

Position your company for success



At the end of the day, will you be a survivor — or just another failed business because of the economy? **BY WAYNE VOLZ**

HISTORY TELLS us that depressions, recessions, slow economies or whatever name you want to put on hard times are simply a way of life in a free economic system. Companies have failed in the past, and many more will fail in the near future. Do not use the economy as an easy excuse. The fact remains that many other companies survived the past economies, and many will survive this one as well.

Not only is survival an option, but doing well and surpassing your competition are realistic and achievable goals. How can an other-

wise stable company succeed and do well in a recession? By developing, implementing and constantly fine-tuning your plan of action.

Plan, plan, plan

Do you have goals in place for your company? It is often easy for owners to become complacent and think they do not need company goals because they are seeing everything every day. But that is exactly how we sometimes lose sight of reality. You wouldn't think of driving a vehicle without a steering wheel; why try to drive your business without goals? Without goals, you cannot be sure whether your com-

TAKE AWAY

Economical conditions are cyclical.

Don't be afraid to make changes.

Plan now so that when the economy improves, you're ready for it.

pany is achieving or exceeding your expected projections. With goals — and measurable benchmarks within those goals — you are providing yourself with a standard of expected achievement and excellence for your company.

As a survivor of a few previous “bad economies” and interest rates over 20%, I would like to share a few ideas that helped us get through past tough times, as well as what we are doing now to get through this recession:

› **Don't let the media control your destiny.** All the news outlets want to discuss how bad our economy currently is. I know it's bad, and you know it's bad, and we don't need to hear it every time we turn on the TV. If you hear it enough, you will begin to believe it, live it — and lose to it. I am not suggesting that you bury your head in the sand and hide from it; rather, ask yourself what you can do differently and better than your competitor than the way you did it before. Don't change who you are, but do open your eyes to some new ideas.

› **A positive attitude is your key to success.** You can take two positions: You can be a victim or a solutionist. Being a victim is the easy choice. It's easy to blame the economy. Being a solutionist means saying “I am going to be proactive. Yes, I know times are tough, so this is what I am going to do differently and better than my competitor.”

› **Longevity does not equal success.**

Don't get caught up in thinking “it's worked fine up to now, why change?” Many companies that are thriving in certain economic conditions resist change and therefore fail. They get complacent; they take employees for granted. This makes employees take custom-

ers for granted, and the company gets out of touch with its goals and objectives. Don't let this happen to your company. Proper training for everyone — including you, the owner — is always a proven winner.

› **Get out of your comfort zone.** What can you do differently and better than your competitor? While your personal ego and pride are very important to your success, they can also be detrimental to your company if you are not willing to be open-minded and accept the fact that sometimes changes are necessary.

› **Know your costs per hour of operation.** Why do you charge what you charge? If you understand your costs per hour of operation, you can calculate how low you can go and still take the job if necessary. Know your breakeven point. Although none of us want to work for minimal margins, in a slower economy it may be necessary to adjust your pricing for certain services while still maintaining a nice profit margin for others. I am not suggesting that you work for nothing, but look at the prospects of tightening up the margin if necessary to make the sell until the market changes. If you know your costs, you will not price yourself out of business.

› **Implement a service agreement to help solve seasonal cash flow issues.** Implement a service agreement for your clients — both residential and commercial, if you are offer ongoing service. Honest, your residential clients will appreciate the simplicity of a regular monthly payment.

› **Solve problems quickly for your clients.**

None of us are perfect. You will have the occasional problem. I also realize the last thing you may want to do is to make that return phone call. But this is one of those times you need to move your ego out of the way and contact your client immediately. Most people are not really too upset about the problem; they just want something corrected. However, when they feel like you are avoiding them and not returning their call, the simple service problem has turned into a much larger issue for them — and you. Bottom line: Make the phone call and solve the problem before it turns into something more.

“A RECENT SURVEY IN *USA TODAY* ASKED, ‘WOULD YOU BE WILLING TO PAY A HIGHER PRICE FROM AN ETHICAL BUSINESS?’ SEVENTY-TWO PERCENT SAID YES THEY WOULD.”



› **Increase your personal contacts with your customer.** Let your clients know you appreciate their business. Are you sending a handwritten thank-you note after speaking to a potential client? Sounds a little extreme maybe, but it does make a difference. Are you using evaluation forms for all your services? This gives your clients the opportunity to critique your services without telling you to your face that something wasn't exactly the way they wanted it.

We found that on occasion our customers were not complaining to us; they were simply accepting the job as is — or even worse, not calling us back for another service. By implementing our evaluation sheets, however, we were giving our clients an opportunity to share their thoughts concerning the workmanship and professionalism of the job they received. These simple contacts go a long way toward creating perceived value and professionalism for our service. I know you will see similar results for your company.

› **Ethical business decisions are a must.** Do not attempt to deceive your clients with fast talk and stories. If you can do the work, let them know you can do it. If not, help them find someone that can. Do not sell them something just because you have too many of them. A recent survey in *USA Today* asked, "Would you be willing to pay a higher price from an ethical business?" Seventy-two percent said yes they would.

› **Diversify your services so your clients can buy more from you — and not your competitor.** You cannot be everything to everyone, but in many situations, you can offer more services to fewer clients and make more profit dollars. Take the time necessary to train and educate yourself,

your employees and your customers as to why buying more services from you makes sense.

› **Do not slow down or stop your marketing and advertising during slow economies.** Too many times, advertising is one of the first areas to cut when times get lean in a slow economy. Don't do it! You must keep your name in the marketplace for three main reasons:

1. Less potential buyers are available for your service because of market conditions.
2. There's increased competition because of people losing their jobs and suddenly becoming landscapers, lawn care contractors, etc.
3. When the market does turn around, your name will still be known and recognized by potential buyers who will buy from you — and not your competitors, who cut their advertising and marketing budgets!

› **Sell your services based on the value of the service you are providing, not the actual cost to provide them.** Create perceived value for your service over the competition that is appealing to your target market. Selling on price alone normally creates a customer base of price shoppers. These are probably not the type of customers that you are looking for. Yes, they may seem to fit now, but there is generally very little loyalty from the price shopper. The next contractor that comes along at a lower price may be the one that gets you fired for no reason other than cost. Bottom line: Do not be that contractor. Offer something different and better than your competitor by selling your services on value and not cost.

The main thing to remember is "Don't Panic." Economic conditions are cyclical. Things will get better. There will be business failures, and there will be businesses that do very well. Some will say that the businesses that survive are lucky. And while I do believe in luck, I also believe that luck is where skill and preparation come together.

What will you do to be lucky? **LM**

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