



# Feeling the Pinch?

by Beth Borrego

**T**here are plenty of stories in the press these days about inflation; stories about the housing market; and stories about how small businesses and consumers alike are managing during this time. Resourceful contractors are looking at other opportunities for making money by adding services to their repertoire to keep their customers from spending their money elsewhere. Many construction companies have begun to shift to other markets just to keep their employees on the clock. This seems to be what many professional cleaning contractors are doing as well, and with good reason.

According to the Commerce Department, residential construction spending fell in April for the 26th month in a row. Of course, when construction stops it affects local businesses, grocery stores, restaurants, and the area economy. In September of 2005, construction permits for 2.3 million homes were pulled, which is about one million more than in April of 2008. Some states, such as California, Florida, Arizona, and Nevada are highly dependent on the housing sector and are part of the eleven states that have already fallen into recession according to Moody's Economy.com ([www.economy.com/default.asp](http://www.economy.com/default.asp)).

"The guy that has been repairing my car for fifteen years is thinking about shutting the doors. He's slow because people are not driving and they are not fixing everything. He's lost half his revenue since last year and wonders why he is still keeping the doors open," explains Ron Musgraves of Pro Power Wash, Phoenix, AZ. "A local pizzeria I loved closed in the middle of the night. Even though our numbers may be up, if it keeps on this downward pace, things will break." Ron also believes, "Even saving right now is no good because the dollar is declining. You might save money now for it to only have half the value in the next year. Invest your money in future things. Even if you don't have much, don't leave it sitting in a savings or money

market account. The dollar will continue to decline as long as we keep having the fuel problem; the rest of the world is just as worried about it." Struggling mom and pop businesses are a good indicator that a particular area may be affected.

In Newnan, GA, Doug Dahlke is the owner of Square One Enterprises. Doug says, "Residential [business] is really slow. I am working on getting more commercial work." On the other side of that coin, Micah Kommers, owner of Professional Window Washing & Pressure Washing out of South Carolina says, "I have been targeting different areas of the pressure washing and window cleaning business. Commercial has gone way downhill over the past year, most larger commercial jobs just don't have the budget like they used to." Chris Tucker, owner of Apple Roof Cleaning in Tampa, FL, adds, "Fortunately, we have an awful lot of repeat customers. If we had to rely only on our advertising, we would be in trouble."

Kory Finley, the owner of K&J Pressure Cleaning LLC, in Tampa, FL, has a pretty good idea of why his sales have dropped. He states, "I am seeing a lot more tradesmen doing roof cleaning, power washing, and paver sealing in this area. They are also killing the prices. A potential customer called me asking me why my quote to clean, seal, and sand 700 square feet of pavers came to nearly \$600. He has received three other quotes for \$200 to \$250. I explained to him the process and that my cost of materials alone was that amount. I have not heard back from him yet. I have seen guys advertising \$.34 a square foot. I didn't actually think they did it for that." In South Carolina, Jeff LeCours, owner of JL Pressure Washing has felt it, too. "I have lost several bids lately. I have even lost a few properties that I have done more than once, losing them to lower bidders. I am still having a very good year, but

I can see what's going on and I am concerned," Jeff explains.

Stories like these are common these days, and it's affecting lots of service companies. Steve Button is the owner of CleanFast USA in Celebration, FL. He shares, "I also run a swimming pool service company. How many accounts have I lost in the last six months?"

If you are doing well, it would be good to have a backup plan and to keep a close eye on things like your response rate from ads and how far out you are booked. The best plan is the one you have in place that you don't have to act upon.

Forty-five! It wasn't due to poor service or overpricing. Forty of the accounts belonged to a management company who decided to take services in-house to reduce their costs and five private accounts, again, who were very happy with their service, had to cut their household expenses."

But not all areas of the United States are feeling the same impact. Rick Petry, owner of Windsor Woodcare in Plainsboro, NJ, offers us a ray of much needed sunshine, sharing a more positive note "It is very strange. With all the doom and gloom, recession, record fuel prices, falling real estate values, and high foreclosure rates, our little business could not be doing better. We are now solidly booked out seven weeks, and it appears that even August will be a strong month." And that is exactly the kind of report we are eager to see become more widespread. No one likes bad news, and no one wants to see their business suffer. If you are doing well, it would be good to have a backup plan and to keep a close eye on things like your response rate from ads and how far out you are booked. The best plan is the one you have in place that you don't have to act upon. *CT*