

How to Survive the Economic Downturn

By Doug Marshall, CCIM

The downward spiraling of the economy has not yet bottomed out. No one knows where this is heading. Not the experts, not those in high office, no one. Watching the harmful repercussions of this bad economy is like watching a train wreck in slow motion: there is very little you can do to minimize the carnage.

It's going to happen, with or without you. The best you can hope for is that you personally steer clear of its path of destruction so that it doesn't suck you down, too.

Those of us who work in real estate sales or some related field, such as finance, title and escrow, legal, etc, have been and will continue to be particularly hard hit by the dramatic slowdown in the economy. Heck, we helped bring on this crisis. It only stands to reason we would be some of the most affected.

But there are some time-proven principles, if applied that can help us out of this quagmire. In a three-part series, beginning today, I will share eight principles to help you avoid being a victim of the current economic decline.

Go Back To the Basics

For those of us in any kind of sales profession, we learned the critical importance of marketing ourselves when we got started. It wasn't easy, but we learned to make those telephone calls or attended those networking meetings where we met potential customers for our business. We learned the hard way that our ultimate success was dependent almost solely on how many marketing contacts we made each week.

But when times are good, which they have been for many years, we slowly drift away from the discipline of making those marketing contacts, instead relying on satisfied clients to refer business back to us.

Now the phone has stopped ringing. What do we do? We go back and do what made us successful in the first place. In a slow economy like this, marketing ourselves becomes more critical than ever.

Stay Absolutely Focused

At the beginning of every year my wife and I go to the beach for a weekend to plan for the year. We prepare questions about our personal and professional lives that we ask ourselves, reflect on, and discuss with each other.

As I pondered these questions over my planning weekend, I had an epiphany. The cartoon light bulb actually went on over my head. It was this: all of these "important" issues were a distraction from the overall point of focus for this year, which is to market myself like there is no tomorrow. To do anything else would be a distraction from the immediate need of the moment, which is to get business through the door.

What one thing do you need to do this year that will best help you survive this economic slowdown? Identify it, and forget all the other things that are begging for your time and effort but which are simple distractions to the bigger picture.

Determine What Differentiates You from Your Competition

Consider doing a brutally honest self-assessment about your product or service. What core competency distinguishes you from your competition? Conversely, what do you do that is no different than anyone else? For those of us who are commercial real estate professionals, no matter the particular discipline, we provide our clients a service which is often difficult to distinguish from our competitor's. For most of us, there are only nuances that make us stand out from the next guy.

If you can't differentiate your product or service from that of your competition you're in deep trouble. You end up being a commodity in the eyes of your clients; just one of many possible choices. Let's face it, there are no real differences between true commodities, whether you're talking about corn or a barrel of oil. On the other hand, I marvel at the loyalty of those real estate investors who will only use the services of one particular title company.

How does a title company, providing near-identical services as the next, generate such loyalty? They do it by delivering a quality of service that exceeds the customer's expectations. And they do it consistently. Hence the repeat business that many of them enjoy.

In order to succeed in a slowed-down economy, abandon or at least downplay those things you do or sell that so look like everybody else's. Focus on those things that make you unique.

Be 110% Committed to Your Career

I had a friend, years ago, when I was first starting out as a commercial mortgage broker. We both were struggling to pay the bills and at that point in our careers we were wondering if we were going to make it or not.

I remember him saying that if this did not work out he had another lucrative opportunity with a newly established dot-com company. He asked me what my plans

were if I didn't succeed at being a commercial mortgage broker. I told him I had no other plans.

My choice was to succeed as a commercial mortgage broker or fail miserably and utterly. There was no other alternative. Because I knew the consequences of failure I eventually succeeded. It was a difficult struggle and took years to be successful but giving up was not an option for me. On the other hand, my friend was out of the business within a year and the opportunity with the dot-com company never materialized.

The lesson to be learned is this: It is very difficult to succeed in any profession or any endeavor if you are not 100% committed to it. In today's economy that principle is truer than ever. Some may view having another job waiting in the wings as a prudent safety net should their current job not pan out. In reality, it's a recipe for failure.

If Necessary, Redefine Yourself

Sometimes after you go through the self-assessment process you realize you're not the problem, the market is. No matter how good you may be at differentiating yourself from your competition, there may not be enough remaining market share left to make a living, no matter how good you are at your profession. If that is true for you, redefine yourself by finding a new market niche within your profession.

Recently, a friend of mine was meeting with someone who is in the residential mortgage market. As you know, this market has been devastated. Employment in this sector of the economy has declined over 80% in the past year or so. But this person, who is in this profession, is surviving. How so? He has moved away from doing exclusively residential mortgages to focusing on reverse mortgages for seniors, currently a lucrative market.

With every change in the economy there are winners and losers. Find those clients who are in the most financial pain resulting from the poor economy. They are the ones in need of assistance and they are motivated to make changes in their current situations. Then find a market niche that helps those who are in financial distress. You will be doing them a service while making a living until the market changes again. As Jerry Mason of Westland Apartment Brokers says so aptly, "Follow the pain."

Stay Positive!

Having a positive attitude, to me, is by far the single most important thing to focus on during difficult times. Here are some suggestions for staying positive when the business is hurting:

- Avoid negative people
We all know who they are. Sometimes these negative people are unaware of the harmful impact they have on those around them. Avoid them at all costs and, if you cannot avoid them, tell them you don't want to hear it.
- Quit watching the news
Yes, a lot bad things are happening right now. Each day, some new calamitous event happens that makes our economy that much worse. But it's also important to realize that those in the news business are there to make headlines so that they have an audience. How much of what we hear is overstated or incorrectly stated by the news media in order to create headlines and increase their own market share?
- Don't go it alone
Find someone, or maybe more than one person, with whom you can share your deepest fears, someone who will lift your spirits when things aren't going well, and someone who can celebrate with you when you succeed. Solomon once said, "There is a friend that is closer than a brother." Find that person. Don't be a Lone Ranger.

Deep-Six What Doesn't Work

Albert Einstein once said "The definition of insanity is doing the same thing over and over again expecting different results". Years ago I was employed at a company where the fee split was such that I was barely hanging on. I had worked there for several years and I kept asking myself why I thought that my compensation the next year would be any better than it had been so far? After months of struggling with this question, I knew that I had to move on. I had to leave my comfort zone and take some calculated risks.

Have you been doing the same thing over and over again expecting different results? Is there some way of marketing yourself that is no longer effective but you're still doing it anyway? Are you working for a company that does not have the vision to succeed in this economy which will ultimately take you down with them?

A bad economy can sometimes be a blessing in disguise. It can force you to make those decisions that you've known in the back of your mind had to be made, though you were unwilling to make them, being comfortable with the status quo.

If you're like most people in sales these days you are no longer financially comfortable, as sales have dramatically dwindled and profits have disappeared altogether. Like many others, you are beginning to feel the pinch in your wallet. So what changes do you need to make in order to survive?

Don't Give Up

In his book, Good to Great, Jim Collins refers to the Stockdale Paradox, named after Vice Admiral James Stockdale. Stockdale is one of the most highly decorated officers in the history of the United States Navy. In 1965, he led aerial attacks from the carrier USS Ticonderoga. His plane was shot down over enemy territory, he was captured, and he spent years in a North Vietnamese prison. While in prison he encouraged his men to retain their absolute faith that they would prevail in the end regardless of their difficulties *AND* at the same time to confront the most brutal facts of their current reality.

Do the same thing:

- Retain absolute faith that you can and will prevail in the end, regardless of the difficulties you face.
- *At the same time* confront the most brutal facts of your current reality, whatever they might be.

In his classic book, The Greatest Salesman in the World, Og Mandino spoke eloquently about the importance of persisting through adversity. His book tells the story of Hafid, a poor camel boy who longs to learn the secrets of salesmanship. One of the ten secret scrolls reveals to him that to succeed in life requires the character quality of perseverance. The scroll states,

"I was not delivered into this world in defeat, nor does failure course through my veins. I am not a sheep waiting to be led to the slaughter. I am a lion and I refuse to talk, to walk, to sleep with the sheep."

When all else fails, that attitude can carry one through many, many difficult times. Don't give up, no matter what.

This has, of course, been a recounting of my personal journey. I have found that there are no stories or examples that resonate so well as those born of one's own experience. I am grateful for the chances I've had and hope that you can benefit by these ideas and concepts that I've garnered over the years. Many are mine... many more are not. But then, we all stand on the shoulders of someone.

In summary, there is an old African proverb that may say it best:

*Every morning in Africa, a gazelle wakes up.
It knows it must run faster than the fastest lion or it will be killed.*

*Every morning a lion wakes up.
It knows it must outrun the slowest gazelle or it will starve to death.
It doesn't matter whether you are a lion or a gazelle.
When the sun comes up, you better start running.*

We need to have the same attitude as the lion and the gazelle - let's run as hard as we can so as not to become the economy's next victim. To do so will likely require that we conduct our business differently than times past as doing "business as usual" will not work in today's faltering economy. Improve your chances of still being around when the economy rebounds by adopting the business principle that's been presented that is most appropriate to your specific situation.

I wish you the best in 2009. I am confident that weathering this economic perfect storm will prove us more resilient than we could ever have thought or imagined.