

# strategies for SUCCESS

How to maintain your business in a challenging economic environment

Every entrepreneur can count on at least one certainty: Life is uncertain. Recently, housing worries, credit concerns and high energy costs have triggered a sluggish marketplace for many industries, and small businesses aren't immune. But despite lingering worries, entrepreneurs and business experts say profitable opportunities abound in tougher economic times.

"There are two approaches that I've had success with," says Tom Dorr, a successful former entrepreneur who now works as director of Western Washington University's Small Business Development Center in Bellingham, Washington. "One approach is revenue focused, and the other is expense focused. In a downturn you need to pay attention to both." By doing so, small business owners can position themselves well for when the economy improves—yet another of life's certainties.

## Retain Your Customers

One of the first priorities for any business operating in a weaker economy should be to strengthen its relationship with current clients, Dorr advises. In addition to providing superior service, business owners can achieve that goal through targeted marketing and by utilizing creative selling methods.

As an example, Dorr describes a local quilt shop that commissioned the Small Business Development Center to do some customer research. The study revealed that most of the patrons were avid book readers, so the center recommended that the store

PHOTOGRAPH BY JONATHAN SPRAGUE

**Al Stasek**, a real estate agent in Ohio, sponsors bus tours of foreclosed homes to build interest in those properties.

owner partner with a local bookstore to do some fusion marketing. Both businesses could advertise on each other's Websites, or they could co-sponsor public events, such as inviting an author to speak in the bookstore. By offering access to services that customers were likely to enjoy, the quilt store would nurture relationships in its community.

Another strategy for retaining patrons is to create a customer-satisfaction survey. Last fall, Jack ReVelle, a consulting statistician in Orange, California, developed such a survey for a small graphics company. He says the survey revealed, among other things, that customers were not aware of the company's Website. The firm quickly addressed that problem by including its URL in all of its literature. ReVelle also suggested that the company regularly feature Web-exclusive discounts or specials to give clients a reason to return to the site. "Since we did that survey, the business has experienced a major turnaround both in the number of customers it services and the level of work its customers are sending," he says.

ReVelle also believes that a customer-satisfaction survey relays an important message to clients. "It tells customers that your business really cares about what they think," he explains. "It can be a real motivator for those customers who might be thinking about changing suppliers."

## Attract New Customers

While an economic slowdown poses certain challenges, it can also present opportunities for finding new customers. Al Stasek, a Rocky River, Ohio, real estate agent and KeyBank client, hit upon an innovative solution when he was recently faced with the task of selling more foreclosed homes than usual. "When you have a challenging market like this one, you need to think of new and innovative ways to reach out to potential customers and expand your business opportunities," Stasek says. He read about real

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estate brokers in other parts of the country sponsoring bus tours of foreclosed houses in order to build interest for those properties and decided to try the same tactic in his residential markets. As the first agent to bring the bus-tour idea to Northeast Ohio, Stasek received lots of local media attention. In no time, interested homebuyers snatched up the \$15 tickets for the first tour, and seats were selling quickly for the second and third tours.

"Interest rates are low, making this the best time to buy a home," Stasek says. "But there are buyers who have misconceptions about foreclosed homes and may be afraid to buy them. The purpose of this tour is to educate buyers and show them that these are good homes in good neighborhoods."

And while it may sound old-fashioned in today's high-tech world, cold calling helps many businesses find new customers, says New York City sales trainer and coach Wendy Weiss. To effectively cold-call, Weiss, who's known as the Queen of Cold Calling, suggests that business owners must thoroughly understand the reasons that their clients buy from them. This will help businesses articulate the value they represent to new customers. "You may have different markets that are buying your products or services for different reasons," she explains. "You need to identify each of the markets and develop an action plan to call the decisionmakers in all of those markets."

Weiss advises clients to write a script before speaking with potential customers. Thus, the caller can focus less on his or her main message and more on how to answer any questions. "Cold



calling is very direct, very targeted and inexpensive," Weiss says. "It works as long as you do it appropriately and you do it often."

## Control Your Costs

In addition to stepping up efforts to increase revenue during lean times, it's equally important to cut your expenses. One way to do that is by reducing staffing costs. "This is a good time to prune poor performers," says T. Craig Bott, president and chief execu-

tive officer of Growth Utah Ventures in Kaysville, Utah, a not-for-profit organization that promotes entrepreneurship. "Laying off poor performers could relieve employees who are performing well. They know changes are necessary to move the company forward."

Four years ago real estate agent Jonathan Fleming, based in Oakland, California, let go two full-time employees in order to reduce his head count. He hired freelancers from Elance.com, a Website that connects independent contractors with businesses, and now his firm works with around 10 freelancers handling administrative duties and other services. "Had it not been for Elance, I would have had much more difficulty surviving the mortgage slowdown," Fleming reflects. He believes that hiring freelancers saves his company thousands of dollars every year.

To control cash flow, small business owners also need to take a hard look at operational expenses. "Often, companies don't react fast enough to the reality of a slowdown by clamping down on spending," observes John Mariotti, a business consultant and former corporate executive from Columbus, Ohio. "I've worked with companies that were on the verge of bankruptcy and were still spending money on flowers for someone's anniversary, paying for a party or using FedEx instead of U.S. mail."

By controlling those expenses as well as taking aggressive steps to keep customers and attract new ones, entrepreneurs can feel confident that they'll be able to weather a tough economy, and that positive attitude will make a big difference. "Stop focusing on the bad news," Weiss advises. "You have to develop a mind-set that says the economy may not be doing well but it doesn't apply to you if you're taking actions for success." ■

## Good Advice at No Charge

Looking for ways to keep your business thriving? Find valuable resources through these organizations

**1 SCORE, the Service Corps of Retired Executives,** boasts more than 10,500 volunteer business counselors in nearly 400 chapters across the U.S. These counselors are retired executives and business owners from a variety of industries. SCORE's Website, [score.org](http://score.org), is loaded with business information and a national search function that can help you locate and contact business counselors who have the expertise you need to help your company. The group also provides links to other helpful sites.

**2 The U. S. Small Business Administration (SBA)** operates more than 60 Small Business Development Centers (SBDCs) throughout the country that offer customized business counseling and technical assistance. For example, if you need to reduce expenses, SBDC counselors can perform an analysis to determine where to save money and how to improve cash flow. Counselors also provide marketing and organizational advice. Visit the SBA's Website at [sba.gov](http://sba.gov) for more information.

### Key Business Online

In a challenging economy, managing cash flow is crucial. Fortunately, Key Business Online can help. Visit [key.com/kbo](http://key.com/kbo) or call 1-888-KEY4BIZ to learn about this online banking tool.

