



Surviving 2008:

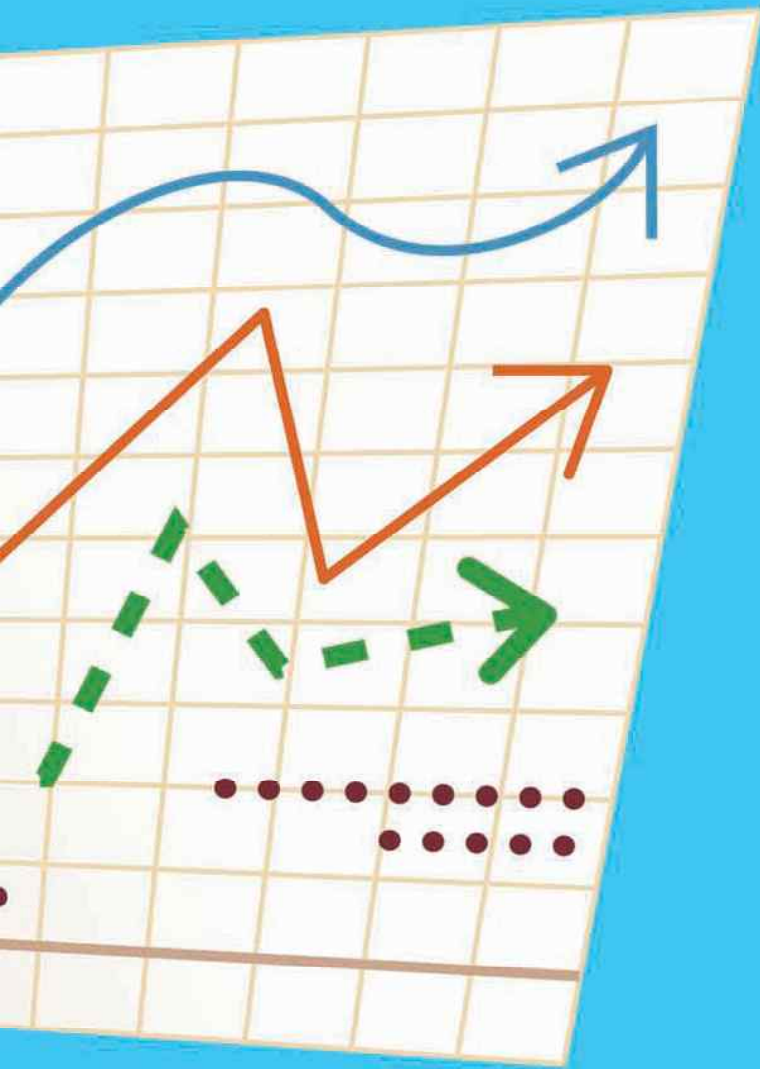
by Aaron
"Cujo" Cooley

An Honest Look at the Life of Your Business This Year

Starting out, it is important to look at some definitive truths. The year 2008 will go down in history as a truly incredible year. Good for some, okay for others, and for many, just hanging on will be an ultimate accomplishment. We have a Presidential race that is as unpredictable as any we have seen. Add to that a stock market that is really a wild ride, energy prices soaring ever higher, and a federal budget and deficit that reach numbers that seem to defy the human imagination. Even if you only see ten seconds of the nightly news,

you know that things aren't going well. But what does it all really mean?

The fact is we, with dead certainty, will experience some form of recession in 2008. All the right (or wrong) things are in place. In the mix are: A Presidential election, which always tightens pocketbooks of Mr. & Mrs. America; energy costs that are off the charts; a foreign war effort that regardless of your approval is draining cash at exponential proportions; a mortgage industry in crisis of epic proportions; home sales down by an all time record of nearly 30



percent; a residential construction market that has already passed far beyond a recession and entered a full-on depression; families that are being crushed by self-inflicted consumer debt; government spending that is completely out of control; rising taxes; a crippling federal deficit; and in many areas, a record setting drought.

Blame whom you will, there's plenty to go around. The politicians from both sides, though, are at the head of the line. The truth is that while the end may not be near, it sure is going to leave a scar. Those who are well prepared will be fine. Those on the edge may not make it. The last two recessions that this nation experienced lasted about 8 months each. Farther back in history, the two previous recessions went about 16 months each. Financial experts say that because the Fed has to curb inflation by increasing interest rates, and the government is essentially out of cash for short-term spending solutions, this one promises to be harder than we remember and probably at the long end of the time line.

So what does all of this mean for you, the small pressure washing business owner? It means that if you haven't already, you need to take a really hard look and truly evaluate where your business is and where it's going to be in

the coming months. An honest assessment of where you are right now, while the financial weather is still decent, will help light your path through the coming storm.

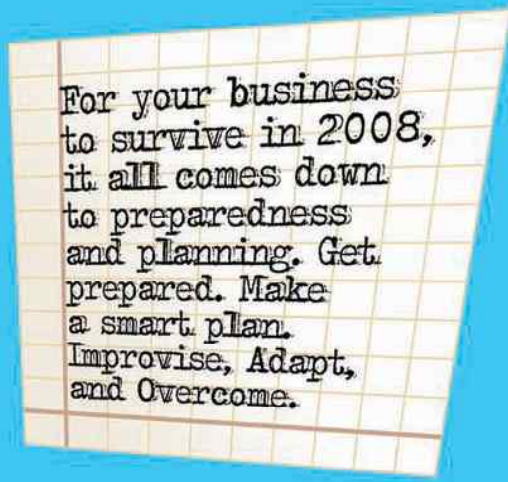
Two problems you might immediately experience as the storm intensifies are the shrinking supply of available work and a falling price point. As the work begins to fade in some markets, especially those with a glut of available service providers, the market rate will drop. This drop may be mild to extreme, based upon the number of players in a given market. In some markets, with only a very few players, things may actually go up, but more on this later.

It is normal that underfunded operators, or those with poor business acumen, will immediately and sometimes drastically drop their rates in order to keep a badly leaking boat afloat and to keep cash flow trickling in. The problem here is that business expenses aren't dropping, only the income stream. Anyone can see that this is unsustainable for any amount of time, and eventually, the company will go under and die. This does not, however, mean that you won't necessarily have to adjust your rates. It does mean, though, that you better do the math before you start slashing away. Know when to say no. If you're going to end up doing the work for free, you might as well stay home and be broke in front of the TV where it's warm and dry. A company that plans well, maintains minimal profit levels, and spends wisely, will still have work and, more importantly, will be there at the end of the day.

Now, as mentioned above, in areas that have very little competitive forces, the market may actually improve. The Law of Three dictates that for any given market, generally only three major players rise to and ultimately occupy the top slots. To be sure, other companies exist, but they occupy lower links in the food chain, and are typically small niche providers and take only small amounts of the available work. If you are in a market with few players, or if you are a highly specialized provider, then it is entirely possible that your competitors may go away entirely or become so obscure that you can rise to a market dominating position. For this to occur, you must have a crystal-clear view of your marketplace, be constantly vigilant to changing conditions, and be ready to take instant advantage of available opportunities. This means your company needs to be well funded, financially prepared, and have real world marketing and sales solutions constantly in development.

Here's an example. Everyone knows that the residential housing market is in free fall. Builders are toppling like dominoes, entire neighborhoods are going into foreclosure and real estate agents are consumed with just keeping the business alive, let alone making any real money. The reality is that it's probably like that for many service providers that rely heavily on the residential market, including you. You have two choices—bail out and get far away before you are consumed in the debris pile, or get in and provide a unique solution to a very real problem.

If you choose option one, you now must create, develop, build, launch, and successfully hit a perfect bulls-eye on a market need that may be completely new to you. And you have to do it NOW, with, in all likelihood, a



cash strapped operation. This, to even the most aggressive entrepreneur, would be a task worthy of pause.

On the other hand, there is option two. The real question then becomes "are you still marketing?" Usually the first thing that happens in a downtime is marketing and advertising budgets get chopped. This strategy could not possibly be worse for your pressure washing business. It is critically important though to spend very smart. You must carefully analyze

the marketing and/or advertising methods and the return they have delivered to see if they need to go or stay. If you have a *Yellow Page* ad that has only generated one good job over the last months (or even the

last year), it HAS to go. Doesn't matter who else is in the book. This ad just isn't generating the cash to keep it. Either rebuild the ad with the right message or dump it entirely and find somewhere else to spend the money. Don't be afraid to do this. If the plan is already losing, you have nowhere to go but up by changing.

Do some research in your market area. Your existing client base is a treasure of information. Ask them smart questions like these: What service do you think is missing from the area? What else would you buy from me if I offered it? How often would you need/want this?

After you have finished, ask yourself: Can I fill this need fast and with low investment? Who else is in the game or am I the first? What makes this unique and in demand? Do I have, or can I rapidly build an affordable marketing plan to answer this need?

Investing is a key component here. As much as the glass may look half empty, the half full view is actually pretty terrific. Lending rates are as

low as they have ever been. Short-term notes, lines of credit, and other instruments can be a real bargain if you are looking in the right place with the right people. There's an important note here though. Avoid, if at all possible, using high interest credit cards. This is the slow drowning by the anchor of financial death if you are not careful. If you have credit card debt that is out of hand, see if you can consolidate or convert into a lower rate with your bank. In any case, get down to your banker, show him or her opportunities you have discovered, and get the professional lending advice they have. At a time when most are pulling back into full defense posture, a small but well planned and properly funded move ahead might be all that you need to take a leading position in your area.

For your business to survive in 2008, it all comes down to preparedness and planning. Get prepared. Make a smart plan. Improvise, Adapt, and Overcome.

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