



# REAL WORLD VINYL

By Rob Ivers

## Back to Basics

Practical tips to help you manage your business

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**O**wning and managing any business is challenging; running a successful graphics business in today's market is a formidable task. U.S. and world economies continue to struggle during a normal, cyclical market correction. Things will get better again, but, alas, they'll also get worse. Add to that the commoditized state of our particular industry, and you begin to realize the importance of strategic business planning and management.

I'm no management expert, but I know some companies are doing very well, even now, whereas others struggle or close their doors for good. I have a few ideas, some anecdotes and suggestions that may help.

### Half fail in five years

Shortly after I launched my business, *Inc.* Magazine was introduced. It targeted small businesses, which they described as those with one to 100 employees. I was at the bottom of that range, but you have to start somewhere. Because I didn't have much business yet, I had plenty of time to read. One article stated that



**In this column, I offer some heartfelt advice about what it takes to grow and maintain your vinyl-graphics business through thick and thin times. After a financial crisis in the late '80s forced me to purge most of my staff and office amenities, my one employee, Brad Preble, and I prospered by keeping it simple. The Marlboro Adventure Team project, for which we decorated 401 vans, 119 pickups and 12 motorcycles over three years, became a centerpiece of our shop's success. (Below) My shop also installed graphics for 2,500 Bigfoot Cruisers, a replica of the namesake monster truck.**

50% of small businesses fail in the first five years. I wasn't worried.

Time passed, and, with lots of hard work, many mistakes and a little luck, I survived to that five-year

mark. In fact, my shop prospered. Over several more years, I added customers and employees – and, of course, the accompanying headaches and growing pains. The eighth and ninth years (1986 and 1987) were fantastic; I landed a really large contract to do 2,500 trucks for the Bigfoot Cruiser, a street version of the Bigfoot monster truck. The project went well, and, afterwards, I had more than \$50,000 dollars in the bank after taxes. I thought I was pretty hot stuff.

### Making money takes money

In 1988, I decided I was hot enough to invest all of that money to grow my business to a new level. I hired a salesman, a secretary and an ad agency to design a logo and brochures. I also bought new trucks, hired more installers and built a new, larger office. It takes money to make money, right?

We blew through the \$50,000



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like it was sitting still. Although the business grew – we then had 10 employees – we didn't keep pace with expenses. My "management team" said we had a good plan that just needed time to bear fruit. I just needed to be patient – and I needed to borrow more money to get us over the hump. So I did, again, and again and again.

Next thing I knew, Mr. Hot Stuff owed the bank \$50,000. We had a great year – we took in almost \$400,000 in sales. But, it cost me \$415,000 to do it. I had burned through \$100,000, owed the bank \$50,000 and lost money in that year. I decided it might be time to make a few changes.

## **Beating the odds**

During that time, I read another article about small-business startups. It stated that 50% of small busi-

nesses fail in the first five years (duh, I knew that). However, it also said *95% of enterprises fail within 10 years*. What? Why didn't you tell me that the first time? Now I was worried.

Do you want to know what I did? I got lean and mean – really lean and really mean. People quit or got fired, and I got rid of things I'd told myself I couldn't do without: trucks, offices, desks, phones, advertising, even staplers. I had no choice; I'd waited too long. It was that or bankruptcy. I'm not much of a quitter. I had my own "market correction" to execute.

## **Keeping it simple**

Several months later, when all of the dust finally settled, I was sitting in my new, 6 x 9-ft. office. Brad Preble was standing in the doorway (we couldn't both fit in my luxurious

digs). He was the only employee I had left. The sinking ship was about to take its final plunge, and I offered him a front-row seat in the last lifeboat. I thought it was the only wise choice, a no-brainer. But, he declined.

Brad was the best employee I've ever had, the one who stuck with me through thick and thin. He remains one of my very best friends. Brad and I went back to the business basics that had helped my business grow in the first place.

It took a lot of hard work and several years, but, with Brad's help, my business survived. The next year, the two of us achieved \$200,000 in sales and made a nice profit. Five years later, we landed the Marlboro Adventure Team project, the single biggest and most demanding project of my career. The first year, we decorated 401 vans, 119 pickups and 12 motorcycles. The project lasted three

years and we made good money.

This time, Mr. Hot Shot paid Brad bonuses each year, and then paid off the loans and eliminated all debt, personal and business. This was a much better move than my original reaction to success

My business is way off this year. In fact, I billed what would've been a typical month of business from the six-month period from October to March. It's starting to pick up some, but very sporadically.

Want to know what I've been doing? Cleaning things up, organizing, cutting expenses, lowering inventory and doing all those things you never have time to do when you're very busy. If you take steps to prepare for the storm, no lifeboat is needed. Sure, my savings have shrunk, but I think I'm going to make it. I've now made it for 31 years. I'm not sure what the odds

are on staying open that long, but they're obviously way less than 5%.

Learn from my mistakes; don't take your business for granted. Anyone can make money when the economy booms, but markets go up and down. When times are tough, get back to business basics, and get lean and mean. More importantly, stay lean and mean through the boom times, so, the next time a recession hits, you'll have enough money put away to carry you through.

### **Top 10 business basics**

1. Be honest. This rule outweighs all the others. Consider these two quotes:

*"Your reputation and integrity are everything. Follow through on what you say you're going to do. Your credibility can only be built over time, and it is built*

*from the history of your words and actions."* -- Maria Razumich-Zec

*"Not everything that counts can be counted, and not everything that can be counted counts."* -- Albert Einstein

2. Work hard. It's very important to commit to working hard, to be willing to do whatever it takes to make your business work. It's just as important to enjoy what you do and be relaxed on the job, but stay completely focused to develop competence and efficiency. And, when you leave the office, leave the office. Use your time away to rest and refresh yourself. Finally, if you always work way more than 40 hours a week, take my advice: Raise your prices!
3. Treat everyone with respect. Many business owners complain about the difficulty in finding good help.

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Whether you're with customers, employees, friends, families or complete strangers, treat them with respect. All your relationships will benefit and so will your business. Another great quote:

*"Leaders who win the respect of others are the ones who deliver*

*more than they promise, not the ones who promise more than they can deliver."* -- Mark Clement

4. Make quality a priority. Do your best with each and every job. If it's not right, do it over until it is, no matter the cost. My policy is to treat every job as if it were

for my own business. The reputation you develop will justify pricing that is both fair and profitable.

5. Be professional. Don't just *act* professionally; *live* it. Be courteous and prompt, listen much, speak little, communicate well, put things in writing and keep good records. I try to portray my company with both a high-tech, professional image and down-home, country service.
6. Tell customers how much you appreciate them. Make a courtesy call after every job to express your appreciation for their business, and make sure they're completely satisfied. And, if you really want to grow your business, send every customer a thank-you after every job with a photo for them to keep and show their friends.
7. Work smart and eliminate redundancy. Examine every aspect of your business and establish systems and protocols that streamline repetitive tasks. For example, create document sets and templates for recurring events: proposals, quotes, emails, design presentations, job tracking, marketing, etc. Seek excellence in all you do. Practice, get training, and attend seminars and tradeshows.
8. Keep overhead to a minimum. To show a profit, you must spend less than you take in after taxes. There are only two ways to adjust your earnings: charge more or spend less.
9. Don't skimp on tools. When buying what you really need to do your job – tools, equipment, even office supplies – spend the money and buy the best – it will save money in the long run.
10. Try to make a living, not a killing. You don't want to pay more than something is worth, and neither do your customers. Determine fair pricing for your work and supplies and stick to it.

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