

## How to Avoid Plunder in Slower Economic Times

With all the talk of a slower economy, war and election woes, it is easy to become a doomsayer with a negative outlook. I recently had a talk with one of my networking participants and had to chuckle. In his late 30s, he runs a great business, but is experiencing a slight downturn and growth has leveled out. Times are definitely tougher for him this year; he is only going to make \$300k (that's personal income, not sales volume) and he must work as much as 45 hours some weeks. Everyone should have such problems!

Seriously though, we can easily forget how tough it was to build a business. When he joined our group seven or eight years ago, he was making 90% less and working 60 hours a week. The very nature of free enterprise requires business people to adapt to market changes. If it were easy, everyone would be doing it.

Sometimes it can be difficult to keep things in perspective. Adapting to a changing market versus panicking and imagining problems that don't exist can be a tough balancing act. How do you keep your business sharp and prepare for the future without making mountains out of mole hills? Here are a few tips to keep things in perspective.

**1. Stop your bitching.** Contracting can be an isolated and somewhat lonely proposition. To make matters worse, distributor and manufacturer reps — as well as fellow contractors — can cry the blues. Don't get sucked into it. Many contractors don't make any money anyway. They are too busy blaming someone else for their issues.

Stop complaining about the market, your employees, the government and other outside factors. Focus on activities that make your business better. Activity makes things happen. Moaning and groaning is counterproductive.

**2. Focus on the facts.** Run a monthly financial meeting. If that's not good enough, run a weekly one. Study each job's profits, your profit and loss statement, your balance sheet, your payables, your receivables and your backlog. Deal with facts, not emotions. Worried about the economy? Make sure it is not just a feeling of doom. Month by month, compare how many leads you received this year as compared to last year.

**3. Don't tell war stories; make things happen.** If you have a mature company, you probably kicked butt and took names as the company developed. Now is the time to go back to an action-oriented agenda. Your young, aggressive competitors don't care how great you were; they are out to build their own company. This is a battle of the fittest. Make sure you stay focused.

Companies tend to follow patterns of **wonder**, **blunder**, **thunder** and **plunder**. Wonder companies just started into business and they wonder what they are going to do. Because they do good work at cheap prices, they quickly move to blunder where they have a lot of work but no money. Hopefully, they will figure it out and move into thunder. The last stage is plunder, which can be devastating. Plunder is the stage of business where companies have peaked and fail to improve. Our business landscape is littered with former business giants that failed to change with the times.

**4. Make a sales plan and stick to it.** Identify who you want to work for and call on them. Make sure your closing ratios are solid. Review your sales effort carefully. Weak salespeople who were able to survive as order-takers may not succeed in a slower market. Manage your sales effort and make sure your people are performing. Work your leads more and make sure you sell your share.

Build new sales relationships. Don't be surprised if new prospects are slow to warm up to your efforts. Remember, when the market was busy, they were using someone else and you may have been too busy for them. It takes time and persistence to get your foot in the door. If your business is mature and you are not willing to make such a huge effort, maybe it is time to find someone who will.

**5. Manage overhead.** Overhead has a way of creeping up, whether it is insurance, rent, office supplies or salaries. Manage your assets and get the most from your investment. If you are expanding, don't take on more than you can cash flow. Yes, a new facility can be a great wealth-building strategy, but if it ties up all of your excess capital, you won't have money for a rainy day.

**6. Focus on things that make money.** Lots of things get in the way of our financial success. Contracting has been in high demand for the past decade. Most business owners have been struggling to find enough employees and resources to get the work done.

For a mature business, admin duties can be overwhelming, but don't let that get in the way. Remember, if what you

**Wonder** Business newbies wonder what they are going to do.

**Blunder** Thanks to good work at cheap prices, blunder comes when they have a lot of work but no money.

**Thunder** Finally they figure out how to run a great business and make money.

**Plunder** A devastating stage where companies have peaked and fail to improve. Our business landscape is littered with former business giants that failed to change with the times.

need now is sales, then now is the time to focus on sales and make things happen. If you feel you don't have time to do so, pretend you are on vacation for a week and use that time to work on marketing and sales.

**7. Evaluate your role.** Many of us have heard consultants talk about the need for owners to work **on** their businesses, not **in** their businesses. While this is solid advice, if your greatest value to your business in the current environment is sales, then you had better put on your sales hat. As an owner, you are probably the strongest catalyst in your business. Make sure that catalyst is pointed in the right direction and bringing you the most value.

**8. Have fun.** By the way, if you start doing the things that help the company make money, don't be surprised if suddenly your business is a lot more fun. If you don't want to pay the piper and make such an effort, that's OK too. Accept the fact you are going to make a little less money and if you can afford that, don't worry about it. Or find some young fire-eater that is going to make things happen and drive the market the way you used to.

In summary, show some leadership and make things happen. Let your employees know there is a plan. Demand performance and hold people accountable. If people are under-performing, shoot a hostage, no matter how long they have worked with you. Be fair but be realistic. You might just find that it is fun to be back in the business battle.