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Portable Sanitation Association International

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Adjusting in the Face of Business Slowdowns

By Karleen Kos, PSAI Executive Director

COVID-19—with its attendant event cancellations, work stoppages, and social distancing—is already affecting many portable sanitation businesses. While there are opportunities too (few companies have enough hand washing stations at the moment), it appears that our industry should expect some negative impacts from its bread and butter accounts for at least a few months.

While not many people could have predicted the economic fallout from the current COVID-19 pandemic, the fact is that every boom cycle in history has sooner or later ended.



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That is not something any one company can control. The bigger issue for your firm, then, is how you adjust your business in light of the economic challenges, without knowing how long they may last. Here, once again, are the top recommendations of business experts:

1. Protect Your Cash Flow. Remember, a recession doesn't happen all at once. Over a few months you'll see impacts such as event cancellations, the falling off of customers or declines in the quantities of equipment they purchase. This means you need to simulate your cash flow if revenue were to drop 30 percent, 40 percent, or even 50 percent. You need to know how your business will survive if revenue slows down. Furthermore, look at your operating expenses and delve into what can be cut if the business is hit hard. You don't want to trim things down without prior planning; being in a panic is the worst way to make good business decisions. So take the time to get your game plan ready and know what the triggers would be for implementing various parts of it.



2. Reconsider Inventory Management Procedures. No matter how long you've been in business, you have money invested in inventory like deodorizer, toilet paper, spare parts, and other consumables. Think about what you can do to reduce inventory and the money tied up in it without negatively affecting quality or customer service. Are you buying and storing too much product? Can an item be sourced somewhere else at a better price? Is there a drop-shipping or pick up alternative that will work so you can eliminate transit costs?

Remember, practices that make sense when business is booming — such as ordering large quantities and storing it — may make less sense when business is slower, especially if the products have a shelf life. Know how you can re-think these things. Right now it may be hard to tell "how much is too much" to have on hand, given the shortages that are occurring in some areas. This is when it makes sense to participate in the PSAI's free virtual roundtable discussions so you can learn from others and hear what suppliers have to say about their anticipated lead times in the coming weeks.



3. Manage Your Debt. Do what you can to reduce debt without spending down cash you may need. Less debt will give your business more flexibility during slower times. One consequence of the present situation is that interest rates are very low. See if there are opportunities for refinancing at a lower rate. If you can't do that, pay as much as possible on your highest-cost balances first and pay down your personal debt in the same way. This will reduce headaches if business slows to the extent that you need to cut your personal income.

4. Shop your insurance policies. You always want to make sure your business is protected with good

insurance coverage, and it's a best practice to go through your policies from time to time regardless of what is happening with the economy. You don't want to add to the heartbreak of a fire or accident by finding out you didn't have the coverage you thought you had.



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Insurance coverage and prices tend to change yearly. So take the time to shop and compare multiple quotes from different providers when you renew your insurance or purchase a new policy; this can result in savings and better coverage when every dollar counts.

- 5. Manage Employee Headcount and Communication.** In the portable sanitation industry, employees are either family members or like family. A cohesive team is crucial for any business, especially when you are operating in or trying to survive a downturn and a pandemic. No one wants to be in the position of having to lay people off, especially those close to you. It is painful and creates disruptions that hurt everyone.

Communicating clearly about the state of the company and of the portable sanitation industry can help your team prepare for whatever may come. You are less likely to have good people jump ship or engage in unproductive carping if you are honest and involve them in the solution. Changes in the workforce may be unavoidable, but the more prepared everyone can be, the easier it will be to manage whatever happens.



- 6. Focus on Core Competencies.** If you have been in business a while you have probably read an article or two on diversification as a strategy for small business success. Done in the right way and at the right time, diversification can help you meet customer needs and grow your company as the result. But remember, “diversification” is not the same thing as “more” or “different.” Just adding more products or services is not diversification.

True diversification means doing things that are outside your usual line of business. While it may make sense in good times to get creative with your business offerings, the opposite is often true when times are more challenging. Unless those creative solutions are making a good return on investment and don’t pull you away from your main business, it’s probably best to drop them if you can. In these times, focus on what you do best and is most profitable for your business.

- 7. Develop and Implement Strategies to Win New Customers.** If your portable sanitation company is going to prosper in tough times, you need to continue to expand your customer/client base—and that often means drawing in customers from the competition. How can you do this? Offer something more or something different than the competition. Research your competition and see what you can offer to entice their customers into becoming your customers.



Be careful though. Only one company is going to win customers based on low prices, and that’s a race to the bottom. Tightening your margins can be an especially harmful strategy during a challenging economic period. Instead, focus on providing better or more customized customer service and outshine your competition that way.

- 8. Make the Most of Current Customers and Clients.** We’ve all heard that it is less expensive to keep an existing customer than to incur the cost of finding a new one. That’s especially true during tighter economic times. Talk to your customers and understand their needs. This may seem basic, but needs can change as their business outlook changes. How can you adjust your offerings or services to maintain or increase your sales with these customers? For example, can you add more frequent servicing or sinks to help manage COVID-19 concerns?



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Even better, he or she might be a loyal customer, giving you many more sales opportunities. If you want to slowdown-proof your business, you can't afford to ignore the potential profits of shifting your sales focus to include established customers.

9. Don't Cut Back on Marketing. In challenging times, many small businesses looking for ways to cut expenses reduce or eliminate marketing dollars. This is a big mistake. If you are thinking, "Well, we don't see much coming out of those invested funds," then you are probably not marketing strategically. It makes more sense to fix what is broken with marketing than not to market at all. During a lean economy, customers are looking to make changes in their buying decisions. They want to get more bang for their buck, either by decreasing costs or increasing value. They are more willing to shop around. How will they find you if you don't market? At the very least, make sure your web presence is optimized so potential customers can find you easily and see what you can provide.



10. Maintain your association memberships. One way to maximize your web presence and enhance your credibility overall is to make sure you stay up to date with your associations. For example, as a PSAI Member company, customers can find you on our website, and the office can refer customers to you. Customers also see that you are committed to quality through your adherence to the Code of Excellence. During challenging times, you need access to good information and ways to get the most out of your resources. Association memberships—especially, your membership with the PSAI—give you access to the latest industry-specific knowledge.

Help for Small Businesses Hit by COVID-19 from the Small Business Administration



Health and government officials are working to maintain the safety, security, and health of the public. Small businesses are encouraged to do what they can to keep employees, customers, and themselves healthy. Check out [resources from the Small Business Administration](#) covering their economic injury loan program, capital access, and government contracting among others.

For example, we've been putting out portable sanitation-specific bulletins for several weeks, and we are offering free weekly virtual roundtable discussions for the foreseeable future. Association membership provides you with a path to finding answers and consultation, either remotely by picking up the phone or sending an email, or through virtual meetings as an alternative to in-person meetings during the pandemic. Your dues also help the association advocate for causes that matter to the industry in a way you can't on your own. During difficult times it is important to learn from others and know you're not alone. Almost nothing else on which you spend money will pay you back as much as your investment in your associations.

At the end of the day, we cannot offer a silver bullet. No one can. There's absolutely nothing that will make your small business one hundred percent COVID-19-proof. But implementing the practices above to lead your business will help ensure your company survives tough times and might even be able to profit from them. Through it all, the PSAI will be with you and ready to help. ❖