WEATHERING THE ECONOMIC STORM

INSIDE:
- TIPS TO KEEP YOUR BUSINESS ON THE RIGHT TRACK
- CREATING NEW OPPORTUNITIES IN TOUGH TIMES

DETAILS ON THE BUSINESS SURVIVAL BREAKFAST SERIES INSIDE

NORTH of BOSTON MEDIA GROUP
CAPE ANN EDITION
Dear Reader,

You might be confused as you look through this section. Why would your local newspaper be presenting advice on running a business during these difficult times? Very simply, we are not just in the newspaper business. This newspaper is a direct reflection of our community. People naturally associate the newspaper with news. But the advertising contained in the newspaper is very much a part of what a newspaper delivers to readers. That makes us partners with our advertisers.

When local businesses are hurting, we hurt along with them. When they prosper, we prosper as well. In a sense, we are putting our money and our newsprint where our mouth is by supporting our business partners.

In addition to publishing this section, we are partnering with Suffolk University and our Chamber of Commerce in a “Business Survival Breakfast Series” that will offer three presentations on weathering this economic storm. We urge business people of all kinds to attend these free sessions. (For details, please see the ad on Page 9.)

I would be remiss if I did not address one other point: Local newspapers are very much alive, despite what you hear about the Internet becoming our Grim Reaper. In fact, newspapers are very much a part of the Internet (see our Web site if you doubt this point). And they remain vital to the communities they serve.

How important are newspapers to society? Imagine if newspapers around our country decided to take a break and did not publish for one week. I predict that the radio announcer would have nothing to say, the newscaster would stare blankly at the camera and there would be no news to Google. Local newspapers provide the world its news.

So let’s start moving our local economy in the right direction. Let’s get over the notion that newspapers are dead. Let’s think about the opportunities that this current economy offers and let’s learn new skills together as we invent our future.

Together we will succeed.

Al Getler
Publisher

---

Don’t Miss the Largest Home & Garden Show on the North Shore

Cape Ann Home & Garden Show
March 28-29, 2009

Gloucester High School Field House
Over 25,000 sq. ft. of display area!
More than 4,000 visitors expected over two days!
Space for up to 100 exhibitors

A production of the Cape Ann Chamber of Commerce
www.CapeAnnChamber.com/HomeGarden

---
Five strategies for handling the recession

Business professor shares insights on how to thrive, even in a difficult economy

By Donna Green

Joseph Stasio has a clear and stern message for businesspeople navigating the weather of the current economic storm.

“Customers still need your services if it provides real value,” said the associate professor of marketing and entrepreneurship at the Girard School of Business at Merrimack College.

“If it doesn’t, yours will be the first to go.”

He’s not just speaking as a wise professor; Stasio also has had ownership interest in 15 companies over the past 40 years.

Drawing on his academic and business experience, the professor provides the following five strategies to help business owners improve their value proposition during hard financial times.

1. REFOCUS ON YOUR EXISTING CUSTOMERS

When sales begin to sag, the usual reaction is to go after new business. Stasio says, instead, in hard times businesses should concentrate their efforts on leveraging their existing customer relationships to look for new business opportunities.

“Very often, companies don’t understand their relationship with their existing customers,” Stasio said.

That’s a mistake, he said. Because if you have a good relationship with your customers, along with a good grasp of their needs and how they are using your product, “new products and new services can arise because of your relationships with your current customers.”

He cited an example from one of his companies, Cardea Technology, Inc., a medical software firm in Somerville.

Cardea has one major software product that helps doctors interpret and manage bone density scans. By getting to know the needs of the doctors and hospitals who use the program, Cardea has been able to do ancillary software projects for these hospitals and physicians.

“Doctors have made tremendous suggestions to us about new functionality for our software which helps us to expand our business,” Stasio said. “We can now offer things to doctors that we weren’t able to before.”

The professor pointed to another example of customer-driven innovation, this one at a chain of five pizza stores on the North Shore.

Stasio owned and operated the stores for 15 years starting in the 1970s. At some point, one of his good customers, a lobster fisherman, brought him a lobster so the fisherman could have the meat on his pizza.

“It became a bigger seller,” said Stasio, until it became too expensive to continue.

2. LOOK FOR OPPORTUNITIES TO EMBRACE COMPETITION

While operating the same chain of pizza places, Stasio formed a buying cooperative with other pizza restaurants. The resulting bulk-purchasing ability got all of them a significant discount on mushrooms and cheese.

At one point, he said, they even had a small warehouse.

“The effect on the bottom line was pretty dramatic,” he said.

Plus, he noted, such cooperation between companies with similar purchasing needs can be “very practical and it pays immediate dividends.”

That little pizza operation has given rise to another salient business illustration: the art of cross promotion.

The pizza chain printed up promotional coupons that were handed out at neighborhood liquor stores. When someone bought beer, the liquor store put a pizza coupon into their bag. The coupons cost very little, the liquor store was giving their customers added value at no cost to their own business, and the pizza chain was reaching potential customers.
4. TIGHTEN UP, BUT DON’T BE PENNY WISE AND POUND FOOLISH

In hard times, what used to seem like a reasonable investment suddenly begins to look like an unnecessary expenditure. Resist the temptation to cut back on things that will have long-term consequences.

“Many smaller organizations, in an attempt to tighten their belt, begin to reduce certain expenditures,” the professor said. “They might reduce bonuses and employee or customer reward programs. They begin to cut back on advertising and promotional efforts.”

It’s true, such actions can save dollars in the short term he said, but not without caution.

“In the long run, they are sacrificing market growth and organizational continuity for the sake of a few dollars,” he said.

5. DON’T BE QUICK TO DISCOUNT YOUR CORE VALUE

“In my pizza shops I would never ever discount the product,” Stasio said.

“I gave away free soda, T-shirts, special promotions,” he added. “On your birthday, if you could prove it, you got a small cheese pizza. I didn’t want to devalue my pizza. But I was able to promote very well nevertheless.

Before discounting your core product or service, reflect on how the customer will perceive this. Are you desperate? Were you gouging before? Is your product somehow lower in quality?

“It’s all about value,” Stasio said. “The more a small business thinks about the value it provides in the marketplace, the more opportunities it has to deliver innovative solutions.”

3. TARGET YOUR ADVERTISING

Businesses should continue to pursue new customers in challenging times, Stasio said, but in a limited and highly targeted way.

“Because resources are so limited in this economy, small businesses have to be smart about spending those dollars,” he said. “What are you trying to accomplish? Every dollar must have an objective.”

Coupons, Stasio believes, “are a very good way for small companies to stimulate business in short, targeted spurts and see the results of that investment.”

Plus, coupons provide a measurable return for the promotional dollar.

“Get away from good will and just getting your name out,” he advised. “What will create the best return for the ad dollar? The more a business pays attention to that paradigm, the better they can measure the return on that money — and feel better about spending it.”

Advertising and promotions that get people to act on the information, he said, provide the best advertising dollar value.

“Providing incentives to buy more or new things, or get involved in their business in ways that will generate additional revenue,” are examples, he said.

Advertising also needs to address the immediate concerns of the customer. When doctors suddenly received 50 percent less for a bone scan report, Cardea Technologies began stressing the money-saving benefits of their software, rather than just its functionality.

“Because of the fear and threat in the environment, we changed our message and added a whole new section to our Web site that focused on ROI,” Stasio said.

‘Factoring’ can help businesses with cash flow when loans are tight

BY BRUCE FREEMAN
SCRIPPS HOWARD NEWS

DEAR PROFESSOR BRUCE: I’m a small-business owner and am finding it difficult to get a bank loan. I’ve heard of something called factoring. What is it and when is it time to consider alternatives to traditional bank loans?

ANSWER: As the credit crisis spurs traditional lenders to tighten credit standards and raise fees, more small-business owners and entrepreneurs are seeking other ways to start a business or keep it going.

Small growth-oriented businesses and established mid-sized companies often require additional working capital when money is tied up in accounts receivable. Meanwhile, obtaining funding from banks and other traditional resources means a long and arduous process.

Furthermore, how many times have business owners heard that the check’s in the mail? Even when dealing with household corporate names, delayed payments are surprisingly common as head offices decide contractors or vendors can wait another 30, 60, or even 90 days.

It turns out companies that provide interim financing to these struggling small-business owners by purchasing their creditworthy, outstanding invoices — minus a fee — comprise a thriving, if little-known, global industry. It’s called factoring and it’s worth an estimated $1 trillion a year worldwide, with $100 billion of that in the United States and about $4 billion in Canada, according to Factors Chain International, a global network of leading factoring companies.

According to Brian Birnbaum, one of the founders of Liquid Capital, “factoring is the purchase of corporate accounts receivable. It’s generally used when a company is in its infancy or experiences a growth spurt and gives that company access to capital through nontraditional means.”

A factor purchases a business’s accounts receivable and gives them a large percentage of the total creditworthy accounts receivable up front. The remainder comes when they are collected.

The factor handles all the credit checks, collects the accounts receivable and ledgers the receivable so the client is able to concentrate on growing the business.

Factoring differs from traditional bank loans because the credit decision is strictly based on receivables, rather than other criteria, for instance, how long the company has been in business, working capital and personal credit score.

Factoring differs from equity financing in that factors don’t take equity in the company. Since contracts are short-term, the client could elect to stop factoring whenever he or she chooses.

The industry, notes Birnbaum, is set to grow again in light of current instability in U.S. markets related to credit lending practices among major lenders, such as banks. Factoring does well when banks tighten their lending and people can’t find money anywhere else.

Bruce Freeman is president of ProLine Communications, a marketing and public relations firm.
Afflicted or the paralyzed. You are not alone, but it ried. You are not alone, but it is crumbling, and rules are being abandoned. The government is in a scramble mode as never before.

Change is not “in the air.” It has hit the ground running, or should I say running rampant. Breaking news: Have you heard? The economy is down. It hasn’t been this way, this bad or this low for 50 years. Companies are crumbling, and rules are being abandoned. The government is in scramble mode as never before.

But that’s them.


It’s not “change” — it’s “drastic change.”

What are you doing about it? It’s time to face reality. “I see it coming, but it may just go away, I’ll change later.”

4. Your previous comfort and present comfort. “I have a lifestyle, and I don’t want it interrupted!”

5. Your unwillingness to abide by the new rules and the new standards. Resistance to self-improvement. Resistance to being measured by results. Resistance to being measured against others. This is especially true if you’re a longtime employee.

6.5 You think: “It can’t happen here.” Uh, Sparky, it already has. And it’s not going away any time soon.

Do something!

WHAT YOU CAN DO
Is there a solution? Are there answers?

Yes, there are.

- Create more self-time and less TV time. The news is not great — especially people giving their opinion about what is happening. Watch less of it. Now is the time for action, not opinion.
- Study attitude for 15 minutes every morning. Give yourself time to read, think and plan.
- Relax mentally. Breathe.
- Get up earlier, stay up later. Now is the time for “money.”
- Do your best every day at work. You never have to prove your worth if you’re doing your best.
- Avoid attending the pity parties. There are plenty of them.
- Don’t participate in the rumor mill; wait for the facts to emerge.
- Don’t participate in the grumbling. Just get to work and sell something.
- Make a projected cash flow. Cut now so you don’t run out of money in the near future.
- Sell more. No company ever cut their way to success.
- Serve your customers better than ever. Earn their loyalty with value.
- Help your customers with their issues. Their situation is what’s causing your falling sales numbers.
- Give something of value to your customers. They will thank you and respect you.
- Select your top customers and invest in them. They will thank you and reward you with their loyalty.

SEIZE THE OPPORTUNITY

For years I have defined change as opportunity. That definition is still accurate.

This is not a time to “get over it.” This is a time to get on with it and take advantage of it.

Before you try to make another sale, before you call on the next customer, look at the real world so you can come up with real ideas and real answers.

Let me be more specific. I want you to look at and define your real world, and their real world.

Before you visit any customer, you have to know what the total situation is. In these times, “sell them” may be last on the list.

Don’t make the fatal mistake of just defining your situation. You also have to define the customer’s situation, the market situation, and your company’s situation.

Write down the situation.

And then start looking for opportunities.

What are the opportunities for the customer, for your company, and for you? Is there an opportunity for you to capture a higher percentage of the customer’s business? Is there a market opportunity that customers are missing because they are more focused on their woes and their competition, rather than their strengths?

Once you’ve identified all the opportunities and you’re clear on their situation, then only then can you begin to write what you intend to do — your objectives.

You may have several objectives. Whatever the objectives are, they must be clearly stated and defined in writing. Do not confuse objectives with goals. Write down what you intend to do to help the customer, do more business with the customer, gain more referrals from the customer, and make the relationship with the customer a financially rewarding one.

Now, I’m going to challenge you on a mastery point. Once you have this game plan written down: situation, opportunities, objectives, and intentions, I challenge you to share these thoughts with your customers so that they can become aware of how serious, how professional, and how certain you are about growing the relationship, helping them, and building your business.

Your list of ideas and answers will not only set you apart from your competitors, who at this moment are merely trying to sell and collect, but they will also build your relationship in the more difficult times.

Then, when times get better — and they always do, you will have earned the business and the loyalty that you deserve.

Jeffrey Gitomer is the author of “The Sales Bible” and “The Little Red Book of Selling.” He can be reached at 704/333-1112 or e-mail to salesperson@gitomer.com.
There’s no escaping the facts of the current economic downturn. But that doesn’t mean you have to stand by helplessly.

One way to take immediate action to help your business not only survive, but thrive, is to attend the Weathering the Storm Business Survival Breakfast Series in coming weeks at The Gloucester House.

The workshops will offer targeted advice for businesses like yours from experts who know your struggles firsthand.

The series is sponsored by North of Boston Media Group, Suffolk University and the Cape Ann Chamber of Commerce. For details, see our ad, page 9.
About the Speakers: David Hartstein

“"In this day and age, it is very hard to reinvent the wheel. But it is important for all of us to look at our business every day and determine where we stand as it relates to our competition."”

David Hartstein

Remember the Four P’s: Price, promotion, product and place

By Tracy Rauh Solomon
trausholomon@eagletribune.com

David Hartstein, founder and CEO of KaBloom flowers, was born in Israel, the son of Holocaust survivors. He came to America in 1982 to attend Suffolk University, then shortly after returned to Israel when his father died.

“My mother was the one who convinced me to come back to the U.S. to finish school,” he says. “She said … ‘Everything can be taken away from you, but your education.’ That statement has resided in me throughout my professional career.”

Hartstein would go on to earn a bachelor’s degree and MBA from Suffolk in just four years, while also working full-time. Over the course of his career, he has worked with and founded a variety of companies. It was in 1998 that he launched KaBloom, retailers of fresh-cut flowers, and subsequently Kabloom.com. By 2006, the company reached sales of $40 million and had more than 120 stores nationwide.

Hartstein sold the company in 2006, then bought it back in 2008 after patenting a hydration system that allows flowers to be shipped to consumers and stores in water. The balloon-like device is secured tightly to the base of cut stems. Today, Hartstein says, thanks to this Moses Miracle, as the patent is named, his is the only company in the United States that can ship flowers overnight in water via mainstream delivery services.

Q: You describe a difficult process in getting the patent for the Moses Miracle. In fact, you say the patent was turned down three times. Why did you keep trying?
A: We found out in retrospect that the examiners in Washington, D.C., had not issued the patent not because there was something out there like it, but because they could not believe that something so simple was not invented before. The point I am making here is that in this day and age, it is very hard to reinvent the wheel. But it is important for all of us to look at our business every day and determine where we stand as it relates to our competition. What can we do that is better than our competition? And that is one of the great things that exists in the United States; as long as we are honest and ethical, the sky is the limit.

Q: You have gone through many different economic climates as a business person. What sorts of advice do you give to your franchisees to help them succeed during these difficult financial times?
A: Within the business model, I look at how do you run a company. There is an item called fixed costs that you can’t get rid of: rent, taxes, water, sewerage, etc.

Q: And then there are those that are not?
A: Yes. In an economy like today, for instance, when people are laid off, very good people are out there looking for something to do in their field. One of the things I do (to save resources) is I outsource every aspect of my business. I outsource accounting, marketing, affiliate management … I advise franchisees to look at things we used to do in the past that worked very well for us. Like marketing our business via local merchants ... Put a vase of fresh flowers at the local Starbucks, local Dunkin Donuts, local dry cleaner, local shoe maker, apparel store. Just ask that they put a card that says these are courtesy of KaBloom. Get people to see what you do, and maybe get them to come to your store.

Q: Can you think of an example?
A: I remember when we opened KaBloom, the day I knew we had a successful formula was when we advertised in the local paper and the ad said, “Free dozen roses with the purchase of a vase for $12.99.” We got such a hike in our sales that I knew … There are four items I teach our students every day, and that is the Four Ps: The price, promotion, product and place. That day, I knew we had it. It worked.

Businessman David Hartstein, who grew up in Israel, believes the opportunities for entrepreneurship in America are unprecedented for those willing to become educated, work hard, and constantly consider ways to stand out from the crowd. “What can we do that is better than our competition?” he asks. “That is one of the great things that exists in the United States; as long as we are honest and ethical, the sky is the limit.”
ABOUT THE SPEAKERS: LU ANN REEB

Get your message out online

by Tracey Rauh Solomon
trauhsolomon@eagletribune.com

Lu Ann Reeb is president of Skyways Communications, a new media marketing firm in Norwood. Prior to founding her company 10 years ago, Reeb was an Emmy award-winning executive producer who worked in television news for more than 20 years. As a TV journalist, she produced nightly news programs and documentaries and covered a wide range of news stories. With Skyways Communications, she uses that experience to help businesses tell their stories.

Q: It’s no secret that this is a challenging economy — for any sized business. What are some of the ways you counsel people to get their message out and not only survive, but thrive?
A: What I tell my clients, what I ask my clients, is really simple: What is your audience? What is your message? And once we have identified this, then, where are they? ... Are they on the Internet? Are they on iTunes? Are they on Facebook? Are they searching through Google and various search engines?

Q: Can you give an example?
A: You can write a blog that’s associated with your Web site ... if you write a blog, you become the expert. And people like to listen to experts when they are looking for a product.

Q: So I am a small businessperson. I own three convenience stores in the Merrimack Valley. I have a Web site. I want to compete better. I want to know how to spend my advertising dollars. What advice would you give to me?
A: You look at how you have marketed and advertised in the past. Maybe you have purchased an ad in a newspaper and that has worked very successfully. ... I would say to that client, don’t stop buying that ad in the newspaper because it has worked for you. Rather, you want to add prospective clients. Maybe you do a media buy online with that paper ...

You can also be creative about how you use that ad. I am a big fan of re-purposing content. Let’s say that store has an ad in the paper and online with the newspaper. Well, maybe you add a new media piece. So online you can have a click-through to a coupon, to an audio message, a 30-second commercial. ... You look at what you have and build on it incrementally in the most economical way.

Q: Is it more important or less important in an economy like this to continue to budget ad dollars?
A: I would say to any business owner of any size that a down economy is the time when you need to advertise, market and promote even more. Your clients and your customers are cutting back, too. So you really need to try harder to reach them.
About the Speakers: Michael Barretti

Remain visible and valuable

By Tracey Raub Solomon

Professor of Marketing Michael L. Barretti, Suffolk University’s director for the Institute of Executive Education, was a longtime businessman before moving into academia in 1997.

He began his career after serving in the U.S. military with Polaroid company, then moved into the medical device industry.

Barretti has experience with difficult economies, having been through downturns in the early 1980s, the early 1990s and the dot-com bust.

“In each occasion I was responsible for running a small to medium sized business,” he says. “So I’ve learned some lessons.”

Q: What are some of the things you have learned over the course of your career that can benefit business owners today?

A: One lesson I learned very early on is that in periods of down economic times, you’ve got to increase your customer’s awareness of your business. What is going on right now is a change in consumer behavior. People are reacting to news reports, and we all know consumer confidence has dropped. That is having a direct effect on how people approach decisions.

With respect to big ticket items, for example, people are making lifestyle decisions. Do I invest in a new car, or an appliance, or do I hang onto that money in the event I lose my job? Or maybe I have lost my job and I really need to preserve my resources until times get better.

When you are faced with a situation like this you have to be different than your competitor... because there are other businesses out there that do the same things you do.

Q: What are specific ways to accomplish this?

A: One way is through more promotion. Promotional activities draw traffic and if customers like the activities, they will keep coming back. Another way is to advertise more heavily to demonstrate that you are different from your competitors. A third way is to be more proactive and maybe adapt your message to customers.

This goes to a whole question of values. As customers adapt to what is going on in this economy, their values may be changing... We are in a situation where people are concerned about how they are spending discretionary money. What they may normally have spent money on they may not now. So you have got to be able to say to your customer: “This is why you should be buying from me or using my services.” It applies to small businesses as well as large.

Q: How can a business person come to understand these values?

A: It’s hard to do. It’s hard to understand, particularly for small businesses that don’t have the resources a large business has to really understand what is going on with their customers these days. And yet you have to do it.

One real simple way is to ask your customer, “Why are you coming here?” We need to gather information to make logical decisions. And very often we are so focused on today’s transaction that we’re not looking for the information that is going to help us with tomorrow’s customer. It’s not just today’s transaction, it’s tomorrow’s transaction and the day after’s. It costs more to acquire a new customer than it does to keep an existing customer.

Q: What are four boiled-down points that encapsulate what a business owner should be thinking about today?

A: Number one, understand your customer, understand they are adapting to difficult times right now. Number two, differentiate yourself. It’s not enough to say, “I’m the best.” You have to demonstrate you are the best and show why.

Number three, treat your customers with respect so they want to come back to your establishment. And number four, customers are not just going to come. You have to advertise.

I am very upbeat about this. This economy is going to change. And it’s going to go back to being as good as, if not better than, it was before. And if you are not putting your brand out in front of that customer, those customers are not going to be there when things get better. They will be at your competitor, who has done it.

Weathering the Storm

Business Survival Breakfast Series

to help businesses thrive in these tough economic times.

Featured Speakers

David Hartstein

President of KaBloom

8:00 am - 9:15 am

Thursday, February 19th

“Too many of us await opportunity, rather than create opportunity” Imagination is more important than knowledge / Albert Einstein

David Hartstein, Executive in Residence, Marketing, Suffolk University Sawyer Business School

David has extensive international experience in corporate strategy, business development, and operations for a diverse range of retail and consumer products organizations. He is the founder and CEO of KaBloom, one of the premier floral retail and consumer products organizations. He is the founder and CEO of KaBloom, one of the premier floral

Michael Barretti

Director, Institute for Executive Education, Suffolk University

8:00 am - 10:15 am

Thursday, March 5th

“Thinking Through and Executing Your Marketing Strategy”

Michael L. Barretti, Professor, Marketing, and Director of the Institute for Executive Education and Life-long Learning at Suffolk University Sawyer Business School

Michael has over 35 years of domestic and international experience related to marketing, strategic planning, and new business development. In addition to his academic and administrative responsibilities at Suffolk, Professor Barretti maintains business interests in the medical devices industry, and currently serves on the board of directors of AMEX listed AdvanSource Biomaterials. He holds an MBA from Suffolk University, earned in the Executive MBA Program, and a BBA from St. John's University, New York.

Lu Ann Reeb

President of Skyways Communications, LLC

8:00 am - 10:15 am

Thursday, March 5th

“A Survival Kit: Marketing Your Business in This Economy”

Lu Ann Reeb, Co-founder and President of Legal Talk Network and Skyways Communications

Lu Ann is an accomplished entrepreneur and executive leader with a strong portfolio of corporate marketing strategies in the global B2B environment. With a combination of small business management expertise, corporate marketing, extensive media experience and advanced education with an MBA from Suffolk University Sawyer Business School, Lu Ann also has extensive experience in Broadcast Journalism and TV news management spanning over a 20-year career.

For registration call Marybeth Callahan at (978) 283-7000 Ext. 3446

The series takes place at

The Gloucester House, 63 Rogers Street
Gloucester, MA
Build a happy place
Keeping up workplace morale helps retain workers through toughest times

As the stock market has so ably demonstrated, investors hate uncertainty. Employees hate it, too.

In good times, an employee who is worried about his or her job reaches for the door. In bad times, only your strongest employees are likely to be eying the exit.

That’s exactly what you don’t want. And it’s why paying a little attention to employee morale just might save your company from losing valuable human capital when you can least afford it.

Dr. Jane Parent, assistant professor of management at the Girard School of Business at Merrimack College in North Andover, has done research examining how employees respond to organizational change. Before beginning work on her doctorate, she worked for 13 years at large manufacturing companies in fields relating to financial analysis.

Parent offers this advice to employers for keeping morale up as companies change to respond to these economically uncertain times:

**Communicate**
“The biggest thing management can do is communicate what is going on with the business,” Parent said. “The more management communicates the good and bad news, the better employees will do.”

Parent related an example of business-changing communication from her time at National Semiconductor. At that time, she said, the company was losing money and a new chief executive officer had taken command.

“The first thing he taught us was what ‘break even’ means,” she said. “Everybody from top to bottom knew how to calculate it and we were rewarded on it also.”

Within two years, Parent said, the company had achieved break-even and went on to profitability.

Communication is most effective when it is face-to-face, she said.

“I think too many people use electronic communication,” she added.

A set speech isn’t what she recommends, either.

“Face-to-face is better in a two-way communication, so people can ask questions,” Parent advised.

**Gain participation**
Parent’s research has shown that employees respond more positively to change that they’ve been able to participate in, at least to some extent.

“When everybody is allowed to participate at all levels of the organization, from the mail room to the board room, more creative ideas will come about,” Parent said. “A business owner has to be open to having ideas bubble up from the bottom.”

She suggests giving employees a business goal and having them suggest ways of achieving it.

One organization she studied, a large city library, told employees they needed to cut costs by 10 percent. The employees worked amongst themselves and subsequently found 10 percent savings without anyone being laid off.

“Often we get this victim mentality when the economy takes a down turn,” she said.

Good managers have long known that giving employees a chance to help solve problems gives employees a greater sense of control and some ownership in the change, too.

**Define clear roles**
With downsizing or the elimination of contractors, jobs change.

These changes often mean employees are required to do more work and possibly of a nature they didn’t do before. And these changed expectations need to be made explicit.

“When your role is clearly defined in the organization, your morale is better,” Parent said. “Make sure everyone has clear roles and they understand those roles.”

She suggests personal employee reviews with defined job goals and objectives.

“What does the change in work mean to the employee?” is a question that needs answering, she said.

Responsibilities that just settle onto an employee because those who were doing that work are now gone give cause for resentment. Everyone needs to know what is expected of him or her, and have management acknowledge when that expectation changes.

If employees can participate in redesigning their own role, all the better.

“I found when I was empowered to write my own goals and objectives and took part in defining my role, I was more loyal — happier in my job,” Parent said. “I felt more of an attachment.”

A culture of empathy and optimism
Encouraging a feeling that we’re all in this together builds team spirit. “If there is a group of people who can all empathize with each other, a synergy and teamwork develop; an underdog mentality develops and builds morale,” Parent said. “Together people work better and more efficiently.”

She also encourages management to be as optimistic about the future as possible, while still being honest.

“I find optimism very important to how people adapt to change,” Parent explained. “If you are optimistic, you are more likely to be more adaptable to change and, in turn, have higher morale. If there is hope, that should be communicated.”

Parent observes that many personality characteristics are static within a person. Yet corporate culture, especially with respect to pessimism or optimism, is contagious.

“Managers shouldn’t be Pollyannas, but we can be hopeful and work toward a goal and be optimistic about the future. It will really help with morale in difficult times,” she said.

Of course, optimism must be based on reality. A diet of good news will not be credible if the bad news is withheld.

Pay attention to stress
Parent points out that it is stressful to work in a business that isn’t profitable.

Employees and management, she said, need to address stress.

“Managers shouldn’t be Pollyannas, but we can be hopeful and work toward a goal and be optimistic about the future. It will really help with morale in difficult times,” she said.

“Employees need to know they need an outlet so they can leave their job behind at times,” she said. “It’s not avoidance, but a break from work.”

Owners need an outlet, too.

“Often times small business owners never take a break.”

**Think strategically**
Most entrepreneurs, don’t look up from their business long enough to think strategically, Parent said.

“Time has to be spent on strategy,” she pointed out.

It’s important to ask the question: “Where do I want to be in five years?”

Employees, too, benefit from knowing management’s long-term vision. Parent believes businesses are more likely to retain good staff when they know the company has big plans for the future.

“Employees are more likely to be excited about the business and want to be part of the team,” she said.

Thrive through change
“All the research on change and morale points to trusting, communicating, participation,” Parent said. “It is a leap if you have a business that doesn’t generally do this, and it is a risk that management has to take. These are different economic times and we need to try different things.”

Parent said people absolutely can thrive through change and perform better after a change.

“I have found that people who participate, (who) are optimists and are clear on their roles are the ones most likely to thrive through change,” she said.

**QUICK TIPS TO BUILD A POSITIVE ENVIRONMENT**

FOR MANAGEMENT:
- Address stress
- Create a culture of optimism, empathy
- Communicate honestly
- Define clear roles
- Gain participation
- Think strategically

FOR EMPLOYEES:
- Build social support with team members
- Have an outlet for stress
- Participate in change
- Understand your role or help define it
Forget fear: Find ways to excel

BY MARVIN WALBERG
scripps howard news service

Sometimes the best offense is a strong defense, and I’m not talking football.

This is not about job searching, but job keeping. According to most people, our economy is in crisis, and workers everywhere are full of white-knuckle fear.

What may happen next?

Bill Treasurer, founder of the national training company Giant Leap Consulting and author of “Courage Goes to Work” (Berrett-Koehler), offers these five tips to help workers deal with fear in scary economic times.

1. Refocus on your work.

Fear is the enemy of productivity. Get clear on what needs to be done, right here, right now. And then go about the business of doing it. If you’re not contributing, you may be in danger. Know your job, and then do it.

2. Stop playing it safe.

Ditch the herd. While everyone else is hiding, you can stand up and stand out, getting noticed for your talent and contributions. It’s easy to follow the herd. It takes effort to lead.

3. Form a posse.

Create an inner circle — a small group of co-workers who you can trust and turn to when the going gets really tough. Take turns being “the positive one” and injecting a daily shot of courage.

4. Find a productive distraction.

What makes you feel better; a little stronger or braver? U2 on your iPod? A can-do mantra? A long run at lunch? Identify that one little thing, your own personal “fear buster,” and use it early and often.

5. Just say “no” to the pity party.

It’s tempting to commiserate with co-workers. Don’t do it. It will stoke your fears and shake your confidence even more.

You can change the negative tide and have a positive effect on your co-workers and business by being positive and productive.

Bad news sells but a positive attitude is contagious, so spread the positive germ all around you and watch what happens.

You just might help ensure your own future, and that’s a good thing.

— Marvin Walberg is a job search coach. Contact him at mwalberg@bellsouth.net, marvinwalberg.blogspot.com, or PO Box 43056, Birmingham, AL 35243.

Great salespeople put customers first

BY BRUCE FREEMAN
scripps howard news

Dear Professor Bruce:

I’m a small business owner and have never had any formal training in selling. What can I do to be better at the sales process and grow my business?

Answer: Here are a few ideas:

1. Great salespeople learn how to listen and listen to learn. Get out of your mind what you’re selling and start thinking about what your customers are selling and what their goals are.

2. The real key is to get beneath the surface and understand your customer’s key buying criteria, goals and challenges. Once you start doing that you begin to build trust because you’re focused on their needs, not your own.

3. Build long-term relationships. If you want to build your business, start thinking about ways to build your prospects and customers’ businesses. How can you introduce them to people and organizations that would help them? People buy from people they like, trust and respect.

5. Follow up and follow through. What really shows the customer’s value is how you follow up after a sale or after you’ve promised them some information. Every time you follow up, make sure you have a new idea or new information to share so you’re always looked upon as positive. Go back to every one of your customers and thank them for their business and ask if there is anything you’re not doing that you could be doing to serve them better.

Bruce Freeman is president of ProLine Communications, a marketing and public relations firm in Livingston, N.J.
When the going gets tough, the tough keep advertising
Strong marketing during recessions means stronger business

By Donna Green, Correspondent

It may be human instinct to hoard cash in tough times, but it can be a self-destructive one if it means cutting back on advertising and marketing dollars, according to numerous experts and studies.

Here are three good reasons why savvy business people continue to seek out new customers, even when profits are squeezed.

1. History shows advertising in hard times pays off

“Over the last hundred years or so, studies of every recession have shown that if you pull back, you lose market share and investment,” said Beth Vendice, president of Advanced Results Marketing in Marlborough.

“Even after the recessionary period, the companies that advertised not only increased their sales over that period, but they came out stronger than the competition that pulled back.”

Vendice’s company specializes in direct-response marketing, which is designed to get a consumer to take a specific action, such as clipping a coupon, calling a toll-free number, registering on a Web site or anything else that would turn a person into a lead.

“Everything is quantifiable.” Vendice explained. “You can see leads generated per dollar spent.”

2. You get more for your advertising dollar

“This is a buyer’s market for advertising,” Vendice said.

“The market is so soft right now, you can take advantage of lots of efficiencies in media,” she explained.

In 2009, she said, with a budget equivalent to the one you had two years ago you should be able to increase your reach by 10 to 20 percent.

“There are lots of benefits in being a savvy marketer in this environment,” she said.

But just as you are looking for value in advertising, so too are your customers looking for value from your business. You should be emphasizing value-oriented offers and keeping in touch with loyal customers, Vendice said.

“Reassure them about your presence in this economy,” she said.

And of course, remind them of the value your company brings to their life.

3. Your competitors will lose market share to you

Hard times give you an opportunity to gain market share as competitors pull back, Vendice said.

Immediately after the terrorist attacks against America on Sept. 11, 2001, she said, some clients wanted to “pull everything.”

But the Mandalay Resort Group, owners of the Las Vegas strip properties of Mandalay Bay, Excalibur, Luxor, and Circus, Circus, were back advertising within 15 to 20 days.

“TV rates were extremely inexpensive at that time and it was a very profitable subsequent quarter for some of them,” she said.

Value-oriented casinos like Circus, Circus and Excalibur were the first ones back up with action-driven, value-oriented offers that also preserved the brand, Vendice said.

Prominent public relations executive Brian Solis had this to say on the topic in a Decem-ber piece on TechCrunch.com:

“Customers, do not stop making decisions — they’re just more discerning during volatile economic climates. But make no mistake, if you choose to stop vying for customer attention, the world will move ahead without you.”

FIVE RECESSION-RELATED PITFALLS

- Cutting expenses too slowly. Don’t cut expenses a little bit at a time. Now is the time to look at expenses and decide whether your company needs to cut expenses 5, 10, or up to 20 percent. Do what it takes early in the year and bring costs down.

- Maintaining the same product and service mix. Your needs are changing. You can bet your clients’ needs have changed, too. Call your clients and ask them what they need. Then design your product service mix around those needs.

- Reducing marketing instead of focusing on marketing. The company that stands tall, strong and visible in the marketplace has stature and status. Differentiate with strong marketing to drive leads and sales.

- Lacking systems to free up your time. Streamline your business and become more efficient. Use a handheld organizer to keep track of phone numbers, dates, appointments and meetings. Set a time each week to handle routine tasks, bills and paperwork.

- Keeping everything to yourself. Your team knows the economy is tough and wants to understand what the company is facing and how. Together, you can make it through. Lead toward a brighter future by focusing your efforts on today.


STUDIES SHOW: ADVERTISING PAYS OFF, AND KEEPS PAYING

Over the years, hundreds of studies have been conducted on how companies deal with advertising during a recession.

After World War II, Buchen Advertising Inc. decided to plot the sales of a large number of advertisers through successive recessions. In 1947, Buchen began measuring the annual advertising expenditures of each company. When the figures were correlated with sales and profit trends before, during and after the recessions of 1949, 1954, 1958 and 1961, they showed that almost without exception, sales and profits dropped off at companies that cut back on advertising. The studies also revealed that after the recessions ended, those companies continued to lag behind the ones that had maintained their advertising budgets.

In 1979, another study by ABP/Meldrum & Fewsmit, covering the recession of 1974 to 1975 and post-recession years, showed similar findings.

“Companies which did not cut advertising expenditures during the recession years (1974-1975), experienced higher sales and net income during those two years and the two years following than companies which cut budgets in either or both recession years,” the study said.

Another study by MarketSense during the 1989-to-1991 recession shows brands such as Jif peanut butter and Kraft salad dressing increased their advertising and experienced sales growth of 57 percent and 70 percent respectively.

At the same time, while most of the beer industry cut budgets, Coors Light and Bud Light increased theirs. They saw sales jump 15 percent and 16 percent, respectively. Among fast food chains, Pizza Hut sales rose 61 percent and Taco Bell’s 40 percent, again thanks to strong advertising support.