

Survive this recession like we've survived many before
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When I moved to Oregon with my family *and* my company in 1978, I—like many others—came from California in search of something *green*. We were sick of the yellows and browns of the desert, and Salem seemed just the right place to settle, among verdant trees and friendly neighbors.

I had started working for myself a few years prior, in 1975 under my own name, Jack Johnston, Architect/Builder. Business had been good, but it's always difficult to become established in a new community. To get the word out, we started, literally, at home. In other words, we took the house we bought in Salem, tore it down to the foundation, and started rebuilding from the ground up. Our neighbors watched, and they saw our humble sign—"Another house that Jack built"—and soon enough, business started coming in.

It was the start of something good.

But at the same time, we didn't realize that we'd be hit by a big recession a few years later, in the early '80s. And then again around 2001. And again, now.

Fortunately, and unlike many other small businesses today, Golden Rule Remodeling and Architecture has been able to survive two major recessions, and we project that we'll be surviving this one, too, by practicing some basic ideas that have helped us through hard times past:

- 1. Know where your outflow is, and adjust accordingly.** For our business, that means employing a financial manager to keep an eye on our books. We've unfortunately had to make quite a few personnel changes, like many other businesses, and everyone on staff wears many hats. These sorts of changes and consolidations force our business to work closely as a team, and increase our efficiency. I've also cut back quite a bit on trips and vacations; we're back to survival mode.
- 2. Negotiate everything.** If your company has debt, negotiate your payments. Many banks and lenders will let you make interest-only payments for a period of time, and while it's not a permanent fix, this can definitely alleviate some of your financial stress, helping your business stay afloat. Negotiate pricing with anyone you can. The recession hits everyone, and now more than ever, people are willing to barter.
- 3. Be resourceful.** A recession is the perfect time to start getting creative. Because you're probably also working in straits, you've got to do more with less, and keep the quality of whatever your business offers high. For us, that's meant that everyone on our whittled-down staff (including myself) has taken a pay cut and goes beyond their job description to keep our office running smoothly. During our first recession in business, my wife started working and I took on extra gigs, even as a door-to-door salesman, to bring in extra, necessary revenue. We've even refinanced our home to help us manage our expenses. The Small Business Association (SBA) offers loans, grants and financial assistance to struggling businesses. You probably aren't receiving a

government bailout, but even though times are tough, it's important to know that resources are available, even if it's less-than-ideal.

4. **Offer your clients something valuable.** Even when our economy was stronger, consumers still wanted the best bang for their buck. But now, we're seeing that people simply don't have the money for anything besides the basics. Luxury is something people are willing to pay for when times are good, and are willing to forgo when they aren't. Your business and strategy should be competitive and worthwhile. If you're always the lowest bidder on a job, you might get the business, but how sustainable are you being? Here at Golden Rule, we realize that remodeling and home construction isn't cheap, and we don't pretend to have the lowest rates because we focus on quality in our services, products and results. We offer something valuable to homeowners because, unlike stock markets and other forms of investment, real estate almost always increases in value. Where else can you actually *enjoy* your investment immediately?
5. **When business does pick up, save.** One of the smartest—and hardest—things you can do as a business owner (and with your own personal finances) is to open a savings account and deposit to it often when your business is doing well. For many of us, when the economy looks up, we want to take vacations, eat out more and repay our debt. We don't think about saving our money. The truth is, though, it's always smart to have a padding to fall back on, to prepare for the next (God help us) recession. In the end, having a solid savings will help anybody through economic hard times.

Over the past several months, we've all had to make sacrifices, and it's never easy. I hope that these simple guidelines will help you and your business survive this recession, and plan for your business's future. Small businesses are the salt of our community...a community that I want to see thrive.