



Riding Out the Storm by Aaron Crowley

Eight time world champion bull-rider, Donny Gay, once said, “In bull riding, it isn’t a matter of *if* you get hurt. It’s a matter of *when*, and how bad.” A sobering thought. The same is true for businesses and economic downturns. It’s not a matter of if they will happen so much as it’s a matter of when, and how bad.

Some are saying that *when* is now. How bad it is going to get has yet to be seen.

If we are in fact entering a temporary decline in demand for our great product, then another Donny Gay quote is quite relevant. He once said regarding the mechanics of bull riding, “If you look at the ground, you will be there shortly.”

In other words, **if you loose focus during the storm, it is over.** For the stone fabricators who have already sailed into the storm as well as those who can see clouds forming on the horizon, this universal rule of maintaining focus demands renewed attention.

The following three practices were discussed in the July 2007 issue as “rainy day” principles. They are so important they bear repeating this month. And considering the current economic climate, they have been renamed: “Foul Weather” Principles.

Foul Weather Principle #1

Accumulate Cash: Cash is a business’ best friend. With new home sales having slowed considerably, it is likely that big home builders will have difficulty paying the bills on time. The stone shop with plenty of cash in the bank or access to it through lines of credit or loans, can continue to make payroll, make machine payments, and make the landlord happy by paying the rent, even if their biggest customers are slow in cutting the checks.

Foul Weather Principle #2

Understand Costs: In business, there are two kinds of costs; variable costs like labor, and fixed costs like machine payments. They must be understood to be controlled. In the event that orders decrease suddenly, knowing what labor costs should be as a percentage of sales, is absolutely crucial for making the difficult but necessary decision to lay people off in time for it to make a difference. The only real control one can exercise over fixed costs, is keeping them from increasing.

Foul Weather Principle #3

Identify Customers: Within every local market, there exists a wide variety of customers wanting granite counters. Demand in one segment may dry up completely, forcing fabricators to serve customers with whom they aren’t very familiar. The stone shop that is in tune with the needs of each type of customer

in his market will benefit from any subtle changes in the economy long before his competitors realize what is happening.

The bull rider who maintains absolute focus, will survive the eight seconds and maybe even win the rodeo. And the business owner who focuses on these fundamental foul weather principles will sail out of the storm and into the sunshine and immeasurable opportunity!