

[09/30/2020]

HARD-WON HINDSIGHT

"Too Soon Old, Too Late Smart" (Gordon Livingston)

We can't usually predict which childhood memories will stick with us the rest of our lives, but sometimes they're gems of wisdom. Like the Pennsylvania Dutch proverb imprinted on our grandmother's napkin placeholder that read "We get too soon old, und too late schmart." Or the oft-quoted Scottish parental exhortation, "Mony a mickle maks a muckle."

Our elders would be proud of us for elaborating on how helpful it is to revisit some of these principles during the workweek. In descending order of importance:

1. Business is business - don't take it personally.

When you "own" your work and take pride in it, it can be a challenge to separate the work from your personal reputation. In this profession, crew and management alike often work all night to complete a job. Then the client's feedback might sound something like this: "Fantastic! Now could you move that 400lb display 6 inches to the left? And while you're at it, can you make that red light redder?" Or there's always the possibility of the dreaded last-minute budget cut a week before a major project is scheduled to move forward.

Adaptability is tough, and our first response is sometimes more emotional than is necessarily helpful. We're all human, and that means we tend to personalize things that aren't personal. All of the client requests above were the results of a higher calling – making room for future signage, corporate changing their color palette, and good ol' COVID-19. Nobody can control these events, and it makes no sense to see them as personal failures.

In general, DO:

- Invest in So Cal real estate
- Hire good HR and legal help
- Pay attention to details

If you can help it, DON'T:

- Take client decisions personally
- Bring up religion or politics
- Sell yourself short



WHAT'S THE GIST

We're all trying our best, and some of us are in a hurry, so here are the main salient points of this article:

- Don't take client decisions personally
- Don't discuss The Forbidden Topics at work
- Invest in industrial real estate if you live and work in So Cal
- Every contract is sacred
- Value and cost should be considered independently
- Don't lose sight of the details
- Managing employees is hard
- Executive work is lonely
- Practice that elevator pitch
- Bigger risks may net you bigger rewards

2. Religion and politics are best left outside of work.

Merely typing these words feels risky, but in the interest of intelligent discourse, we're banking on our audience setting aside any offense they might otherwise have taken. Religion and politics have been the catalyst for wars, conflicts, and strife of all flavors throughout history. Needless to say, it's better to steer far clear of them as conversational topics in the workplace (and arguably at Thanksgiving dinner, though that's also a point of contention).

We all remember the cringe-inducing words of our youth, bridges burnt and opportunities not taken. If we alienate our coworkers or employers by bringing up our personal beliefs, we risk generating a hostile work environment for ourselves and others. Much better to smile and nod politely when someone starts railing against politicians or policies. Just back away slowly, hide in the bushes if you must, and leave those debates to the hobbyists.

3. Southern CA industrial real estate is a wise investment.

The market out here is amazingly resilient, and property is a stable and proven asset. We purchased our building in 2008, right before the recession hit. The building's value dropped nearly 35% over the next two years, but it's where (almost) all the magic happens, so we kept our heads down and just kept coming to work. Now, even the pandemic, the value has rebounded well past that 2008 purchase price. Of course, it would have been nice if we'd had a better sense of timing and access to an ancient Greek oracle or some mystic runes or something. Then we would have jumped into a building long before we did. But as we grow, it's obvious a larger location will serve the business even better, and continue to be a solid long-term investment.

4. Employment contracts are just as important as the ones you sign with clients.

Whether you lack a complete understanding of an employee's personal life, or California's employment law changes for the fourth time in a week, your neck is always on the chopping block - and if the client isn't sharpening the axe, the employee might be. Having a noteworthy employment attorney and HR consultant on retainer has really simplified some of the hiring, firing and promoting processes for us. On top of which, these professionals have blunted or outright snatched the metaphorical axe away from the executioner on many occasions.



Photos by <u>Sebastian Herrmann</u> and <u>Sean Pollock</u> on <u>Unsplash</u>

Consider value above cost.

Cost of goods is extremely important, but don't let your costs blind you to the value of the service you provide. If your margins are too thin, you're going to find sustainability difficult. If your marketing angle is low cost, how are you going to attract top talent? If you are consistently the lowest bidder, how can you provide consistently better service than other vendors? Remaining competitive is key, but that doesn't always have to tie in with cost. One of our own unique selling points is that we have professionalized trade work more traditionally associated with blue-collar labor. We take the time to stand back and look at the big picture for the client, taking into account their overarching goals to recommend the appropriate services and products for their needs. We include before and after photos of our work to keep the client apprised of how we treat their property, and take notes on the details that might yield more work, either for us or for a trusted partner to which we can refer.

The collaborative approach seems to yield more long-term work, and it's not always about the cost. Sometimes the client just wants a vendor who will truly take ownership of a job, and they expect to compensate that vendor accordingly.

6. Everything matters.

Speaking of details – they *always* matter. If your focus is too narrow, you will end up with an infinite punch list of tasks that will stave off a job's completion and hold back an invoice. Your hours of operation and hours for doing the work may vary greatly. If you don't iron this out during your sales pitch, a job could cost you a lot more than you quoted for.

7. Employee management will be the biggest daily challenge.

Scheduling, state-mandated sick days, covering for vacations, payroll discrepancies, and endless questions on medical benefits and retirement accounts are just part of the gig. Managing employees is an acquired skill, and it's not acquired easily.

Hire employees that best complement your management weaknesses. Low on listening skills? Hire a sponge. Lacking patience? Hire a saint. Do you suck at Minesweeper? Hire a strategist (or increase the size of the grid and click randomly while crossing your fingers).

8. It's lonely at the top.

Terminations, layoffs, canceled contracts and pandemics require a great deal of emotional resilience. We can be paralyzed by the sheer weight of everything going simultaneously wrong, but quitting or moping are not viable options for executive management.



Photo by Matteo Catanese on Unsplash



Photo by Trae Gould on Unsplash

Why? Because the captain of the ship has to keep it afloat, or else *everyone* ends up in the sea. The cabin boy never wants to swab the deck, and he might hate the captain for making him do it, but an unswabbed deck is a trip hazard, and a sailor injured by a fall is no help when the galley is filling up with water.

When the right team is faced with a formidable challenge, there's nothing like the elation that comes with success. In those cases, the job is its own reward. Although treasure buried on a desert island is a nice bonus.

9. Every single transaction requires an elevator pitch.

- What makes you unique?
- Why should we deal with you?

If you hesitate, stutter, or even have to think about the answer, you need to do some serious introspection. These two questions don't have a single correct answer. In fact, the answer might be different depending on the client you're addressing.

This is business; sure, you have to be pleasant to deal with, but you also have to sell yourself and your work. Your existing clients already know why they choose to deal with you. It might be interesting to compare their answer with your own.

10. Be prepared to risk it all – even your home.

If you are passionate about your business, you will have to be willing to take risks to make it successful. If you're asking an investor for capital, a client for a large deposit, or for a CEO's signature on a huge contract, remember that each of these requests being granted is a vote of confidence in you. If you have to go to the ends of the earth to perform to your client's standards, then buckle up and bring snacks, because you're going to be driving for quite a while.

Jeff "JR" Rovinsky, President of Exterior Products, once used a home equity loan to make payroll. He actually put up the title of his home to show that he was serious about a large contract being considered. His philosophy could accurately be described as "adventurous optimism":

"Things will work out because they have to. You'll get a few cuts and bruises on the way, but they won't kill you. If you're willing to risk it all, then it's my opinion that you will perform at a level you could never have imagined."