



Small Business Builder: Rx for Slowdown

First Aid for Entrepreneurs in an Uncertain Economy

By Mary Campbell

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The U.S. economy continues to amaze.

While some small-business owners wonder which way the wind's blowing and others dive for cover, the hardy ones scoop up market share and form partnerships, asking what all the fuss is about.

As some market-watchers give the signal for a collective sigh of relief, others warn of a high-tech recession. Although there's a great deal of weeping and wailing and gnashing of teeth in select business circles, many entrepreneurs are positively giddy. Uncertainty is grist for their mill. "A recession, you say? Bring it on!"

Advice for Any Season

Yes, there's first aid for emergencies — short-term measures that might patch you together in a crisis — but when more than a dozen business pros offered tips to the Small Business Builder, all gave advice that applies to both a hospitable and a hostile economy.

Take cost-cutting, for example. Few businesses intentionally look for ways to raise costs, regardless of economic conditions. A slowdown might actually be a boon if it forces you to take action that's long overdue.

Should you "downsize"? Small businesses can't afford to lose talent. If yours is a "lifestyle business," better to cut back on your lifestyle than your staff, says Stephan Schiffman, whose popular books on selling include *Make It Happen Before Lunch* and *Cold Calling Techniques That Really Work!*

When you're overstaffed, however, "you have to cut those not making a substantial contribution to the bottom line," says Brian McQuade, a CPA and founding member of Columbia Financial Advisors in Washington, D.C. "Then you raise the pay and increase the benefits" for those who remain.

Hold the Layoffs

In fact, you should probably be more concerned about retaining people than laying them off, say the experts we spoke with. If business owners are skittish right now, employees are even more so. They're getting nervous about job security and the attendant benefits — especially health and retirement — and they're attracted to employers that provide training.

Schiffman, a certified management consultant who founded the sales-training company D.E.I. Management Group in 1979, recommends company leaders work in the trenches with sales and other employees. Direct manager-worker communication is essential, agrees UCLA's Beverly Kaye, co-author (with Sharon Jordan-Evans) of *Love 'Em or Lose 'Em: Getting Good People to Stay*.

□ Work hard to keep the people who count, □ Kaye advises. □ Make sure they know they're wanted □ (though □ in tight times, □ she adds, you might have to reward them with □ praise rather than pay □).

□ Your Business Is Your Stock Market □

When belts are being tightened, the human resources and marketing budgets usually feel the pinch early on. But both Schiffman and McQuade say it's a mistake to cut back on what's been working. If advertising brings in business, says Schiffman, by all means □ don't cut back on advertising. □

In fact, you might want to become more visible, not less so, McQuade says. He recommends going after more market share after you □ realistically assess the marketplace. □ Look into joint ventures, he adds. Mergers and acquisitions might be possible with little outlay, since □ times like these bring some of the weaker players to the table. □

Above all, however, focus on □ getting your product out there, □ cautions Schiffman; it can be dangerous to □ vary your course. □ Of course, if your business rode in on the wave of new-economy ebullience □ if it isn't □ economically sound to begin with [but built] on assumptions, you'll have to restructure. □

For solid companies, though, □ I don't think this is a bad economic time, □ says Schiffman. □ Don't evaluate your business based on the stock market. Your business is your stock market; that's your equity. □

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An editor since the age of 6, when she returned a love letter with corrections marked in red, Mary Campbell founded Zero Gravity in 1984 to provide writing, editing and marketing services. Small Business Builder is published on Wednesdays.

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