

# Survival mode will keep builders from thriving

In the last few years, small and medium-sized builders have been hit hard by the recession and an ailing real estate market. It's caused many to reduce marketing, staff and overhead in order to survive.

A majority of these builders have slashed prices to reduce inventory, and taken a duck-and-cover approach to management. While this seems intuitive, it's not a strategic approach for long-term viability. Savvy builders should do the opposite, and invest time, money and resources in their company to ultimately thrive in the post-recession economy.

If a company can hone systems that work today, it will enjoy strong profits in the future. Going to survival mode will prevent a company from making key changes that would help it succeed in the long run.

Builders should constantly evaluate their company and make bold decisions that help improve their position now — and for when the market bounces back. Now, more than ever, is the time to aggressively improve business operations. A lack of excess funds will sharpen decision making and focus owners' attentions. This can benefit builders in the long term.

Suggestions on how to remain competitive in this tough market:

- **Invest in people** — Hire and assemble the best possible team. Good employees will be a long-term asset to the company and are the best bet for a strong financial future. Because of the slow economy, there's a large pool of



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talented people out there who urgently need jobs. Many are experienced professionals who can improve your company and bring a fresh perspective to the business. Once you have the right people in place, invest in continuous training, coaching and education to best unlock their potential.

- **Invest in building and marketing your brand** — Although authorizing expenditures now may seem counter-intuitive, there's no better time than a slow economy to focus on marketing. Instead of cutting back on spending, commit to investing more in your company's image and ensure that you're finding new ways to reach your buyer through creative campaigns.

If you don't have a strong brand, develop one by retaining a branding and/or marketing firm, and promote it to your target buyers. Many such firms are struggling for business now and will offer great rates. Also, hiring a public relations firm is a smart and affordable way to increase brand awareness and credibility. Nothing is as effective in building your reputation as a third-party account of your activities and achievements.

- **Invest in product design** — Make certain you're creating and producing the best possible product to beat your competition. Examine your designs,

then innovate and update your plans accordingly. To ensure you're on the right track, conduct market research to make sure you're building what your target buyers want to own.

Use this information to incorporate thoughtful changes that improve your product offering. And more than ever, it's imperative to incorporate sustainable and efficient technologies that make homes more livable, green and energy-efficient. This is becoming increasingly important to the consumer, and only those builders who meet these market demands will see growth.

- **Investigate all financing options** — Financing has been a significant struggle for every builder, so it's important to explore a wide range of alternatives. With the credit crunch slowing borrowing, industry professionals need to think creatively.

There are ways to get deals done in this market. It requires having a handle on your costs and being able to deliver a complete financing package on short notice.

Although expensive, there are many sources of private financing in the market, with many of them struggling to put all the money to work that they set aside for investing. If you can demonstrate that you're organized and capable of execution, you may be surprised by the availability of money.

In the past two years, it's been necessary to implement changes to ensure a successful future and to meet the ever-changing demands of the real estate market.

Many people think doubling their marketing budget and rebranding the entire company is a reckless approach during such tough times, but companies that heed this advice will be

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ready for the market rebound. Taking such actions as internalizing the sales department, adding key personnel, pursuing quality land for purchasing, and developing new home plans and concepts has made all the difference for several small and medium-sized builders already.

What's the point of surviving the downturn if you're not prepared to thrive in the post-recession economy? The lessons you can learn today will become the foundation for robust business.

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