

A Proactive Approach to managing your company.

The our national economy is in distress, the real estate market has radically changed, major banks have become insolvent, cash and lending is not readily available and it appears as though we are about to enter a prolonged recession. This scenario sounds rather bleak, so what is the best way for a restoration contractor to respond?

The first thing to consider is that many economic challenges are self-fulfilling prophecies. In the August edition of Trends Magazine I read about America's psychological recession. The premise of the article was that employees are feeling the stress of job insecurity and economic stress based on the news or perceptions. They go on to state that nearly three quarters of all employees are not actively engaged in their job and do not have a commitment to their current employer. One half of all workers had a desire to change jobs.

Before we discuss your leadership role in the company, it is important to discuss the business realities. It is true that competition may be increasing, banks are tighter with their funds, houses have less equity than last year and uncertainty abounds. As the owner or manager of your company, you need to chart a course that will help you be successful during these times. This effective strategy involves strategic marketing, cash management, fiscal responsibility, and solid business practices. Let's discuss each of these prior to covering the soft side of management.

Creating a marketing plan is one of the basic responsibilities in managing a business. Many times companies choose to cut back on marketing during uncertain times. It is better to maintain marketing but focus your efforts. There are several things to consider in putting together your marketing plan. First is that your plan should be built around accomplishing goals. Second, marketing is not the job of the marketing department rather it is the responsibility of the entire company, especially the entire management team. Finally marketing is an all the time activity, not just when you are slow.

If you do not currently have a line of credit with your bank, there is good and bad news. The bad news is that you are not likely to get a loan unless you are exceptionally financially sound. The good news is that you are not going to get a loan and will need to be a good steward of the cash in your company. This situation should lead to sound practices and good cash planning. In the restoration business, typically bills are paid quicker than checks are cashed. This requires that the restorer manage cash and develop sound business practices. I have worked in companies that have cash reserves and banking relationships and they are more relaxed on collection policies and payment terms. Companies without this have to struggle every week with collections. It is difficult to operate on a cash positive basis in restoration, but in many ways your company will be stronger due to the discipline that you need to follow. In the event that you have strong cash flow it is important to develop sound practices and not get complacent about your collections.

There is nothing like a bit of financial crisis to require a business owner to think about fiscal responsibility. I like to listen to Dave Ramsey on the radio and really have come to like and appreciate his message. He talks about being debt free and living within your means. One root cause of our current financial situation is that too many people are spending more than they are making. When things are going well this is not as important as when times slow. Take this opportunity to assess your overhead and establish and stick to a budget. This strategy is effective in good and bad times.

I spoke with Pete Cosigli the other day about how the current business environment was affecting restoration contractors. I agreed with his assessment that there is an entire generation of restorers that has never experienced home foreclosures, tight lending practices and growing competition. His assessment was that companies have to return to solid business practices. These items include checking title reports and payment updates on mortgages, having sound collection policies, creating an sticking to a budget and implementing a sound marketing plan. All of these items are basic business practices that are necessary especially in the current economy.

Take this opportunity to tune up your business so that when we return to the good 'ol days of plentiful work, ample cash and a focused workforce you have an improved and effective business. After that major digression I would like to return to the topic of this article. As the leader of your company, you have an awesome responsibility to obtain discretionary effort from your employees. The items discussed above are all about the hard side of management. Now let's discuss the soft side of management and your role as a leader.

When you are seeking discretionary effort from your employees, it is important to provide discretionary recognition. The basis for the soft side of management is your company culture. Company culture can be an elusive concept yet it exists in every company whether you are aware of it or not. I think that Steve Toburen defined it best when he said that company culture is - just the way we do things around here. I like to define company culture as the way that your company "feels." When you spend any amount of time in and around an organization you get a feeling that is apparent in the energy or lack of energy in an office - I guess that some might call it an aura.

The basis for company culture is communication. Communication is an elusive concept and way of doing things that deserves an article of its own. I will offer a brief introduction though to say that communication is rarely about what you say, it is more about how you say what you say, and what you do not say. If you understand this concept you can start to define and direct your company culture.

I saw a division coordinator cry at the last company meeting I attended. If you heard this about one of your company meetings would that be a good thing or bad? If you have the right company culture and you hear that employees are crying at company meetings, it should make you excited. If you have a negative culture it would scare you to hear of emotions being expressed at the meeting. This person was being singled out in front of

her peers for stepping up and performing exceptionally during a very busy time. It was done with professionalism and class. I am certain that she is giving discretionary effort every day due to this recognition and the company culture that created this recognition.

Company meetings are a great way to express and develop culture. Some might look at staff meetings as a very expensive waste of time. I stood in a room of 125 very excited team members as they heard about victories, stories of legendary service, the company's commitment to safety, staff social gatherings, employee rewards and awards. I found this meeting to be an exceptional use of company resources. Watch how the employees hold their heads high when they walk out of the room. Company meetings are essential if you have ten employees and they are essential if you have 100. Employees want to feel belonging and they want to belong to something bigger than their own position.

Recognizing exceptional performance, celebrating accomplishment, communicating vision, having standards of excellence, upward mobility, staff training and having effective corporate communication are all essential elements of creating a strong company culture. If I were to walk into your company how would it "feel"? Is your culture driven by sales, service, quality, excellence, or negative reactive influences?

Please use the thoughts in this article to challenge yourself and your management team to create a strong corporate culture and be in control of the process. Keep in mind that your culture exists even if you do not make a conscious decision - take a proactive approach to your company culture. When you understand this element of your company you have the key to excelling no matter the current economic cycle. Know that your employees may feel general uneasiness about the economy or their lives at home. Make your company a sanctuary where they can escape daily crisis and contribute to your company mission and vision. Know that as the leader it is your job and obligation to manage company culture. Be a leader that gives your employees hope and confidence, it will pay off no matter what is happening in the outside world.