

Cash for Clunkers: Good or Bad for You? (September 2009 Management Article)

Recyclers have been talking about Cash for Clunkers, and whether it was good or bad for our industry. I won't opine much, other than to say the answer probably depends upon how prepared you were to take advantage of the opportunities the initiative presented.

Ever noticed that some folks seem to do well no matter what happens? A fire in their warehouse? Not a problem. They're prepared with backup systems. Insurance buys a new building, and they keep growing. Big hail storm destroys most of the inventory in the yard? This one happened to me. I was the only recycler in the area to get help. I got \$500,000 in SBA disaster relief because I had adequate inventory records and valuation methods in accordance with GAAP.

Everyone gets some good and bad luck. Some do better at enduring the bad and leveraging the good. Within days, we sent postcards to everyone in the zip codes that had hail and sold thousands of pieces of glass. Mostly 100% gross margin stuff we wouldn't have sold otherwise.

Many recyclers only change when events force them to. By then, it's often too late to make the most of opportunities that appear.

What have you done recently to anticipate what might change in the next few years? What have you done to change your business in a meaningful way or made specific plans to grow? That mailing you did a few months ago was great, but it isn't the answer, it's a temporary tactic.

You need to anticipate how business is changing. How are your customers' needs changing? What steps have you taken to plan? That talk with your operations manager about improving quality doesn't qualify. Again, it was a response triggered by too many returns. It's good, but it's not strategic.

Some recyclers are thriving because they are thinking on a strategic level. They make time to meet, think, share, and create written strategic plans and measurable goals. They appear luckier, but they're really better prepared. They are the ones who invest in a better computer system. Many of you have been considering that for years, but haven't made a move. You don't know what you don't know.

Many of the best prepared recyclers are also in study groups, where they benchmark their operations, exchange information about what works, and discuss current issues, problems, solutions, and plan for the future. My good friend Jim Counts facilitates such groups, and so do I. I don't know how Jim's meetings work. I haven't attended one, but I hear only good things.

My groups focus on business metrics, financials, and strategic planning. We review the key initiatives of each participant. We look at the strengths, weaknesses, opportunities and threats of each initiative (SWOT analysis). Participants come away an actionable list of ways to improve their operation based on the review and several vetted new initiatives to focus on to grow sales or reduce expenses. We have meetings planned in the coming months, and I know Jim also has similar opportunities to move your business to the strategic level.

If you can't write down exactly what you are planning to do to improve your bottom line, then you haven't done the strategic planning needed to really grow. These groups work. You should make certain you are part of one.

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A business owner since age 17, Ron sold his chain of salvage yards to Ford Motor Company in 1999, and his innovations in database-driven direct marketing have been profiled in [Inc. Magazine](#). After the repurchase of Greenleaf Auto Recyclers from Ford and sale to Schnitzer Industries, Ron is now owner of the [DFW Elite Auto](#) suite of businesses and a successful real estate investor.

As a [consultant](#) and [peer benchmarking](#) leader, Ron shares his expertise in strategic planning, capitalization, compensation, growing market share, and more in his signature plain-spoken style, providing field-proven, high-profit best practices well ahead of the business news curve.

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