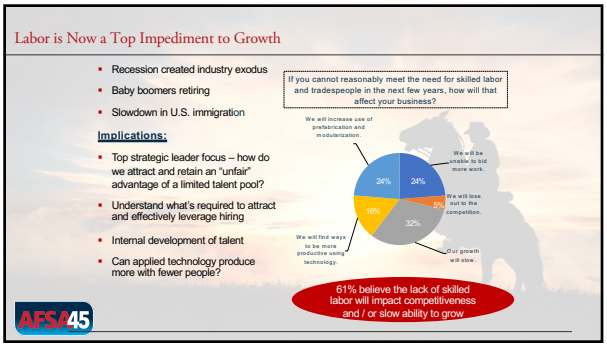
Labor is Now a Top Impediment to Growth
Recession created industry exodus
Baby boomers retiring
Slowdown in U.S. immigration
Implications:
Top strategic leader focus – how do we attract and retain an "unfair" advantage of a limited talent pool?
Understand what's required to attract and effectively leverage hiring
Internal development of talent
Can applied technology produce more with fewer people?
If you cannot reasonably meet the need for skilled labor and tradespeople in the next few years, how will that affect your business?
We will increase use of prefabrication and modularization. 24%
We will be unable to bid more work. 24%
We will lose out to the competition. 5%
Our growth will slow. 32%
We will find ways to be more productive using technology. 16%
61% believe the lack of skilled labor will impact competitiveness and / or slow ability to grow
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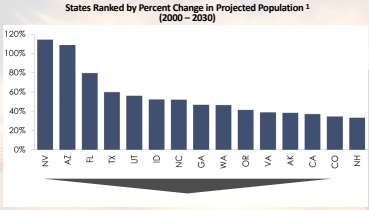
Industry Trends Driving this Discussion

Most population growth in the US will occur in the Sunbelt

States Ranked by Percent Change in Projected Population [1] (2000 – 2030)



So, What?

- 88% of the U.S. population growth will occur in the South and West between 2000 and 2030
- Florida, California and Texas will account for nearly half of total US population growth
- PA is seventh from bottom at 4% growth

1) Source: US Department of Labor

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Geographic Expansion as a Strategy

8

Geographic Expansion as a Strategy

The purpose of any strategic alternative should be to maximize earnings, while mitigating risk. Construction firms should ensure their strategic options achieve both.

Increase Earnings (Not Revenue!)

- Seek projects that generate predictable and repeatable profits
- Do more of what you know how to do well
- Maximize penetration of known customers and project types

Mitigate or Decrease Enterprise Risk

- Minimize exposure to one or few markets or customers
- Prove your organization has controls and operational processes in place that create a scalable business model
- Develop high-potential managers and eliminate their "flight risk" due to lack of organizational growth

The focus of geographic expansion 10 years ago was more about growth; today it is also a conversation about mitigating enterprise risk and being specialized.

9

Types of Organizational Risk to a Construction Organization

While geographic expansion is a strategy employed to mitigate enterprise risk, there are additional risks a construction organization takes on when going to new markets.

Types of Risks	Risk Mitigation	Risk Addition
Strategic / Market	• Increased footprint hedges geographic exposure	• Potential for misunderstanding or overestimating market potential
Operational	• Perfecting operational best practices and proving scalable operations	• "Out of control" processes and controls leading to late awareness of problem projects
Financial	• Increased earnings potential from new geographies • Increased shareholder value	• Opportunity cost and risk of capital invested
Human Capital	• New ventures provide talent new opportunities	• High burnout for new geographies • "Flight risk" of your talent in hotter markets
Compliance/ Legal	• N/A	• Lack of understanding of local regulations • Risk of taking on unknown customers
Reputational / Brand	• Brand extension • Servicing existing clients on larger platform	• Risk of "black eye" if market is unsuccessful • Overcommitting resources

10

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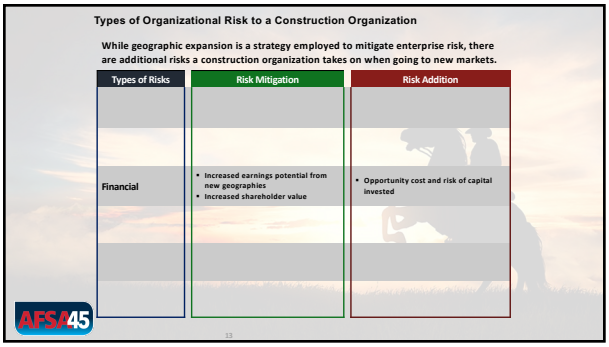

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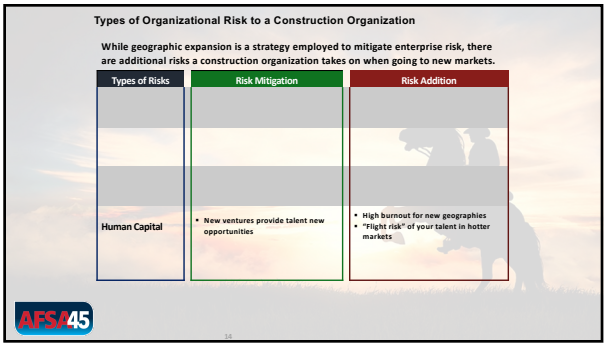

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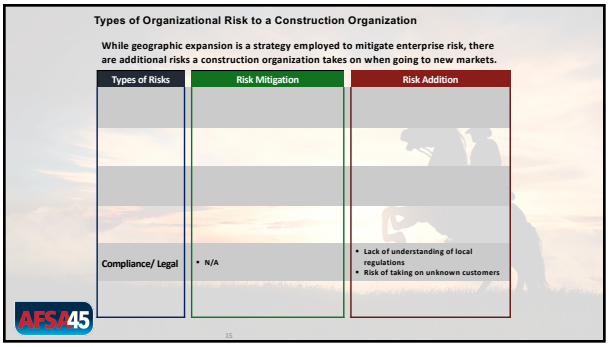

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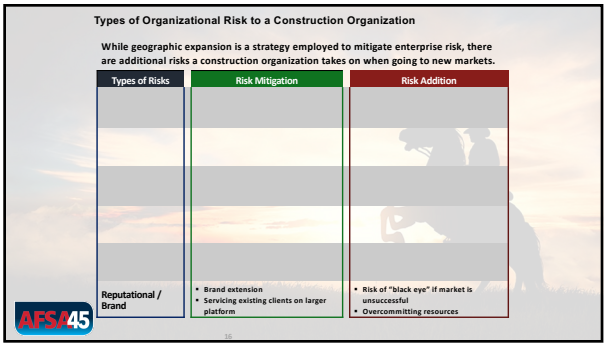

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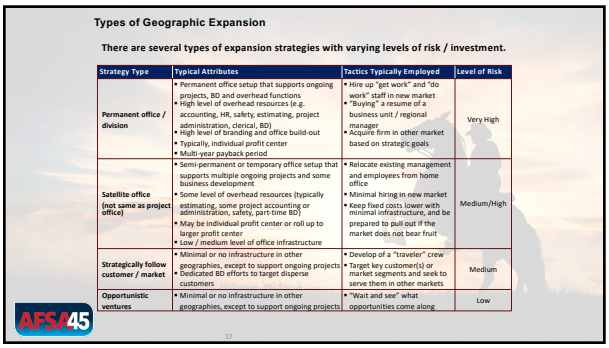

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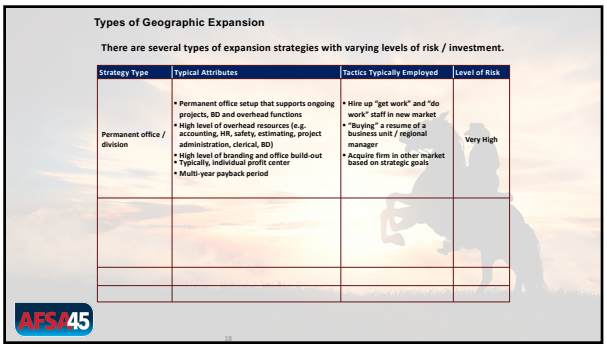

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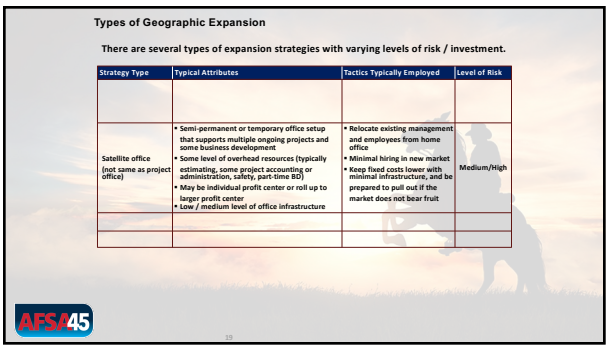

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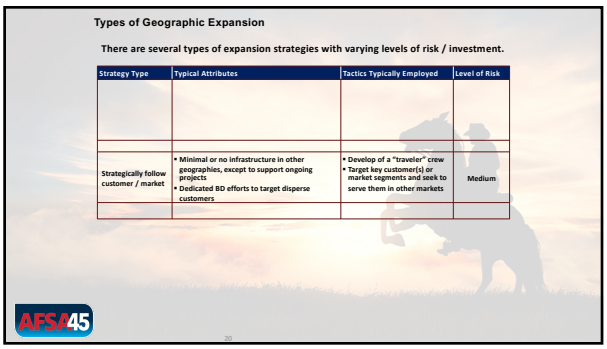

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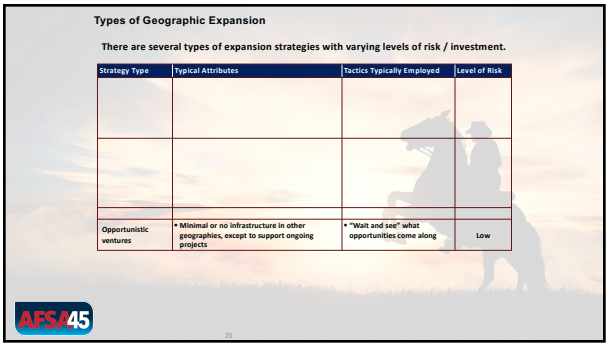

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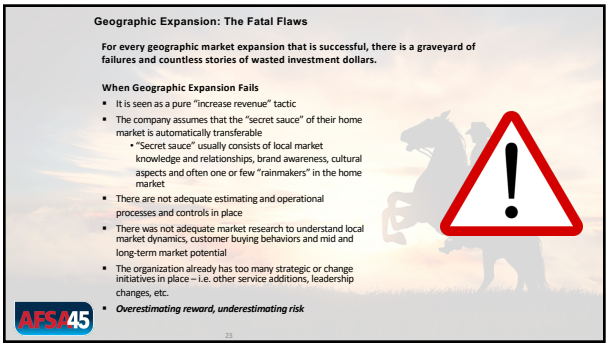

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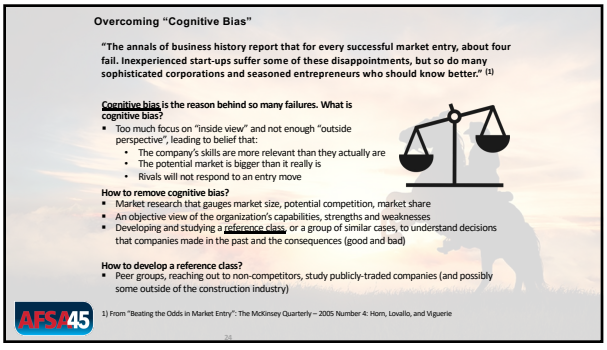

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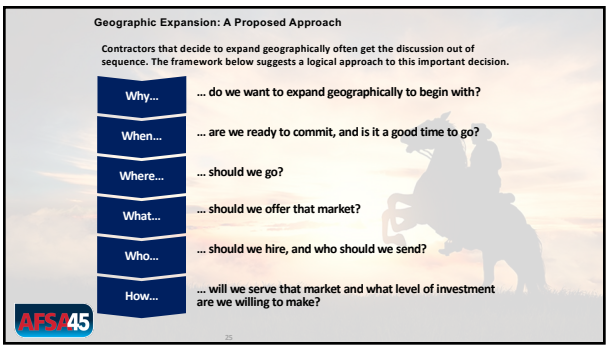

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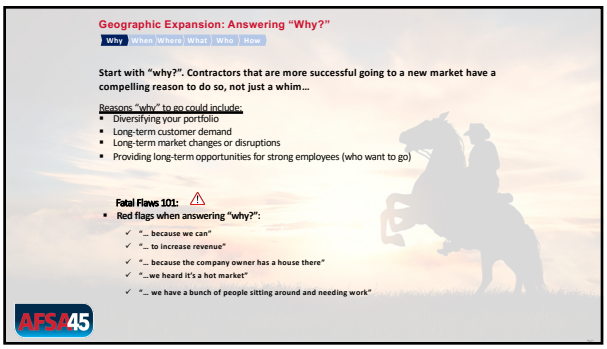

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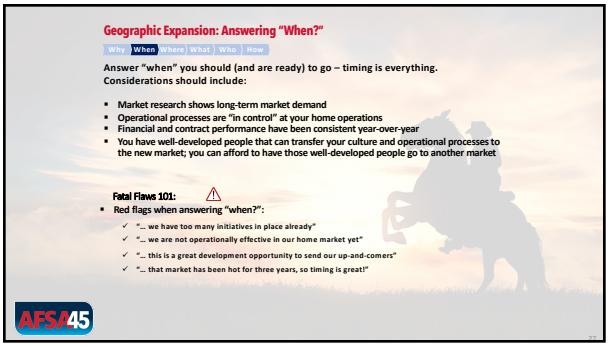

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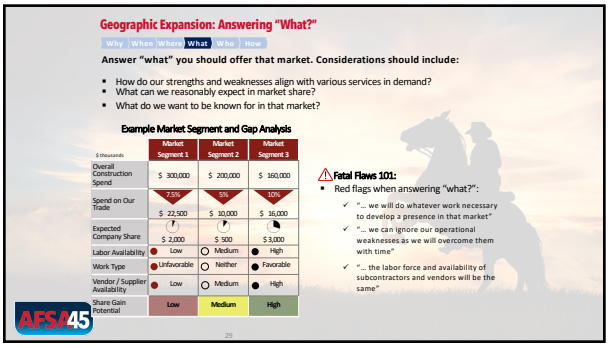

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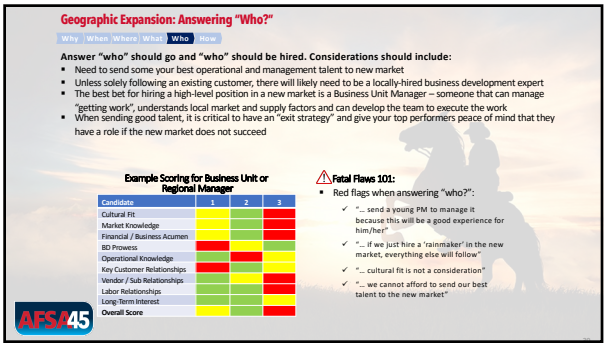

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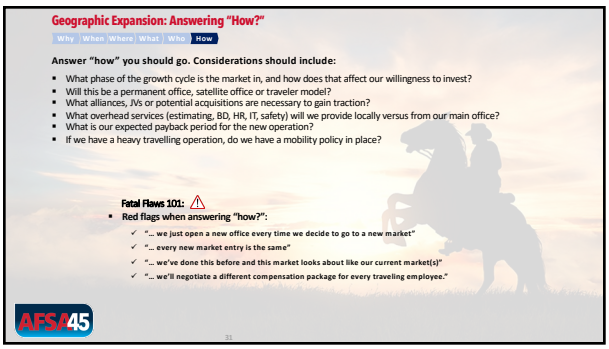
Geographic Expansion: Answering "How?"
Why When Where What Who How
Answer "how" you should go. Considerations should include:
What phase of the growth cycle is the market in, and how does that affect our willingness to invest?
Will this be a permanent office, satellite office or traveler model?
What alliances, JVs or potential acquisitions are necessary to gain traction?
What overhead services (estimating, BD, HR, IT, safety) will we provide locally versus from our main office?
What is our expected payback period for the new operation?
If we have a heavy travelling operation, do we have a mobility policy in place?
Fatal Flaws 101:
Red flags when answering "how?":
"… we just open a new office every time we decide to go to a new market"
"… every new market entry is the same"
"… we've done this before and this market looks about like our current market(s)"
"… we'll negotiate a different compensation package for every traveling employee."
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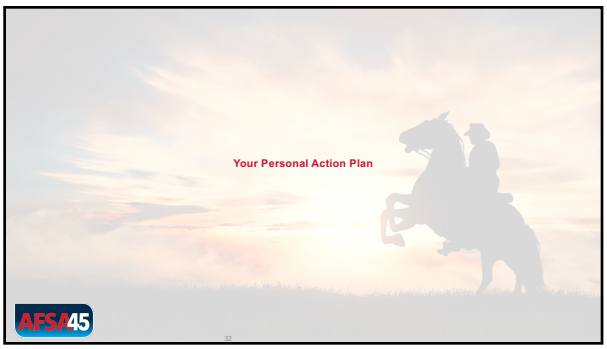
Your Personal Action Plan
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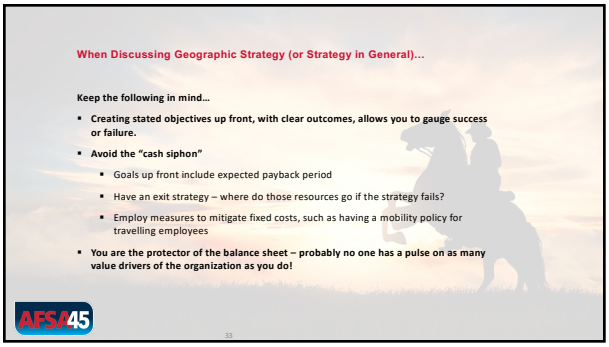
When Discussing Geographic Strategy (or Strategy in General)…
Keep the following in mind…
Creating stated objectives up front, with clear outcomes, allows you to gauge success or failure.
Avoid the "cash siphon"
Goals up front include expected payback period
Have an exit strategy – where do those resources go if the strategy fails?
Employ measures to mitigate fixed costs, such as having a mobility policy for travelling employees
You are the protector of the balance sheet – probably no one has a pulse on as many value drivers of the organization as you do!
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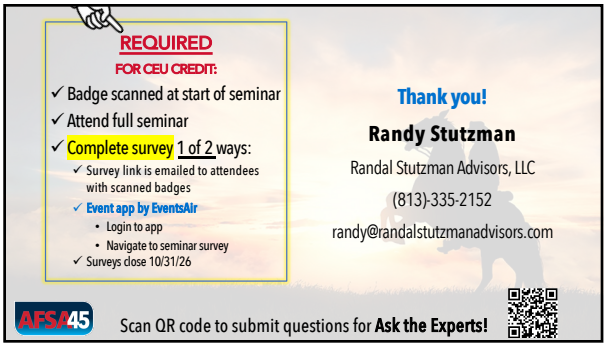
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Thank you!
Randy Stutzman
Randal Stutzman Advisors, LLC
(813)-335-2152
randy@randalstutzmanadvisors.com
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Scan QR code to submit questions for Ask the Experts!

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2027 Training Schedule

WEBINARS

1/6	Updates to NFPA 20
1/20	Calculating Pressure Reducing Hose Valves
2/3	Consumer Alert: Nitrogen in Sprinkler Systems
2/17	Reviewing Hydraulic Calculations
3/3	Updates to NFPA 13, 2028 Ed.
3/17	Updates to NFPA 13R & 13D, 2028 Eds.
4/7	Topic Coming Soon
4/21	NFPA 25: Roles & Responsibilities
5/5	Standpipe Flow Test Procedures
5/19	Storage 101
6/2	NFPA Technical Meeting - Voting Guide
6/16	Topic Coming Soon
6/30	Topic Coming Soon
7/7	Updates to NFPA 14, 2027 Edition
7/21	Adjacent Hazards & Design Methods
8/4	Acceptance Testing
8/18	Modifications to Existing Systems
9/22	Topic Coming Soon
10/6	Seismic 101
10/20	Proposed Updates to NFPA 25, 2029 Ed.
11/3	Evaluating Fire Pump Flow Tests
11/17	Top 10 Tech Reviews
12/1	Designing Water Storage Tanks
12/15	Pump Room Layout

PROGRAMS

Feb 9 - Mar 5 Apr 20 - May 14 Aug 3 - Aug 27** Oct 26 - Nov 19	Beginning Design School*
Apr 26 - May 7 Nov 1 - 12	Intermediate Design School*
Feb 8 - 10** Apr 12 - 14 Jul 12 - 14 Oct 11 - 13	Sprinkler Hydraulics Calculations Workshop
Apr 19 - 21 Oct 18 - 20	Advanced Hydraulics Calculations Workshop
Feb 11** Apr 30 Jul 23 Sep 24	Introduction to the Fire Sprinkler Industry
Mar 1 - 3 May 17 - 19 Aug 16 - 18 Oct 18 - 20**	NFPA 25 Essentials Workshop
Jun 7 - 10 Sep 20 - 23	Experienced Inspector Skills Lab
Mar 4 - 5 May 20 - 21 Aug 19 - 20 Oct 21 - 22**	NFPA 25 Fire Pump Workshop
Spring Summer Fall	ITM Inspector Development Program* *This program is 20 months.*

** Hybrid course **At General Air Products Lab, Exton, PA*

AFSA46

September 8-11	Manchester Grand Hyatt San Diego, CA

For More Details Visit:
firesprinkler.org

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Dates subject to change. Programs subject to minimum registrations.

rev 9/14/2026

Virtual Instruction Path (VIP)

for Sprinkler Fitting Apprentices

Level 1 - Begins January 2027

Level 2 - Begins February 2027

Level 3 - Begins January 2027

Level 4 - Begins March 2027

www.firesprinkler.org/VIP

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HANDS-ON WORKSHOPS FOR 2027

FEATURING AFSA'S TRAINING LAB

NFPA 25 Essentials Workshop

Mar | May | Aug | Oct

Description: Understand roles, responsibilities, and NFPA 25 ITM procedures through hands-on testing of wet systems, dry systems, and fire pumps.

NFPA 25 Fire Pump Workshop

Mar | May | Aug | Oct

Description: Develop practical NFPA 25 fire pump ITM skills, including no-flow and full-flow testing, water supply graphing, and performance evaluation.

Introduction to the Fire Sprinkler Industry

Feb | Apr | Jul | Sep

Description: This course is designed for those new to the industry. An introductory, wide-ranging 8-hour course that provides a broad overview of core fire sprinkler industry concepts for those new to the field.

Experienced Inspector Skills Lab NEW

Mar | Sep

Description: Take your ITM expertise beyond the basics. Designed for experienced technicians, this course combines focused classroom instruction with hands-on system lab training to strengthen your application of current NFPA 25 inspection, testing, and maintenance requirements. Refine fire sprinkler testing practices, improve documentation, deliver more consistent service, and help reduce liability while reinforcing knowledge commonly covered on certification exams.

Learn more about AFSA's fire sprinkler lab featuring functional risers, a spray room, fire pumps, and an interactive classroom.

firesprinkler.org/lab