

# Entrepreneur

SOLUTIONS FOR GROWING BUSINESSES

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## ▼ Spend wisely.

Salaries and benefits aren't the only places to cut corners. "Don't overexpand; don't overcommit; don't overleverage," says Dunkelberg.

Just as Minor recommends leasing talent, he also suggests using rentals. "Forgo capital expenditures unless you know you'll be at capacity," says Minor. "You can lease just about anything."

"If it can't generate revenue in the next 12 months, we're putting it off," says Robert L. Wallace, founder and CEO of two computer training companies, EntreTeach.com LLC and The Bith Group Inc., both in Columbia, Maryland.

But don't expect to find all your savings in big-ticket items or office supplies; dig around to find less obvious budget killers. "In good times, there's a tendency for principals who have credit cards to purchase at higher amounts," says Squar. "A leakage can occur on the managerial level as well."

## ▼ Eye your clients.

If more than 60 percent of your business comes from one client, you're overexposed—but you're especially exposed during an economic downturn. "You want to have as many different clients as you can," says Johnson.

At the same time, you've got to curry favor with your stronger clients. "How do you make sure you get your share of fewer dollars?" asks Wallace. "Most of that is a result of your relationship with your customers." Now may be the time to get in closer touch with big clients and spend your skinnier entertainment budget on taking those clients to dinner more frequently.

It's also a good time to develop tighter

partnerships with larger firms, says Wallace. In a budget-tightening period, you may win outsourced business by delivering a service for less than big firms can do it themselves internally.

## ▼ Strengthen your supply chain.

Your customers aren't the only ones to watch. Suppliers impact the health of your business, too.

Even if your business is fine, you have to consider the sources of any raw materials. "Think about critical components and resources you need and how strong your suppliers are," says Gartner.

You might even try to barter with your suppliers, especially if you run a service company. For example, Wallace

traded the computer skills of some of his underutilized staff for legal services. "It's kind of like fixed cost," he says. "I'm paying their salaries even when they aren't billable."

Shulman notes that if your own finances start to look shaky, you should approach suppliers early. "A company can negotiate forbearance or standstill agreements to keep out of the bankruptcy-court arena," he says. That assumes, of course, that you've whittled expenses down and you approach suppliers before problems become acute.

## ▼ Seek good advice.

If you've never been through a downturn, find someone to help you. But be careful, says Eisenberg: "[Bad consultants] may slash enough cost to create a profit short-term but ruin the infrastructure of a company so it can't recover."

Eisenberg also warns against relying

too heavily on CPAs, bankers or lawyers—who often analyze your problems from their own professional standpoints rather than a broad perspective.

Other business owners are another source of good advice, says Ronald P. Schutz, founder and chair of The Smart Group Houston, a Houston-based financial consulting firm. Schutz belongs to the Emerging Entrepreneurs division of The Executive Committee, which can be used as a mutual support society when members face down times.

## FORWARD . . . MARCH!

Recession? Downturn? Pshaw! You're an entrepreneur. There's an opportunity in any economic environment.

For one thing, economist Michael Cosgrove says, there's money in scavenging: "There are opportunities to buy other businesses that have overleveraged themselves." One area ripe for picking through is the dotcom sector. "It's easy to move into the dotcom space—in particular, businesses that have distribution systems—and buy the existing talent and know-how."

For businesses that had difficulty recruiting in the past, now is also the time to hunt talent. "[It's] an opportunity to upgrade our staff that wasn't available to us [before]," says David Friend of eYak.

Robert L. Wallace of The Bith Group Inc. agrees: "This recessionary trend [can make] the applicant pool much more robust than it is now."

And don't forget there are almost always growing sectors of the economy. Stay alert for those silver linings.


Says Schutz, "At least one of us is in a low spot each year, but we support each other so we know we're not alone."

## ▼ Act quickly.

Regardless of what options you face in the coming year, most experts suggest you don't dawdle. "Make dif-

ficult decisions quickly," says Squar.

That may include the toughest decision of all: "The choice is always plateau and be stagnant, or sell the company while it's worth a lot and move on," says Friend. That's not an easy call to make if you've always seen yourself moving on to a new venture. But if you're unwilling to fish for several years to come, it's better to cut bait now. That way you can get your next enterprise ready for the next upswing.

If you decide to stick with it, though, you'll have it easier if you've taken care of all the previous points. With financial information, a solid economic foundation and people to act as your sounding board, you'll be able to make good decisions without much worry—even in a down market. 

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