

Double-dip need not delay plans



Peter J. Thompson/National Post

Steve and Neil Blinco, co-chief executives of Strone, went against the grain expanding during a recession

Jonathan Ratner, Financial Post · Tuesday, Aug. 3, 2010

If there is one thing businesses hate, it is uncertainty. The economic downturn forced companies to put their plans on hold, and in some cases, abandon them entirely. With fears of a double-dip recession lurking, some small and medium-sized business are doubting whether now is the right time to pursue expansion. But planning and implementing their goals does not have to be delayed.

In the past 18 months, Oakville, Ont.-based Strone has gone against the grain, hiring six senior executives for its head office. The residential and commercial restoration company also increased staff at its branches more than 15% and is still looking to fill about 20 new positions.

The family-run firm works primarily with the insurance industry on claims resulting from hail storms, floods, fires, frozen pipes and tornadoes. It's disaster restoration services include tree removal, water extraction and oil spill cleanups, to carpentry, painting and securing contents in storage.

"During slow economic times, not as many people make claims," says Steve Blinco, who co-owns Strone with his brother Neil. "People are more reluctant because they are concerned about other incidental costs that would be incurred."

Their business is somewhat dependent on the weather, but whatever was happening with the climate and the economy, Strone faced some major challenges. The industry faced a big push for national representation from insurers, so contractors with a presence in multiple provinces stood to gain.

The business of 160 employees added three locations, including its first outside Ontario in Montreal, and branched into document restoration. By expanding its branch network from nine to 13, Strone has diversified its customer base. It also has better coverage with insurance companies--getting business from eight companies, up from three or four. While he would not provide specifics, Steve Blinco confirmed revenue is up since the changes.

"We were at a crossroads as to where we wanted to take our business and how we were going to do it," he says.

Late in 2008, Steve and Neil Blinco sought the help of Oakville, Ont.-based Plutus Consulting Group, where Adrian Herschell and John Holland set to work to help Strone transition from a small company started with a loan from the brothers' parents in 1987, to one that has direction and is nimble, yet bigger.

"For the past 20-odd years, my brother and I were setting those goals and possibly not communicating them as well as we should have to everybody else in the company," Steve Blinco says. "We stepped back and enlisted assistance from our employees to get their input, accountability and establishing what they can do for the company to meet its goals."

That first step led to a mission statement in terms of how the company wanted to be perceived in the industry, a long-term plan, how those goal would be achieved, and a corporate reorganization.

"What can happen, particularly in small and medium-sized companies, is the owner gets ground down by the day-to-day activities," says Mr. Herschell, a senior consultant at Plutus. "They can put in 60 or 70 hours a week and just fight fires all day. What happens is they lose sight of where they want to take the company."

Mr. Herschell and Mr. Holland help clients put quantifiable objectives in place. That could be a sales target, a growth target, market share goals or profits -- depending on the aspirations of the owners. The consultants contend there should be a marriage between business and personal goals because some owners are considering exit strategies, succession plans, or want a legacy business.

Strone's owners didn't have a plan but knew they wanted to move the company forward. They felt there was room for significant growth, but acknowledged their history of not sticking with change. They wanted confirmation what they thought was achievable, could be done. They wanted a game plan.

"Typically, what it means is changing the definition of what the owners do, because they tend to get very much involved in the cornflakes of the business," Mr. Herschell says. "They need to empower other people to start doing some of the day-to-day stuff, so that they can get leverage from some of the strategic stuff they have to do."

Strone put a new layer of management in place to take on the day-to-day responsibilities, and the owners redefined their job descriptions. A regional structure with more managers was put in place to deal with the constant flow of phone calls and decisions.

A process was put in place to measure new employees performance, along with a review process. "If we didn't have that really solid, you can't hire a ton of people and just expect things to happen," Steve Blinco says.

A human resource expert was hired, and the consultants recommended Stone set up an in-house marketing team. While not all of these investments required money, many did. "They hired those people along the way because they were comfortable they could afford them," Mr. Herschell says.

"Typically, what happens if you don't have a strategy is you start cutting -- saving money in advertising, laying off extra people -- you start getting into survival mode. Owners need to get over their concerns about the uncertainty of the economy and focus on their business."