

FINANCIAL FRIDAYS

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DORIAN- THE STORM DID NOT HIT FLORIDA....HOW DID I STILL LOSE MONEY?

Bill Giannone, founder of Restoration CEO

“Anticipation, anticipation; Is makin' me late; Is keepin' me waitin'”

Anticipation, by Carly Simon

It's been a very long, emotional couple of weeks for the folks in Florida. Dorian has played with- and frayed- the emotions of the entire state, ever-growing and looming just out of reach, threatening and frightening every onlooker. It's destruction of the Bahamas stood as a promise of things to come, yet in the end its own size and lack of speed worked to save the state from certain disaster.

Yes, the strongest hurricane to come out of the Atlantic provided us with a real scare. In our need to be prepared, many residents took great steps to protect life and property. Was all of this necessary? Yes. Go back two weeks when things looked ominous; there was no way to predict with certainty that the storm would become immobile for an entire day, enabling the weather patterns to shift enough to drive Dorian from landfall.

As restorers, many of us took great steps to prepare as well. For those of us in Florida, our primary responsibility was to take care of our own homes and businesses. The relief that we are experiencing now is tempered by images of the utter devastation in the Bahamas, but we are all thankful that we were spared this fate.

However, restorers in other states are feeling a little different. Many of our brethren put a great deal of time- and money- into prepping for the big response. We loaded our trailers, got lots of tarps and plywood in stock, and had our crews working overtime getting the equipment clean and ready to move. Most were motivated by a pure desire to help. That is our nature, and the reason why most of us are in this industry- we are here to help.

Others, however, see these events as opportunities. In their zeal to be first and to make a score, these companies lost focus on their day-to-day work (the very thing that pays the bills) and instead put all their energies into planning the “great rescue.” Now that the worst of the storm has not materialized (not discounting the effects on the Atlantic coast, but it is minimal compared to initial projections), these companies are suffering a double whammy. First, they spent money on labor and materials for a response that will not take place. Second, by taking their eye off the ball at home, they have jeopardized the next three months of regular business.

There is a valuable lesson to be learned. First and most obvious, storm chasing is NOT for everyone. It should only be left to companies that are financially sound (as collecting on road work can take months, if not years) and very stable at home, capable of sparing staff for weeks and months at a time. Second, as with all business plans, forethought and planning is essential to a healthy future. When we make rush decisions, they almost always result in failure. Finally, you have to ask yourself a very simple question: is the potential windfall of storm chasing worth the risk of overall growth and stability to my company? Next week, I will help you answer that question.