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Make Your Business Plan Flexible

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A good business plan allows for modifications in times of economic downturn.

The recent (and ongoing) turmoil in the markets and the uncertain economic future make it more important than ever that you keep a eye on your business plan, and make sure it will enable your company to weather whatever is ahead.

“We’re in a different kind of market than most of us have ever been in before, and the first thing most contractors have to do is plan for contingencies,” says Jim Hinshaw, owner of residential HVAC sales consultants, Sales Improvement Professionals, Inc., Ft. Collins, CO. “If things aren’t going the way you thought they would when you drew up your business plan, you must have a ‘Plan B.’ Flexibility is the key to survival.”

A residential HVAC contractor who planned on growing his business by 20% in the past year, for example, and added a technician, two installers, and office staff to handle the new volume, may find that forces beyond his or her control are leaving the company well short of the planned-for growth. That means it’s time for a contingency plan to kick in. Such a plan could take the form of working to maximize revenue from existing customers, or investing in tires and brakes to keep the current truck fleet on the road an extra year.

“When a business doesn’t grow as anticipated, or suffers an off-year in terms of revenue, it may mean that everyone has to take a second or third look at the business plan to say, ‘This isn’t working right now; where do we go from here?’” says Hinshaw. “But it doesn’t mean the plan goes out the window. If you have a good business plan, it will survive some contingencies, and you can come back to it when the situation changes.”

Hinshaw’s company, Sales Improvement Professionals (www.siptraining.com) offers, among other things, training and consulting for residential contractors, their salespeople, and their office staff. He says a common problem he sees, especially on the smaller residential company level, is that contractors often don’t know what business they’re in.

“Many contractors say they’re in the heating and air conditioning business,” Hinshaw says. “But they’re not. They’re in the service business. That means their business plan had better reflect the variety of services that customers are demanding from their HVAC contractors, such as Indoor Air Quality products, ventilation, fireplaces, and so on. If your business plan

doesn't include these things, its scope is too limited."

Other things to look at when you examine your business plan, according to Hinshaw:

- Are you getting all the revenue you can out of your existing people? "I'm a big proponent of rewarding service people with an increased hourly rate or bonuses if they go above and beyond and sell things for your company, whether it's humidifiers or smoke alarms or radon detectors," Hinshaw says.
- Test everything. Look at your business practices, from how you answer the phones to how you turn a new system over to a customer. "Always be willing to ask, 'Why not,'" Hinshaw says. "Why can't we go flat rate? Why can't we provide our technicians with wireless tablets and go to a paperless invoicing system? Why can't we sell water treatment systems or fireplaces?"
- Include infrastructure updates. Make sure your business plan includes the cost of making the upgrades necessary to sustain and grow your company in a competitive environment.
- Think short-, medium-, and long-term. "If a contractor knows where they want their company to be in five years, that will drive what they need to accomplish this year, which in turn drives what they need to accomplish in the next 90 days," Hinshaw says. "Too often in our industry, long-range planning consists of how to make payroll at the end of the month."
- Find an accountability partner. Share your business' goals with someone outside your business, such as a trusted friend in another industry, or your CPA or lawyer. Let them monitor your progress as you work toward your 90-day, one-year, and five-year goals.
- Review your plan's exit strategy. Most people don't want to keep working until the day they die. "You'd better have something in place, whether it's selling the business or turning it over to a family member or trusted employee," Hinshaw says. "And make sure the person you have in mind is on board with your plan."

Keep Employees in the Loop

Paul Hobaica, president of Hobaica Services, a \$5 million family-owned residential and commercial HVACR contracting firm in Phoenix, AZ, says it's important to keep all employees in the loop on the business plan.

Hobaica, whose company is the Air Conditioning Contractors of America's (ACCA's) 2008 *Residential Contractor of the Year*, says three times each year the company sponsors events to bring everyone together. "We make a big deal about sharing our business plan and its goals," Hobaica says. "We make sure everyone is on board, and knows where the bus is taking them."

He adds that sharing the "how" is just as important as sharing the "why."

"We have goals in every department, and plans to meet those goals, because without a way to get there the goal is useless," Hobaica says. "In service, for example, if we have a goal of X dollars, we have to determine how many employees we need on the road to reach that goal, as well as how many trucks, and how much volume we're going to need from each of those trucks."

Hobaica advises contractors to remember one key point: Take care of your people. “Ultimately, a business plan, goals, and everything else comes down to people. You can have the best business plan in the world, but without good people you won’t meet its goals.”

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