

*There are things that can be done to cut down on costs without actually cutting sales during tough economic situations.*

*The main thing to avoid is cutting areas that add to income, such as your sales staff (who are selling), advertising (that is working) and inventory (that is turning). Let's take a look at some areas in which you can save that will not shrink the sales you need to be profitable.*

**1 Do Not Cut Sales Staff**

If you have salespeople who are successfully selling, do not cut them. If you need sales staff, now is the time to hire. Unemployment is up and salespeople are actively looking for work. Be sure you have a team of great salespeople who are out doing demonstrations every day.

**2 Generate More Leads**

When times are tough and customers are hard to finance, you need more leads. Your closing percentage will fall a bit when customers are tightening their belts and you need to sell more to find customers who can be financed. You need more leads, not less when times are tough.

Use low-cost ways to get leads such as having senior citizens knock on doors and pick up water samples for testing, and use low-cost but

effective broadcasting calls to generate appointments and demos while you do other things.

**3 Sell Fallbacks**

Give your staff a fallback package to sell that more people can afford. For example, if a customer cannot be financed or is too nervous to buy, offer a package such as two showerheads with carbon and KDF plus a screw-on carbon filter for the sink. This gives customers better water for about \$299, which most will be willing to pay. It turns a defeat into victory and allows your staff to make a little money at more appointments.

**4 Sell Used Equipment**

Many automobile dealers are reporting that although new car sales are down, used car sales are up. You too can sell used equipment, even to the

customers who cannot be financed.

When you have a sale, offer to take the customer's old system away or take it on a trade. Run small ads in inexpensive weekly newspapers that say, "We buy used water systems."

Once you have used systems you bought for \$50 to \$100, you can sell them to anyone who has \$200 to \$300 down. The down payment covers your cost and you can take postdated checks or debit their account for the payments.

**5 Rent Equipment**

Now is the time to rent equipment, as well. It may be less cash flow up front, but it starts to pile up as you add rentals. Ask your manufacturer about their rental program and use their help to finance your rental units.

**6 Increase Service Work**

If your service staff is not busy enough with installs, train them to drum up business. It could be calling every customer to offer a resin cleaning for \$65, to installing a bypass valve or asking if they have any small plumbing repairs they need fixed. You will be surprised how much money you can add to sales just by asking for service work.

**7 Cut Nonessentials**

This may sound like a simple idea,

## Weathering the Storm



*10 things to do to ride out dry economic times*

Carl Davidson is director of Sales and Management Solutions, Inc., a consulting firm specializing in sales and management video training, recruiting and live seminars exclusively for the water equipment industry. A free demonstration video and list of products and topics is available at 800.941.0068. Send comments on this article to him at [reactions@carldavidson.com](mailto:reactions@carldavidson.com); [www.carldavidson.com](http://www.carldavidson.com).

Carl Davidson



but just bringing a thermos of coffee and lunch from home everyday can save you a lot of money. The average American spends \$4 per day on coffee and \$9 per day on lunch, for a total of \$13 per day. You can save \$338 per month by bringing lunch and coffee made with good reverse osmosis water from home, and it may even taste better.

### 8 Sell Impulse Items

Flea markets are an inexpensive way to sell water equipment. For \$25 you can have a booth and talk to a lot of people on Saturdays and Sundays. You can sell your fall-back package, plumbing repairs, set appointments and sell items like soda club soft drink makers. You will be surprised how much you can sell every weekend at a flea market.

### 9 Cut Interest Costs

If you have run up a credit card to obtain a little working capital, check the interest rates. If you have any equity in your home or relatives who will lend you the money, you can save a bundle. Mortgages are at all-time lows. If you owe \$15,000 on a credit card at 22%, you are paying \$275 per month in interest. If you got the cash through a 5.5% home equity loan, you would be saving \$131.25 per month.

### 10 Work an Extra Hour

Another emergency measure is to ask every staff member to work a few extra hours instead of being laid off. Perhaps sales staff could work a few hours on Sunday. If you close at 5 p.m., perhaps your entire staff can work until 6 p.m. at no increase in pay in order to save their jobs. If they do, it gives you 12.5% more labor for the same cost, and that can save you thousands of dollars.

As you can see, there are many ways to cut costs without hurting sales or profits. It is something many of us will have to do until things change. I heard from a dealer this

week who said a home show they were recently at was the best it has been in years. Maybe the tide is

turning. In the meantime, trim the fat and tighten your belt. It will add a lot to your bottom line. *wqp*

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