

Adapt Migrate or Die ...Part III

By George Porter

This is the third in a series of articles on a quotation from Charles Darwin. He stated that all species on the earth had three choices in life, adapt, migrate, or die. It would seem all installation businesses share the same three choices. The first article concerned “adapting” and the second dealt with “migrating”. This last in the series discusses the unpopular subject of “dying”. This would not be a conscious decision for most people or businesses. Many people die because they are sick and don’t know it before it is too late. Many diseases are quite curable if caught in time but if you don’t get regular check-ups then you might find you have something very bad and it has gone past the point of doing anything about it.

An installation company can be the same way. What if you made the same mistake many hundreds of times and then one day someone called you on it. Could you financially survive going back and fixing hundreds of homes? I know of a dealer and installation crew that over the course of a few years, put 30+ wind zone 1 homes in a county that was designated wind zone 2. Big mistake! The state made him replace all the homes with brand new wind zone 2 homes. His business died and I am sure he personally wasn’t feeling too healthy either.

Have you ever known anyone who seemed to prefer to sort of make up their own cures for their problems. I don’t know much about medicine. What I do know is that any doctor knows a lot more about healing than I ever will. I might try to “tough it out” for a while, but when it looks bad, I start looking for some expert help. Most folks, guys in particular, don’t like asking for help. It means you can’t do something and you have to find someone else who can. Most installers would rather die than ask for advice about a job from another installer. Some do die. Whenever I am giving a seminar there may be 30 to 40 people in the room who all work in the same region of the country. They may sometimes borrow each others tools and equipment but they almost never borrow each others experience. Think about it, 40 people with an average of 10 years on the job apiece is 400 years worth of installing homes! Could you possibly believe that somewhere in those 400 years of experience there is not a survivable solution to almost any problem? How many tragic accidents could we avoid if we just asked around before we started a somewhat tricky job. You know when you are a little over your head on something, adapt, ask for help. Just think how good you will make someone else feel when they help you. You should feel good too because you will have demonstrated superior intelligence and a strong will to survive.

If there was ever a reason why most businesses die it has to center around money. Most people in the installation business are not bookkeepers or accountants. Most do not have any idea how much net profit they make on each job. Either they have money left over after they pay the bills and taxes or they don’t. If too many don’ts show up they usually migrate to another job. This is an easy problem to solve, you can plainly see when you are out of money and you know something needs to be done right away. The largest money problems come from cutting costs on

materials and quality. If you leave out a few anchors and footings then you have saved yourself some time and money but maybe only for a little while. There may be some problems down the road. Keep this little phrase in mind “nobody ever went broke putting in footings too large, but lots of folks have gone broke making the footings too small”.

The financial health of your company is something you must constantly watch. Ask any successful business person how much they make on a job and you can be sure they can tell you, to the penny. I recently asked an installer how much he would have to raise his prices to double his income. He looked at me like I was nuts and told me that if he raised his prices that high he would never get another job. I asked him exactly what would the price be? Well, he didn't know for sure, but he was certain it was a lot. This is exactly why his business might die, he doesn't know how much money he makes. You should be able to project exactly how a change of 5% in the total price of a job would affect your profit. You might be surprised to find out that this little 5% could increase your personal income by 25%. And by the way, it works backwards too, but faster. Lose 5% and your profit could drop by as much as 30%. If you don't know how all this works then you better find out fast! Adapt, migrate, or die, those are all the choices we get. Choose one of the first two in time and there is no reason to wind up with number three.