

About two years ago I wrote the following article and I came across it recently while looking for something else. I read it again and it seems to apply even more now than it did in 1999. It also caused me to read the “cheese” book again because change is constant and uncomfortable. Everyone has had to change in the last year in order to cope with everything fate throws at us. Some will of course do better than others and the ones who implement good decisions first will have a large advantage over the ones who make the exact same decisions but put off acting on them till they “see what happens”. So here is this old recycled article. We have (maybe) fixed the installation with the improvement act but the rest is still with us.

What Would You Do If You Were Not Afraid?

By George Porter

One of the best selling business books in the country right now is a book called “Who Moved My Cheese?” by Spencer Johnson, M.D. It is a very short story about mice and people in a maze and how they go about solving the problem of finding the cheese. The purpose of the book is to look at change in a different light. It is quite clever and you will either enjoy it or think it is a stupid rip-off. Some folks get it and some folks don’t, and some others already knew its message. At any rate, one of the quotes from the book is the phrase “What would you do if you weren’t afraid.” It compares the simple mouse with the more complex human and what both are afraid of. The mouse is afraid of the cat and he certainly should be; but humans, in addition to real threats, are afraid of things they imagine. Basically humans should be more like mice in this respect. Mice probably never “over think” too much, so their life is simple. When a mouse’s cheese is gone or missing they immediately go find some more. When a human’s cheese is gone they wonder why it was removed and how unfair it is that they are robbed of their cheese. Humans also are usually afraid to start over and go looking for different cheese. They like it the way it was and change is very disruptive to them. Humans will try to figure out who took the cheese and how to get it back. In short, the human will spend his energy on cheese that isn’t there anymore and the mouse will use it’s energy to go find some more cheese. Guess who gets to eat cheese first?

Sometimes the simplest solution is the best. How does all this apply to the Manufactured Housing Industry? Well... We have to find simplicity somewhere in this mess we seem to be in right now. It seems to me that the burning desire in the industry is to get things back to the way they were before the slowdown. Why would we want to set it all back up so it can happen again? We, in my opinion, have to make some basic changes to our business. First of all, what is the problem? Financing? Well yes, but that is only part of the problem. Over production? Maybe, but again, only partly. How about too many retail lots for the market? Probably a small part of the problem as well. The big problem? We need more people who *want* our homes. Notice the word “want.” When people buy homes because they are cheap they may or may not really want them. It may be only a matter of economics.

For instance, if the market in your area is driven by big advertising, zero down, buy- down interest rates, free lot rent for a year, etc, then some people are buying the product because of hype and price. Their buying decision is not based on the fact that it is a good home or the long term affordability or even the personal desire to own a home of their own and have equity in housing. Not

that these hype things don't sell some homes, of course they do. The problem is when cheap is your only bullet you have no backup when you run out of that kind of ammo.

The industry needs a much firmer base for its products. When a customer has many reasons to make a major investment in anything, one or two changes in the conditions of that sale will probably not affect the basic desire of the consumer. They will simply work out a solution and continue the purchase.

Take cars for instance, Yugo was cheap, they sold lots of them at first. They were not great cars and owning one was a little embarrassing. As soon as the general economy picked up a little bit, Yugo died. The car's only value to the public was that it was cheap and as soon as most of the public could do better, they did. Yugo needed to be more than cheap to survive and so do we.

It seems we have a basic core of customers that we only seem to temporarily expand on by hype. First little bump in the road and "bingo" we are back to the core. I think we need to study the core more than the emotional hype buying and figure out how to expand it. When everyone gears up to fit the inflated wave of buyers we all suffer when the wave goes down.

Hunters are always in search of new game, they move with the food supply. Their success is completely dependant on what they can catch, no game equals no food which equals no hunters. Farmers on the other hand practice cultivation and develop a steady and more reliable food source. Really successful people do some of both! In my opinion we need more cultivation and less predation to be all we can be.

According to the National Board of Realtors several years ago, 80% of the American public could not afford to buy the average new stick built single family home. So.. if the public wants a new home where do 80% of them HAVE to go? That's right, it's us! We own by default, 80% of the public and we are only selling 24% of all new home buyers. Where do you suppose 56% of the public is going? Well, to be sure there are a certain percentage that never have any money and never will be able to buy anything, but too many simply don't want a manufactured home.

The culture in this country is that they will blow away in any kind of wind and don't hold their value like a "real" home. The National Weather Bureau tells you to take shelter if you live in a "mobile home" when any kind of severe storm is coming. USA Today showed pictures in the national weather section of how "mobile homes" blow over at 80 mph but a car stays put up to 120 mph. I guess the theory is that you are safer in the car. What the heck? A concrete culvert pipe is safer than either of them, but I wouldn't want to live in it, what's the point? Banks will not loan on a used home for as long a time as on a new home because they believe it will not physically last or that it will become obsolete and worthless sooner. All this scares buyers.

Which brings us to the title of this article, what would you do if you weren't scared? What do you think the public would do if they were not scared? In a word, they would BUY!! The barriers to this industry are not mainly a lack of financing and zoning or over production, etc. What we are lacking

the most are more interested eager customers that have confidence in our product. We seem to have a core of about 20% of the market. When times get bad we seem to always retreat to this percentage. The most we have ever been able to raise this is by 13 or 14 percent and it is usually in a spike. Something happens, money dries up, gas crunch, whatever and we are back to somewhere around 20% again. Who are these 20%? I am not positive anyone knows for sure, but I bet this 20% knows more about these homes than most average buyers. They have for the most part had good experiences with the product and like it. Testimonials from these folks have got to be our best shot at confidence building.

We must also deliver what we claim the product is, a good home! The installation manual tells you exactly what you have to do to make this happen. Grade the lot, size the footings, put them in the right places, assemble the home and tie the structure down properly. Why don't more retailers and installers in the industry do these things? **Because they are afraid it would cost too much and they would not be able to sell the home.** Why don't more home buyers demand these things when they buy a home?, Because they have no idea what benefit good installation provides and they are afraid they would be wasting their money. Why don't salesmen tell the customers why they need all these features? Because they are afraid the customer will not believe them and go buy the home somewhere that doesn't include these essentials making the home a few dollars less. Why doesn't the industry see to it that all states pass laws to insure that homes are properly installed? Because when it becomes mandatory to do so they fear it might be too much trouble, cost too much, the inspectors might be a problem; plus, there is no turning back once it becomes law.

So what would we be doing if we were not afraid? Well, I am sure we would be in a very different marketplace than we are today. If all we accomplish by not being afraid and doing the right thing is gaining the confidence and dispelling the fears of our customers, both present and future, then this industry would poise itself to control a very large and stable market share becoming the largest supplier of homes the world has ever seen.