

Re-Inventing Yourself in a Down Market



Practical Steps to Help You Prepare for the Upswing BY CAROL SMITH



The spiraling housing market has many people stymied. Reactions range from disbelief to anger, from panic to resignation. Whether this is your first downturn or you have weathered several, keep breathing and use this time to get ready for the next up market.

Take Care of Your Customers

In this kind of an environment, your best allies can be the people who already bought homes from you. Traditional advertising is losing its impact, buyers are nervous, and word of mouth has become more essential than ever for convincing new customers to buy a home.

To receive a referral you must first deserve it: The veteran buyer must believe in his head that he got value for his housing dollar and he must feel in his heart that you treated him with respect. Only when both mental and emotional components come together are customers willing to risk their reputations sending you a colleague or a friend. Double check your communication systems and after move-in attentions to ensure they serve your homeowners (and your future sales) well.

Branch Out

This might be the perfect time for you to explore other types of construction or remodeling (for homeowners you know or those you've never met!), or offering a maintenance menu for existing homeowners.



Do a mass mailing to former customers inviting them to use your team for basement finish, adding a deck or a covered patio, or building that garage workshop. Such "remodeling" can keep in-house staff and valued trades working.

Busy homeowners often appreciate having someone they know and trust do normal maintenance items they simply do not have time (interest or skills) for. Carefully define services you can provide in fine style, and get paid for. This not only generates some income, it gets your name in front of folks who may have acquaintances in the market for a home.

For that matter, do a mass mailing to see if your former customers need to move up, down-size, or re-size. Alert them to new floor plans you have available, new styles, or new locations—for themselves or others they know who may be in the market for a new home. Most customers do not automatically think of referring others to you unless you prompt them in some way.

Retain Seasoned Talent

At some point in a down market you may wonder 1) where the money will come from to pay staff and 2) what work they can do to earn that pay. In a few cases, initial layoffs allow companies to gracefully let people go who were not "pulling their weight" in the first place. Even

when that is the case, eventually valued employees may be put at risk if sales continue to lag. Before making cuts that will cause problems for you when the market comes back (and it will) consider your options.

Cross training is an invaluable method to create cooperation and smooth, efficient functioning. How about an internship program where the superintendent spends a few months in estimating or purchasing? Ask a sales person whose new community has been put on hold to help out answering the phones in warranty. Ask warranty staff to assist in selection appointments. Send selections staff out to the field to work with the superintendents.

Before cutting entire jobs, check on the possibility of a general reduction in hours with a commensurate reduction in compensation; you may have staff members who would like to job share for six months or more. Many times employees appreciate having a bit more time off, especially if they understand the reasons and know that it will be temporary.

Revamp Stale Systems

If you are like most builders, you have a long list of “rainy day” projects. The rainy day is here. Put those expert minds to work updating every procedure. Step back and examine those “we’ve always done it this way” processes for updating and improvements. Where does information get bogged down? Which processes are inefficient? Who needs what information, and when?

Go through your notes from seminars, regional conferences, and national conventions. Select several of the most valuable ideas you heard about and look into implementing your company’s version of each. Your goal is to be ready to take full advantage of the next “good” market, whether that heads your way in late 08, 09, or 2010.

Update Documents (especially those customers see)

Along with revising systems, read and edit every document. “Document” in this sense includes your website. Is it user friendly, attractive, interesting, relevant, easy to navigate? Check contracts, forms, your

homeowner guide, marketing materials, handouts and flyers. Ensure mechanical correctness (customer’s notice EVERYTHING!), a professional appearance (yes, even for warranty forms!), and a friendly tone (85% of the “no’s” and “not’s” in builders’ paperwork can be edited out).

Check on Goals

Life has a strange way of knocking you off course—sometimes bit by bit so the gradual shift away from your original objectives goes unnoticed. Set aside some time to just think. Refocusing on forgotten goals can rekindle enthusiasm, assuage fear, and stimulate creativity. Did you start out wanting to offer first-time home buyers great value? Was exceptional quality and innovative design what attracted you to building? Is your passion operational efficiency, green building, or just creating unique homes? If you discover that you’ve drifted from your primary purpose, look into how you might re-invent your company.

Find Balance

Balance in this sense is defined as directing resources proportionately to your values. If you’ve been missing out on time with your kids, correct that now. Perhaps you’ve spent the last 14 years attending soccer games, school plays, and taking family vacations. Now your offspring are in college and it may be time to sign up for those business management (computer, foreign language, or accounting) courses you’ve always wanted to take. If you’ve put off exercise and good nutrition, the sooner you invest some effort in these areas the sooner you’ll realize the benefits.

These downturns have a way of feeling as if they will last forever. They don’t. Before you know it, you will be busy again, wishing you had some of these quiet days to put to good use. Set negative emotions aside—they are of little help—and use this opportunity to prepare for the next (inevitable) up market. ■



As a best-selling author and award-winning columnist, Carol Smith has impacted countless homebuilders since 1986 with her practical insights on customer service. Her newsletter, **Home Address**, is devoted exclusively to home building service issues and is available to builders and buyers alike at www.cjsmithhomeaddress.com.

