

What Business Are You Looking For In 2009?

by Les Cunningham

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Depending on your geographic location, your restoration business right now is somewhere between slammed and slow-to-none. If you are slammed, you have probably not been very diligent in reviewing your monthly income statement and balance sheet with your budget for the year. The irony is, I've watched companies get really busy and not follow their own established procedures. As a result, they work harder for less profit when they are busy than when they are operating at a slower pace.

The reverse is also happening on a regular basis. When business is really slow and the company is scrambling for business, they operate more efficiently and effectively. Why does this happen? What can you learn from these recurring situations?

I believe that the number of jobs a company has committed to affects the mindset of the entire company. We know we get all different types of jobs, and sometimes feel little or no control over the types of jobs we feel "forced" to take, especially when things are slow.



When we're slow, we begin to look around and see what is or is not happening in the company. Who is doing what, how fast they are doing things or how slow they are doing things, etc. We begin to notice that some things are being done that may not need to be done.

Because things are slow, we become more aware of the need to make a profit, or, rather, to not run out of money, and we begin to want the company to run more efficiently and effectively. We begin to be very aware of the efficiency level of others. One of the reasons you are the boss is that you have at one time or another performed most of the tasks needed in the company, because you were the one who built it up to where it is today. Even if you haven't done a particular task, you certainly have an opinion as to how the job should be done!

Others may begin to think you are micro-managing them. So what are you to do, when you think that you could do their job better than they're doing it themselves? One of your options is to make sure that they have guidelines to keep them working in the correct direction. Having the guidelines and not following them is a situation that can be addressed quickly (and is much better than not having guidelines and having to develop them.).

The point is, your people need to know what is expected of them. If they are unsure, they will design their own guidelines, which may not be good for the company. All members of any company need to know their guidelines and expectations, and then perform as effectively and efficiently as possible. Once you have this happening in the company, you need to make sure that there is enough work coming in to justify the number of people you have working. A lot of companies like large jobs because it helps them justify their employee base. That's fine, as long as it is being determined that people are doing their job correctly.

The job must be completed in the designated time frame. The time frame comes from one of two situations. The first occurs when the job is estimated. This gives all work a budget that, if followed, will yield the results of what was bid.

The second situation comes from doing a job without a budget. This is more difficult to accomplish correctly, due to the idea that the correct amount of effort to do the job resides in each individual's mind. For example, take a water job that needs to be dry in three days. It may or may not be dry in three days, but some people would tell you that it should be dry in three days and that they are only going to pay you for three days (in slow times, others also have more time to look and think about things, cutting costs being among them.)



That being said, something quite different occurs when your company ends up being in the middle of a local catastrophe. You start getting calls from everywhere and everybody. They are asking you to go far and wide, maybe to do jobs you don't normally do, maybe even to just take a look at a job and then give them some idea of what it will cost. If you do not have specific guidelines in place as to what should be done in this situation, you will find your people responding in ways that may not be good for the company.

As a result of all of these things going on, you realize that you only have a certain amount of capacity, and you begin to get more selective about jobs you will accept. For example, if you get a call to remediate a basement flood and you do basement flood work, you might set up some rules, such as:

1. You require that on every basement job you go out on has to pay you a \$1,000 upfront deposit, unless their insurance company says that they are covered and that the insurance company will pay you for their policyholder's flood work. I would suggest that you know the insurance companies you are working with, so you are sure you are going to get paid. You might also be very aware of your state's lien laws and avail yourself of them when and if needed.
2. You decide what geographic area you are going to work in and stick to it.
3. You tell the policyholder how you will work for them in this catastrophe.
4. You tell the insurance company how you will work for them in this catastrophe.
5. If anyone doesn't want to work by your rules, you pass them by for others that will.



That seems to beg the question, "Why aren't you more selective of jobs in normal times?"

As you are asked to do more jobs than you think you can handle, you begin to think about what you can do to continue taking on additional work. You begin to realize that you may run out of people and equipment. You also begin to realize that some jobs pay more and better than others.

Compare your company's capacity to the idea of a certain pipe size. The pipe is capable of only allowing a certain amount of flow at a given time. The reality of any company is that it can only handle a finite amount of work flow at any one time.

Let's say your company system has a diameter of 30 inches. This means that any job that has a diameter of 30 inches or less will "fit" in your system. If you try to accept a job with a diameter of more than 30 inches, it will not fit, it will block your job flow and it will slow down your company.

The idea is that if you know what jobs “fit” your company’s capabilities, you will be able to get the maximum efficiency out of your operations for a maximum return.

Let me add a second thought to this premise. If you could know what jobs you reap the most profit from, you might conclude that you should fill your company system with only those types of jobs. You could then begin to plan what would be the most effective outcome for your company.

Here’s another thought. If you knew what jobs made you the most money, you could then decide what jobs you wanted your marketing/business development people to devote their time to. Heck, you might even fill your company pipeline with the correct type and amount of work, operate at maximum efficiency and capacity without those problematic fits and start, and actually avoid slow times altogether.

Here’s to planning for and achieving a profitable year!

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