



SmallBizResource Blog -- Economy

How To Stand Strong Amid A Weak Economy

Posted by Gayle Kesten Monday, Sep 29, 2008

The latest Discover Small Business Watch confirms what any small-business owner with a pulse already feels: fading faith (or lack thereof) in the future of our nation's economy.

From August to September, economic confidence fell more than 12 points among 1,000 randomly surveyed businesses with five or fewer employees. In addition, 51 percent believe economic conditions for their businesses are getting worse, up from 44 percent in August; 73 percent believe the economy is getting worse, up from 60 percent in August; and 72 percent of those seeking loans say it is harder to borrow money right now.

The economy is also top of election mind for small-business owners -- far ahead of the war in Iraq and national security, according to the Small Business Watch. They're split on whether our next president will be able to help: 45 percent say they are very confident or somewhat confident that the next president will improve operating conditions for small-business owners, while 44 percent expressed little or no confidence in the next administration. More survey respondents think the Republican Party best represents their interests (43 percent vs. 40 percent for the Democratic Party).

No way am I going THERE, but I do admit to a lot of head-nodding while reading Friday's rANT on bMighty.com about how we responsible owners of growing businesses will be "paying to take care of the greedy fatcats who recklessly led us" to financial meltdown status. While not disagreeing that a bailout is needed, The rANT calls for structural reform so that people can't make billions without contributing something worthwhile to society. "You know, the way business owners do every day," The rANT says.

It's hard not to get caught up in the collective outrage; the stock market is creating a lot of panic, acknowledges Paul Rauseo, managing director of George S. May International, an 80-plus company that helps businesses become more profitable by controlling costs and increasing productivity.

Rauseo's advice? "Filter it all out and focus on your business," he told me. "The stock market affects people whose pay is made by stock options. Small businesses have to be more focused on providing controls and efficiencies ratings to stay above water."

His tips include:

- **Making sure your budget is balanced, plain and simple.** "It's more important than ever," Rauseo says. "Something as small as turning off and unplugging devices, such as computers, laptops, printers, and monitors -- that's \$65 per year per unit in standby mode. These numbers become a larger percentage of a small business' gross."
- **Focusing on the customers you already have and reaching the ones who aren't coming back.** "It's easy to propel business from the clients you have, not the ones you hope you have," Rauseo says. One of those easy ways: Consider putting in place a frequent usage program that incents them to spend more. Also, don't raise prices. If you need to pass some costs along, such as fuel expenses, do so as a surcharge, he advises.

- **Educating your clients about your goods and services.** "Some people call it upselling," he says. "We call it the ultimate experience. I'd rather know what your organization has to offer me and make a decision about whether that's good for me. Be a trusted adviser."
- **Developing operational metrics.** "Accountability is more important than ever," Rauseo says. "Look at your employees -- what's expected, what they achieved, what the variance is, and then it's about how do we narrow that gap? And it doesn't matter what your business is -- a lawyer, electrician, or pizza maker. Everyone must be accountable on a daily, even hourly, basis."