



THE HALLMARK

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10 tips to beat the '09 recession

Here are 10 suggestions to help get you through this season and prepare for better times. In the spirit of full disclosure, most came from friends in the business. I jotted some in notebooks, a few on loose scraps of paper I had in my pocket or handy by the phone in my office — and a couple on restaurant or cocktail napkins. Sometimes you get your best ideas after a drink or two. Here goes:

- 1. Reduce overhead.** Give a reward to any employee who comes up with an idea to cut overhead 5% or more. Employees often know where the waste is when owners and managers don't.
- 2. Trim equipment costs.** If a piece of equipment isn't making you money, sell it. Why pay insurance and worry about the risk of theft or damage on equipment you rarely use? Rent what you need for those occasional jobs.
- 3. Keep cash flowing.** Set up a system to monitor and manage cash. Stay on top of your receivables. Look at each customer's credit history before extending credit, especially for large projects. If you're having trouble meeting payment deadlines, talk to your vendors before the money is due. This goes double if the payment is to your bank.
- 4. Keep training your best employees and fire the troublemakers.** There are a lot of good people

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looking for careers in this tight job market. Cherry-pick bright young talent by building relationships with local high schools, vocational schools, community colleges and with local universities. Tip: Get to know the local FFA advisor. He or she can point out the most ambitious and talented students seeking careers.

- 5. Seek better deals from subcontractors and suppliers.** Everybody's keen to keep cash flowing. In these conditions, it's not unreasonable to expect better service and lower prices for your loyalty.
- 6. Keep your best crews busy.** Make a deal with contractors in related but non-competing industries to share your crews to keep labor costs in line. Consider similar working arrangements to share costly equipment.
- 7. Ever hear of the Pareto principle?** This is the oft-quoted 80-20 rule of thumb — 20% of a company's customers generate 80% of its revenues or profits. This isn't necessarily true, especially for small independent service businesses. Even so, all companies have customers (or classes of customers) that are more profitable than others. Stay in touch with them. Make them feel special.
- 8. Be a bulldog when it comes to controlling costs.** Every dollar you save represents more than \$10 you don't have to sell to maintain the same profit level, assuming your net profit margin, for example's sake, is 10%.
- 9. Add more services.** What else can your employees do for customers while they're on their properties? Power washing? Gutter cleaning? Minor home repairs?
- 10. Reacquaint yourself with family, friends and fun.** Don't whine about the economy or other things you can't control. Do what you can with your business, and stay positive. Don't neglect your personal life, including your health. You're fortunate — more fortunate than most — if you're healthy, have family and friends and you're a part of this great industry. Enjoy it all.