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# Don't Rush the Recovery

By: Les Cunningham

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**Q: What indicators will tell you if you've hit the bottom of the downturn in your market?**

**A:** The simplest way to know when things are going from bad to good is to analyze your numbers, not anyone else's numbers.

The best way to start is for you to remember what happened as things went downhill for you. Do not do this just from memory. If you do, you may not get an accurate answer because your memory can be inaccurate. Start by following the money -- do a little research with your numbers and see what your indicators were.



To help you with this, here is a list of nine indicators that some of my clients noticed when there was a downturn in their local market. My clients tell me that they began to notice some of the indicators as they were completing the last projects in their backlog.

1. Leads began to decrease.
2. Potential job size began to decrease.
3. Close rates of leads to sales began to decrease rapidly and significantly.
4. Competitors -- some of them good companies -- began to bid below what these remodelers knew it would cost to build a project.
5. Clients began canceling projects at the design stage.
6. The remodelers had to find ways to keep their crews busy by having them clean the shop, etc. If they could not, they considered cutting hours.
7. Existing clients were taking longer than usual to pay the remodeler.
8. The remodelers had to work with subcontractors and vendors to update and change payment schedules.
9. The remodelers began evaluating staff performance to decide on potential layoffs.

So, if the above nine indicators were precursors to the downturn, then it would follow that the reversal of these nine items would indicate that you have reached the bottom of your market and you can expect things to get better.

Many remodelers I've spoken to are overly optimistic. They see a change in one indicator and automatically think that they are back on track, and they begin to return to business as usual. However, I would advise everyone to be cautious. Be conservative when it comes to re-hiring laid-off employees. Do not make any major changes in your business until you see several of the indicators change. --Les Cunningham is an international business consultant who works with hundreds of companies on an ongoing basis. He has worked as a teacher, commercial airline pilot, and owner/manager of his own remodeling business. His firm, Business Networks, specializes in helping businesses become more profitable through interaction with their industry peers. Les can be reached at 800.525.1009 x 14 or via e-mail at [les@businessnetworks.com](mailto:les@businessnetworks.com).

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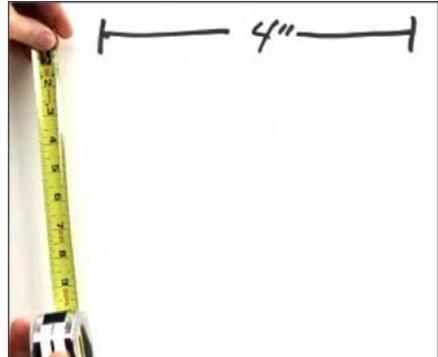
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