

# economic. question of the month:

how did the past year's  
economy affect the way you  
handled business in 2009?

by Allison Hester



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ccording to this month's survey participants, the 2009 economic downturn was definitely felt by the pressure washing industry, some more so than others.

For example, William Sommers of Pressure Systems Industries in Phoenix says that Arizona's home construction collapsed this past year, bringing with it a "tsunami" that rippled through all areas of the local market. Their actual machine sales were the lowest he could remember, with gross sales down 35 percent and revenue per employee down as well.

"We lost sales to companies so hungry that they cut pricing to the ridiculous," Sommers explains. "I expect that a diet of baloney sandwiches and Top Ramen will still not keep them afloat if the situation remains the same for next year."

Ken Broddie, Jr., of Pressure Washing Warehouse in Rockland, ME, says he would be doing better if there were not two big box stores within "spitting distance" of his shop, along with mail order sales from Internet giants."

Jerry McMillen of Cleaning Systems Specialists in El Cajon, CA, a large service center and small manufacturer, has seen a steady decline in the service business over the past three years. As a manufacturer, business was growing sharply until the banks "finally admitted 25 percent credit cards were a dumb mistake, crashing the stock market." He added that the "stock market crash, and conversion from bullish buyers to 'sheepish,' sent a shockwave through the dealers, too."

However, despite the economic downturn, many companies have benefited by implementing smarter business practices. "Volatility means opportunity, and we have taken advantage of that opportunity," says James Lewis of Underpressure Powerwashers, Inc. of Oak Hills, CA.

Howie Ditkof of J&S Equipment in Concord, CA, explains that his company's business was "off significantly," requiring him to cut all overtime as well as his own salary. On the upside, however, he was able to purchase another distributorship that was in financial distress.

Another example, Dana Whitney of PSI in Westminster, CA, says they experienced a significant drop in equipment and parts sales, requiring them to lay off two part-time employees. They also cut back on all expenses that could not directly generate profit.

However, for PSI, these cutbacks have caused them to work smarter. "There was so much tightening on the budget that we actually are considerably more profitable than we were prior through this same time last year, even though we are selling less," says Whitney. "I would have to say that the recession has helped our bottom line by forcing us to do more with less. Now if we can just get the sales back up, our manufacturers will be happy, too."

Working smarter seemed to be a common thread among respondents. "We kept our 2008 prices in place for 2009, implementing systems that increased our

efficiency and productivity to decrease our cost of goods sold percentage and subsequently increased our net profit over 2008," says Matthew Johnson of Pressure Washing Service, Inc., in Milford, NY. "The downturn in the economy actually helped our business, resulting in our best year since 2003."

For Sommers, "Machine repairs were pretty much feast or famine." In turn, he increased employee accountability, "Which led to less, but offsetting billable hours."

The economy has led others not only to work smarter, but also to change directions. For instance, Broddie added wash water reclaim closed-loop systems to his sales mix.

By deciding "not to participate" in the country's economic downturn, Lewis says he managed to benefit from other companies who were impacted by the economy. The result? "Our company has been met with a huge increase in sales, proving our attitude has been the deciding factor of whether we went out of business or became the greater."

"I live along the coast of New England area where every boat marina in the county was told by the EPA that when they power wash the boat bottoms they must reclaim the washwater or face a stiff fine of \$32,000 a day," he says.

That led Broddie to design a "simple reclaim system" for the marina industry, called the SeaSaverSystem—"something the big box stores cannot muscle in on," he adds. With the help of Alkota, "I am beginning to see the light at the end of this long, long tunnel." And sales are on the rise.

McMillen, too, found the environmental crackdown to work in his company's favor. "We specialize in environmentally friendly washwater-control equipment. As the washwater control laws have been enforced more forcefully and steadily over the past three years, correspondingly, we have increased our dealer network very nicely," he explains. "There was a huge hit to pressure washer sales, but the reclaim systems seemed to stay steady."

Just as the environmental crackdown helped some distributors, tightened pocketbooks helped some contract cleaners. For instance, Johnson said he found that people were not taking huge vacations this year and instead were willing to place their money on keeping their homes and decks maintained. "We stressed the benefit and

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For information circle 119

importance of customer curb appeal to our commercial accounts when presenting them with the 2009 contracts," he adds.

Like others, Scott Emmons of Home Repair and Care, LLC, in Stockton, NJ, increased his marketing budget to try to capture the "dwindling pool of customers we're all after." The efforts paid off and his company showed "solid growth" over the previous year.

Similarly, Johnson said he kept their "multidisciplinary marketing program" in place, adding a few new avenues as well. "We ran television ads again from a 2005 campaign and used post-it note advertising on the front page of the local newspaper, which had a huge response." Both of these attributed to higher gross sales over 2008.

For some, like Lewis, attitude was the primary element in success. By deciding "not to participate" in the country's economic downturn, Lewis says he managed to benefit from other companies who were impacted by the economy. The result? "Our company has been met with a huge increase in sales, proving our attitude has been the deciding factor of whether we went out of business or became the greater."

Along with the attitude has come gratitude, especially for faithful customers who have supported these companies despite the economy. "We were fortunate to have a couple of large contracts in place that helped smooth out the slow spots," states Sommers. "Fortunately, with our large customer base obtained over the years and diversification attributes, enough sales flow was maintained to go along with the necessary downsizing which kept us above the alligators."

"We thank our customers for believing in us, and working more closely with us," says McMillen. "Lastly, I don't want to leave out our suppliers. We know you did the best you could do, and you went the extra mile on customer service. That's what rocks in the climb out of a recession." *CT*

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