

14 Ways to Recession Proof Your Remodeling Business

Whether or not the country is in a recession has not yet been officially determined. But it is true that oil and food prices have been skyrocketing, the mortgage crisis has made its way throughout the country, and housing values have consistently been decreasing.

The nonstop gloomy economic forecasts tend to put people into a panic. Consumers have slowed their spending. And small businesses are feeling the pinch.

But there are steps that any remodeling business owner can take to recession-proof a business.

Increase marketing. You will need to reach more prospects since some consumers will be out of the market for awhile as they wait out the downturn.

Every marketing effort should be geared to bringing in qualified prospects for your business. Don't try to "get your name out there." The goal is to get an interested person's name and contact information as well as permission to contact them regarding a product or service that your company can provide.

Analyze every item of overhead in your business and cut expenses where possible without affecting the overall integrity and value your company gives to its clients.

Move as many expenses to variable costs rather than fixed costs. Variable expenses will correspond to your level of sales. Fixed costs, on the other hand, will always be there whether you have sales or not.

Review your budget and financial statements closely and on a monthly basis. If you notice slippage in sales, you must adjust your expenses right away.

Don't lower your prices or your mark-up without cutting your costs.

Resist the urge to purchase or lease any assets that you don't absolutely need to run your business and that are not in your budget. Those "good

deals” are not good for your bottom line if you don’t have the money set aside.

If you find that you must lay off employees, choose to lay off the marginal performers first.

Don’t replace any employees at this time. Consider using subcontractors or outsourcing firms to fill any employee positions that must be filled.

Communicate with your employees and subcontractors to let them know that you are taking a proactive stance. Remember that they hear the gloomy economic forecasts and may be nervous about their continued position with your company.

Consider adding new market niches to your products and services. Look for niches that are popular in your market area. You may want to add home maintenance services if you do not already provide them.

Review Job Costs on a weekly basis to be sure they are not going over estimates. If you see any slippage, immediately determine the reason and make any changes you can to fix the problem.

Review all of your job and office processes. Write down every process and make any changes to strengthen and improve your company.

Remain positive. Remember that this is a business cycle and it will pass. Be ready for the upswing in the economy.