

Is the Recession Going to Kill Your Business?

By Monroe Porter

I don't watch the news much but when I do, I want to look out the window to see if there are any breadlines or rioters in the street. We are going to hear a lot of negativity and bad news during the coming year. There is no question that the business climate is changing but what can you really do about the external factors impacting your business? Probably very little, so your emphasis needs to be internally not externally. You need to work on having a profitable business and make sound business decisions.

The reality is that winter is always a slow time for seasonal contractors. This winter just happens to be worse than most. Consumers are in a nasty buying mood and it is difficult to tell how deep or long business will be down. Backlogs are smaller and starving competitors take jobs below costs. Staring at four walls when the phone is not ringing and listening to the media can convince you the world is coming to an end. Such a climate can create anxiety and such anxiety can destroy your sales. Spring is finally here; be careful not to carry this negative attitude into your spring and summer sales presentations. You need to put your game face on and be at your best.

Early spring prices will be cheap. Be prepared for this and don't freak out. This may require you to make two trips, spend extra time on estimates, etc. Make sure the customer understands what you are selling. It is not the customer's responsibility to find out the difference between yours and a competing quote. Contractors who work for wages are always cheap and they will be extra cheap this spring. They are broke and need grocery money. As they get busy with under bid work, they will have to work day and night to complete it. Only then will they begin to go away. They will convert their idle time and no money to no time but still very little money.

Work hard to keep your head in the game. Slow down. Spring is a busy time. Your goal is to sell jobs, not merely run to the next estimate. Decide what constitutes a large job and plan to visit that customer more than once. If a second appointment is needed, set it prior to leaving. Be wary of being the first person there. Fewer calls may mean you get there right away and present a price much higher than they were planning on. Other contractors then show up and the consumer asks can you do it cheaper than this. Spring has a way of creating chaos and too many contractors are overwhelmed running from task to task. When you are knee deep in alligators, it hard to remember you came to drain the swamp. Slow down; sell the leads you have.

Be wary of cutting your prices just to get work. You must be competitive and people are looking for deals but blindly slashing prices will not work. Be strategic, not just cheap. Cheap contractors merely slash prices. Strategic contractors offer discounts on special items or up-sell as a way to entice customers but still leave enough money in the job to help pay overhead.

Be efficient. For most small businesses, owner compensation is the largest overhead costs. How you spend your time is very important. Make sure you do things that bring profit to the company. Generally, this means you sell more work or on the job project managing ways for the job to be more productive. If you have no estimates and cash is tight, it may be time to

pick up your tools. Keep a time card on yourself. Write an hourly value by the task you performed, however, such work effort has to bring value to the business. Now is not the time for owners to change the oil in company trucks in an effort to save money. If you want to make 100k a year, that is approximately 2,000 a week. For a 50 hour week, that is 40.00 an hour. You can't make 40.00 an hour by doing jobs that are worth 10.00 an hour. Leadership is about focusing and getting down what is important. Failure to do that is like aligning the deck chairs on the Titanic; it seems important at the time but in the big picture does not mean a thing.

Change is never easy. We run our networking groups to force change. We post each and every goal to our participant's website. Change requires commitment and persistence. Change requires optimism, not denial. There is a thin line between the two. Optimism is the feeling that everything will turn out ok. We all need to be optimistic about our business effort. Denial is refusing to recognize there is a problem and avoiding reality. While the behavior may look the same, the end result will be dramatically different.

Consumer spending is down but people will start to spend money. Spring flowers will bring better attitudes. You have to be ready for it. Each and every January millions of Americans go on a diet but few actually lose weight. We are a consumption oriented society. Things may not be what they were two years ago but they will improve. Don't talk yourself into failure. Make a plan and stick to it. Look internally to what you can do to fix your business. If you want a few minutes of free business advice or are interested in our networking groups, call me at 800-864-0284, I would be happy to talk with you.