



The Big Picture

Maximize Opportunities in a Slowdown

Think opportunity,
not obstacle!

by Kirk Grundahl

Clearly we have had the housing economy hit the proverbial brick wall in many of the robust markets in the U.S. In some cases demand has dropped by 40 to 50 percent and layoffs have begun. There are a variety of reasons for this, but I believe that the two primary reasons are the congressional immigration fiasco (given that immigrants—legal and illegal—account for 200,000 to 250,000 housing starts) and housing speculation often called “flipping.” Economist Stan Duobinis stated at BCMC 2006 that this is a housing correction that should take us back to a trend rate of about 1.7 million annual housing starts.

While not all regions of the country will experience this slowdown in the same way, all indications seem to say that it will proceed rapidly and does present each of our businesses with opportunities for change. Often, forced change is the only way change is going to take place. Here are a few concepts I encourage you to consider over the next few months.

Explore New Markets

I am sure you have found yourself wishing you just had the time to explore a few new markets that have looked like they are available to exploit. Now might be the time to say “I really need to get back to that.” This may be the time to:

- Meet with your sales and technical staff to gather all the feedback you can on the changes taking place in your local market and the opportunities for expanding your business.
- Develop a short-term and long-term marketing plan with key activity benchmarks to use as assessment tools in the future. This may be as simple as specifically talking to all the remaining stick framers in your market to see if they are interested in building with less labor using component technology or have other needs you can meet. Then document their specific comments to use in your plan development.
- Consider the services your customers would like you to provide that you just have not gotten to. This might include creating framing packages that make the installation process easier, pre-cut floor packages, wall panels, pre-drilled wall panels, pre-wired wall panels, doors and millwork, stairs, or installed sales.

Redefine Your Business Strategy

Are there opportunities that your market is presenting that you have previously thought did not fit well with your business strategy? If so, exploring these opportunities may have value. Ask yourself what closely aligned business would generate increased sales, is a natural addition to your product mix, and if done well would also grow sales of existing product lines. The key is to define a focus and then stay focused on developing these opportunities to see if they can become a real part of your business’ value proposition. Here are some suggestions:

- Survey your current and potential customers to find out how they feel about your company in general, what services they currently like, what they do not like, and what they would like to see you do that you are not now doing.
- Build your brand in your local market. Make sure your customers know your company by the brand that you have created. If you do not have a strong brand,

Remember this age-old cliché: “If you always do what you you’ve always done, then you’ll always get what you’ve always gotten.”

add this to your marketing plan as an item to focus on. When someone hears your name, what is the first thought that comes to their mind?

You might be asking how to start building your brand. Obviously your salespeople are the first exposure to your brand that your customers and potential customers get. You might start attending customer trade association meetings and local trade shows. Anywhere your customers gather is a good place to expose them to your brand. The same holds true for important marketplace influencers like specifiers and building officials.

Also, consider hosting a WTCA chapter plant tour program to get your name in front of your customers and market influencers in a mutually beneficial manner. There is no better place to learn about the issues facing your market and how you can be a bigger part of the solution.

Explore Cooperative Marketing

Partner with your supplier on the development of your strategic marketing plan. The more successful you are in creating your brand and developing your market, the more successful your supplier will be. Co-branding and cooperative market development is certainly a possibility. Your supplier may have several ideas about the direction they see the market going and products they would like help developing markets for. The goal should be to create an opportunity for you to become more unique in your market.

Determine Where You Can Add Value

How about the areas of your business that you can add more value? What do your customers desire that you can offer that your competitor can’t? Remember this age-old cliché: “If you always do what you you’ve always done, then you’ll always get what you’ve always gotten.”

For instance, are you willing to diversify into areas that are currently foreign territory like providing home design or professional architectural and engineering building design services? As Al Schuler states in this issue’s **Economic Environment**, “Success strategies for high-wage countries include developing a competitive workforce through investment in education at all levels, encouraging innovation throughout the supply chain...and responding more fully to

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the special product and service needs of core customers.”

Use Common Sense

Consider the common sense concept that tells us that the best economic structural framing solution is created when the building design, component manufacturing and framing are all performed by the same firm. Why is this the case?

- The building design is done once. By doing the component design at the same time, all the loads can flow through the building optimally.
- If the component designers cannot make the building design work, the building designer will be the first to know and it will get corrected quickly.
- If the framers cannot make the components work the component designer will be the first to know and it will get corrected quickly.
- Once all parties are communicating effectively and efficiently, this by definition will result in the optimal economic framing solution and many less field/call back problems.
- One may even want to consider installing the concrete as most of the problems with using components begin with a poor foundation installation.

Evaluate Cost Structure

This is also a great time to take a look at your entire cost structure.

- Do you know all your costs precisely? Review all your cost line items and determine what savings potential you have with each.
- Review how you process the work flow through your organization. Is there a way to streamline the work and save time?

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at a glance

- ☐ Take the opportunity to explore a few new markets that have looked like they are available to exploit.
- ☐ Look for closely aligned businesses that would generate increased sales and might be a natural addition to your product mix.
- ☐ The planning and branding you set in place today will have a significant impact on your business in the future.

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- Can you cross-train in certain task environments to get a full eight hours of work from every staff member?
- Are your truss technicians creating trusses that are the most cost effective for you and your customers? What may be most cost effective for you may not be the most cost effective for your customers.
- Have you documented key procedures? Now is a perfect time to get some of these pesky—but entirely necessary—housekeeping items accomplished.

Evaluate Internal Processes

Take a look at your entire sales, design, manufacturing and delivery process.

- Is the process as efficient as you would like? Why not?
- Are there easy changes to make that would improve material flow? What are they?
- Have you documented all the sales, design, manufacturing, and delivery procedures? This is a really good way to also create training that is unique to your operations.
- Can you reduce the number inventory items based on 2006 YTD design information?
- Is the design department interacting well with manufacturing? Is sales interacting well with design and manufacturing? How is administration doing in all these interactions? What improvements can be made?
- What is the accounts receivable situation?
- What is your gross margin on a project basis? What are your most profitable jobs? Why?
- What information processing can be computerized that is not currently paperless?
- Are there any backcharges that should be scrutinized and actions taken?
- Are your drivers efficiently finding job locations, making the delivery and coming back to get another load? Would GPS tracking be a helpful tool and a sound investment?

With the advent of the 24-hour, largely negative news cycle, it is really easy to be brought down to their level about the economy and the effect that it will have on your business. Conversely, it is also easy to break out of that mindset and look at all the opportunities that exist because a downturn forces you to think about more than order processing and how to meet the next order delivery. It is really all about attitude, passion and vision about the future. The planning and branding you set in place today will have a significant impact on your business over the next five to ten years. I hope that a few of the foregoing concepts have been an encouragement as you to forge ahead to even greater success in the forthcoming years. **SBC**

Kirk Grundahl is WTCA's Executive Director. If you have questions or comments regarding the issues discussed in this new column email kgrundahl@sbcmag.info.

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