

Business Planning

By **BRUCE BARKER, ACI**

ONCE AGAIN, The Word invites you to travel into the dark realm of subjects that sometimes are misunderstood by home inspectors. The Word hopes you will find this trip informative and maybe a little entertaining.

The Word's subject this month is **business planning**. It is said that if you don't know where you're going, any road will get you there. Arriving at a particular destination comes as much by chance as by effort. A business plan lets you select your destination and create a map to get you there.

Now, The Word admits to not doing as much business planning as he should and with an MBA degree, he has no excuse for his inattention to one of the most important lessons he was taught. The Word implores everyone, particularly the younger members of our profession, not to leave their business to chance. Business planning, especially for an existing business, doesn't have to be a long and difficult process. We'll briefly discuss a few of the steps here. If you want to go further, there are plenty of resources to help.

Mission possible

A mission statement describes in a few words (under 50, and fewer if possible) why your business exists or what it intends to accomplish. This probably sounds like an academic exercise in creating lofty prose. That's exactly what a mission statement is if you write one and never use it.

A good mission statement is one that is suitable for framing and hanging on your office wall. You should look at it every time

you make an important decision and ask if that decision fits with your mission. If the decision doesn't fit, then either the decision is flawed or you need to revise your mission. If you have a good mission statement, usually it's the decision that's the problem. A good mission statement, therefore, can help keep you from making bad decisions.

As an example, here's The Word's mission statement for writing these columns: to advance the cause of professionalism in the home inspection industry by adding to the knowledge base of all inspectors.

What do you want to be?

Goal-setting is one of the most important tasks in business planning. We'll discuss this in more detail in a moment. When setting goals, the first question you need to contemplate is: Do you want to have a home inspection business or do you want to run a home inspection company? The answer to this question will shape many of your goals.

Most home inspectors prefer to perform their own inspections and run their own business. That's a good fit for the personality and skill set of most home inspectors. Goals for these inspectors usually will focus on generating

enough fee revenue to achieve their definition of financial success and on achieving their definition of technical and professional success.

Inspectors who aspire to run a home inspection company will have different goals. These inspectors will need to generate enough fee revenue to keep other inspectors and support staff busy and paid. They will need to manage and to motivate people. They will need to set up and manage systems ranging from accounting and scheduling to training and quality control. Inspection company owners have different duties compared with inspection business owners, and their goals should reflect those differences.

It's a goal!

A business goal is a business result you want to achieve. Some goals will involve capitalizing on your competitive strengths and on mitigating or eliminating your competitive weaknesses. Some goals should involve marketing because success depends on maintaining a steady stream of clients. At least one goal should involve expanding or improving your services because the business that does not evolve risks being replaced by those that do.



A business goal needs many attributes. Among the most important attributes are relevant, specific, measurable and attainable.

For a business goal to be relevant, it needs a business purpose. A relevant business goal might be to set aside \$10,000 to buy an infrared camera by the end of the year and get certified to use it.

Any goal, business-related or not, needs to be specific. The infrared camera goal is specific as to amount, time period and purpose. If a goal isn't specific, there's no way to measure progress and there's no way to know if you've attained it. There's no point to a non-specific goal.

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Any goal, business-related or not, needs to be measurable. The infrared camera goal is measurable as to time and dollar amount. You can set intermediate objectives to know if you're on track to achieve the goal. There's no point to a goal that you can't measure.

You may use any time period you wish when setting a goal. For a business plan, you should have some short-term goals (two years or less) and some medium-term goals (two to five years). You may have some long-term goals if you wish, but it's difficult to make them specific and measurable, so don't spend too much time on them.

Attainable doesn't mean easy; in fact, a worthwhile goal requires effort to attain. Conversely, a goal that you can't attain isn't a goal at all. It's a hope or a wish. Hopes and wishes are fine, just not in a business plan.

Self-analysis

Honestly assessing your company's strengths and weaknesses is an important and difficult business-planning task. If you are the company, as is the case with many home inspectors, this means assessing your personal strengths and weaknesses. If there is one section of a business plan that you should review with a trusted advisor who knows you well (e.g., a spouse, parent or good friend), this is the section. Most successful business owners are very confident; otherwise, they wouldn't be a business owner. Confidence can make it difficult to perform an accurate self-assessment, especially about weaknesses. Some of your goals should come from performing this self-analysis.

Competitor analysis

We think of ourselves in ASHI as colleagues and, for the most part, we are. But let's be honest; we're also competitors. Whether you're a new inspector trying to enter the profession or you're already in the profession and trying to get more inspections, you're going to take some inspections away from a competitor. To do this, you need to know what they do well and not so well so you can devise a plan to do something better. Some of your goals should come from performing this competitor analysis.

The Internet has made competitor analysis much easier. The following are a few factors on which home inspectors compete. The answer to many of the following questions can be found on competitors' websites.

1. **Price:** Don't compete by being the low-price inspector. Unless you're Wal-Mart, it's a losing long-term strategy. If you have and can sell compelling reasons for being a premium-price inspector, then do so. For most inspectors, your pricing should be competitive.
2. **Inspection Hours:** Do they work Saturday and Sunday, early and late?
3. **Scheduling:** Does a person always answer the phone? Do they answer evenings and weekends? Do they have Internet scheduling? How well do the people answering the phone deal with questions?

4. **Experience:** What experience does the person who will perform the inspection have? How many inspections has that person performed? Does that person have construction experience? How long has the company been in business?

5. **Credentials:** What credentials does the person who will perform the inspection have? Good credentials include ASHI Certified Inspector (ACI), state contractor's license and building code certification. Are they certified or trained to provide any ancillary services or inspections that they offer? If yours is an inspector license state, do they have a current inspector license?

The bottom line

The successful home inspector needs three critical skills. Most of us think of technical skill first, but that's really the least important skill. Home inspection businesses are more likely to fail because of poor communication skills and poor business skills rather than from poor technical skills. Business planning is an important part of having good business skills.

There's another old saying: If you fail to plan, you plan to fail. It's true. Don't fail because in the rush of day-to-day life you didn't take the time to plan.

Memo to the goddesses of destiny: The Word does not reside on Mt. Olympus (just at its base) and welcomes other viewpoints. Send your lightning bolts or emails to Bruce@DreamHomeConsultants.com. The thoughts contained herein are those of The Word. They are not ASHI standards or policies. ■



Bruce Barker operates Dream Home Consultants. He has been building and inspecting homes since 1987. He is the

author of "Everybody's Building Code" and currently serves as chair of the ASHI Standards Committee. Bruce will be presenting a session called "Code Quiz" at InspectionWorld Las Vegas, during which the audience will be encouraged to actively participate and have some fun. To read more of Barker's articles, go to www.dreamhomeconsultants.com.