



HOW TO Thrive in 2009

Forget all that negative talk about the economy. Here are nine ways to make your business a thriving venture this year. Plus, we spoke to successful distributors in some of the most depressed markets to find out how they're flourishing.

By Dave Vagnoni

the current economic reality compares favorably to a bone-chilling, profits-numbing ice age. And no amount of positive thinking will instantly produce the great thaw. "This crisis is a different

animal in scale, speed and complexity," says Bob Bruner, dean of the University of Virginia's Darden School of Business. "The sheer magnitude of loss makes this a whopper."

There is, however, plenty that companies can do right now to ensure their success.

While economists crunch the bleaker-by-the-moment numbers and politicians

engage in a game of pointing fingers across the aisle, you, the un-bailed out, still have to run your business. With that in mind, and with the help of some of the most creative and out-of-the-box thinkers we could find, *Counselor* offers nine strategies for surviving and thriving during the current recession. Even better, these strategies are sure to help put your company in a better position to pounce when the economy does recover.

#1 Get in front of customers

There's no substitute for face-to-face meetings with your best customers. Set up appointments. Take them to lunch. Be persistent. Get personal with handwritten notes, rather than mass e-mails.

But what if you don't have the time or the means to visit everyone on your list? Save energy and resources by having clients come to you. "We wanted to celebrate 15 years in business," says Mike Giordano, president of Carpe Diem Sales & Marketing Inc. (*asi/158850*). "We came up with the idea to throw a big party, sort of an open house, and 450 people came. There's no doubt we got new customers."

Carpe Diem used its Orlando warehouse for the event and invited a large number of prospects. "It was in October, so we had a political theme, we hired an emcee and we gave out prizes," Giordano says. "Customers walked around our site and found out about us. We easily got back the money we spent."

The party was such a success that Giordano plans to have an annual open house.

"We gave out surveys so we know what we can do better next time," Giordano says. Of course, not every business can afford a yearly party. But there are still plenty of ways for you to connect with clients.

"We underestimate the power of listening to customers," says Barry Farber, a consultant, motivational speaker and best-selling author of 11 business books. "It's like

an iceberg. We only see part of the picture. About 70% of customers leave because they don't think you care."

Farber suggests interviewing your top customers to find out how you can serve them better. Rather than just pushing products, try to understand clients' goals and plans for the year. "Ask them about their challenges, their customers and their ideas," Farber says. "You'll build better relationships and convince them you're proactive."

#2 Work your current client list

What's the point of having contacts if you're not going to use them?

Making an effort to strike up business with old clients, Ontario-based McLoughlin Promotions (*asi/266130*) recently created a "Win-Back" list for 2009. "The idea is to not leave opportunities on the table," says President David McLoughlin. "We

want to focus on people who know our name. That way we're making calls that are warmer, rather than just cold calling."

Management consultants also advise reviewing the amount of business your elite customers actually provide. There could be more sales to make. "We shouldn't be afraid to contact our major clients," says Bette Price, president of The Price Group, a management consulting firm. "The best clients tend to call us when they need things and we make the mistake of not calling them."

When you reach out to current or former clients, convey your ability to solve their business problems with thoughtful ideas. Be ready to give case studies of how your company helped a client achieve an objective. And, do your homework. "Too many salespeople spend 70% of their time thinking about product and 30% of their time analyzing the needs of their clients,"

A SIX PACK OF RECESSION-BUSTING TIPS

Okay, so nine strategies weren't really enough. Here are six more things you should do this year to ensure your business grows through the recession.

- 1) **Watch Cash Flow.** Don't simply place a premium on profits. Monitor your cash and keep in frequent contact with your bank.
- 2) **Be a Firm Collector.** Be persistent with those who owe you money. Send reminder letters, follow up with phone calls and even enlist collection agencies, if necessary.
- 3) **Offer Discounts.** A major price slash is overkill, but moderate discounts can encourage customer loyalty.
- 4) **Renegotiate Your Lease.** Property owners like stability. They may offer you a better deal in exchange for a promise of your continued business. Also search for the best phone and Internet provider deals.
- 5) **Stress Customer Service.** Remind your clients that they're appreciated. Send them thank-you cards and holiday cards.
- 6) **Sell Excess.** Get rid of unnecessary equipment or unwanted inventory. Consider using mainstream sites like eBay.

“Right now, you can’t be an order taker. You have to be a seller.”

BOB SANCHEZ, UNITED PRINT GROUP (*asi/348665*)

says Phil Sibinski, president of PJS Inc. a multi-line rep in the industry. “Salespeople need to be doing the opposite and become almost consultants. That’s what makes the elite people different.”

As you make your presentation, focus on your top-selling items and become an expert at using them to close a deal. “Reinforce a few core products,” Price says. “Be sure to maintain your identity as a company.”

#3 Network to gain referrals

The art of networking can be learned. Networking groups, like BNI, are gaining in popularity throughout the country and can yield tangible benefits. These groups can meet once a month or as often as several times every week. They can be social,

community service-based or profession-specific.

Some industry distributors find networking organizations so successful that they mandate staffers to join. Bob Sanchez, president of United Print Group (*asi/348665*), requires each member of his sales staff to be part of at least one networking organization. “That’s how we expand our business,” Sanchez says. “We’re clear about referrals and the kinds of companies we’re targeting. We look for networking groups that are energetic and have mature businesses. Right now, you can’t be an order taker. You have to be a seller.”

Online social networking can also be a valuable tool. Sites like Facebook, MySpace, Twitter and LinkedIn are free to join and easy for even computer novices to

navigate. “One of our new sales guys used LinkedIn to find people he went to school with,” Sanchez says, “and it brought him customers and a couple of sales.”

#4 Diversify your client base

Experts say a client base should be like a stock portfolio – never have too much of one thing.

“If there’s a sales rep that only had pharma accounts, they’re probably flipping burgers right now,” says Mike Grossman, vice president of sales for Imagemark (*asi/230137*). “You have to diversify and that will keep you afloat.”

While new pharmaceutical marketing restrictions have certainly affected the ad specialty industry, a sour economy has dried up other traditional revenue generators as

TROUBLED MARKET: PHOENIX



How distributors are thriving in Phoenix, AZ

Home building is way off pace. Everybody is looking for more recession-proof customers. Some company owners are starting to look out of state for business – more than they’ve needed to in the past.

HP2 Inc. (*asi/217284*) has been in business in the Phoenix area for five years. In 2007, owner Marc Hawkins spent eight months working to get certified as an official small-business vendor to the city of Phoenix. Wading through all the

political red tape initially paid off, and in 2008, HP2 pulled in some \$60,000 in new revenue from the city – mostly related to youth programs that needed uniforms, water bottles, backpacks, pens and notepads.

“Unfortunately, we don’t think we’ll see that much from the city this year,” says Hawkins. “The city has such a big deficit in its general fund.” He notes that the city is also off its economic base as car dealerships’ sales lag, and construction is way down.

HP2 operates out of a storefront, has three full-time salespeople and last year did about \$1.7 million in business with 138 clients. The original sales goal for 2009 had been \$2 million, but Hawkins thinks \$1.5 million would be a good showing in this economy.

The fourth quarter of 2008 was off because holiday spending was affected. Hawkins says he didn’t lose a lot of clients, but he did see clients cut their marketing budgets. “If in the past they were buying \$38 golf shirts, this year they got \$12 golf shirts,” he says. “Companies were stepping down in categories.”

Good communication with

clients will be the key to surviving 2009, Hawkins believes. “We will be successful because of the way we keep in touch with clients – especially the top 20%,” he says. “We have specials that are easily viewed on our Web site. And we send out a weekly sheet on that to our top clientele.”

And HP2 has decided that in 2009, it will be smarter to get some business from clients – even if it’s a smaller percentage than the past has shown – rather than lose it all. “We make suggestions about our lower-end products – pens, key chains – so they know there are less expensive options,” says Hawkins. “Even with T-shirts,

well. The real estate market, the automotive industry and the financial sector have been among the hardest hit by the recession. "I came out of the steel industry, so I saw how it can be devastating when businesses weaken," says Jon Levine, president of The Image Group (*asi/230069*). "We definitely have some large accounts, but we've strategically stayed away from the accounts that tend to be eight figures. We have good accounts from the half-million to million dollar range."

Levine also admits to pushing his 17-member sales staff to change its routine because of the economy. "To generate new business," he says, "we've made it a point to make 800 cold calls per week."

#5 Don't stop marketing

According to management professionals, cutting your marketing budget during a recession is a major mistake. "Studies show the companies that spend more money in marketing during a recession come out more successful," says Tom Economou, vice president of sales at Sun-

rise Identity (*asi/339206*). "Nike tripled its advertising during hard times in the 1990s and saw its profits go up nine times after the recession."

Consultants believe clever and assertive campaigns can help you steal market share. "You need to be at the forefront of customers' minds," says Drumm McNaughton, president of the Institute of Management Consultants USA. "Position yourself as the leader."

That's the goal of Pady Regnier, CEO of St. Croix Promotions (*asi/316309*). "We're having an 'I refuse to participate in the recession' promotion," says Regnier. "We've printed T-shirts and we sent them to our best customers."

Regnier also created a blog that she features on her Web site. "I try to update it three times a week," she says.

If blogging is not your style, just try being kind. Donating products to a local charity is a great way to serve your community and score free advertising points. Send out a press release and you might receive valuable media coverage, as well. At Mad-

den Corporate Services (*asi/259280*), all 11 sales representatives are involved in a local or regional non-profit. "Whether serving on a board or rolling up their sleeves to volunteer time, we find this is a good way to network and help the community in the process," says Steve Madden, company president.

Also, consider ways you can stand out from your competition. Teresa Moisant, owner of Moisant Promotional Products (*asi/275276*), decided not to cut back on giving Christmas gifts to her clients this past holiday season. "I spent just as much this year so the gifts were equal value compared to last year," Moisant says. "I learned in retail that you have to continue to advertise. You never want to give your customers a sign that things are bad."

Now can also be a good time to evaluate the appeal and usefulness of your Web site. If you can afford improvements, use brighter colors, but simple fonts. Organize your site with detailed product information and, if possible, add videos. Be sure to make it easy for customers to place orders.

we'll suggest options that don't cost as much, but still look good and bring value."

Diversification will be one reason Phoenix-based Commotion Promotions (*asi/166010*) will survive the economic downturn, says chief operating officer Ken Kravitz. The 25-year-old company has 21 salespeople in six offices around the country, and did \$8.5 million in sales last year.

"We're in a lot of different niches," says Kravitz, who oversees the sales team. "We're in all aspects of health care. Our offices in Seattle and San Diego and Costa Mesa are in the 'eco' industry, and California also is in the entertainment field. What's



really helped us is that we are not in the building or banking industries."

Kravitz rules out the notion that a national economy in a tailspin has to affect everyone. "Everybody has a choice to make," he says. "Things are what they are, so you have to go out and get business. It's out there. The weak will curl up and die. Successful companies will

"Good communication with clients will be the key to surviving 2009."

MARC HAWKINS, HP2 INC. (*asi/217284*)

pound the pavement. And they'll weed through all the leads. Look for new marketing coordinators at trade shows. This economy will weed people out. And in six months, if you keep banging on the door, somebody will say, 'Oh, yeah, well the company I used to get that from is out of business, so ...!'"

In fact, Commotion Promotions is planning to expand in

2009, says Kravitz. The company enlists its Web site to help in recruiting efforts. At least one more salesperson and a new office in Las Vegas are on the horizon. "We'll go about it with controlled growth – smart growth," he says. "When we add a salesperson, they'll know that when they call in for support, it'll be there. You won't have to take a number." – Ron Donoho

Rod Brown, CFO of Made To Order (*asi/259540*), agrees with this advice. “We’ve got to evolve to be more than a landing site. We’re going to invest money and energy into making Web site improvements this year. Today, you have to produce electronic relationships.”

#6 Work the hot markets

President Obama has a far-reaching agenda that promises funding for education, infrastructure and alternative energy. Experts agree that following the funding can make you money. “If you listened to Obama’s speech on Inauguration Day, you got a sense

of where we’re going,” says McNaughton, who is also president of California-based consulting firm The Change Leader. “Now we have to position ourselves to take advantage of these opportunities.”

Obama has pledged to invest \$18 billion in early childhood education; \$60 billion

TROUBLED MARKET: DETROIT



How distributors are thriving in Detroit, MI

Bill Prestanski’s business was “going great guns” through October 2008. “Then, all of a sudden, things slowed down,” says Prestanski, president of Cameo Promotional Products (*asi/156140*). “There was a lot of bad news in the automotive sector, and that always hurts us here in Detroit.” In fact, about 30% of Cameo’s business comes from the auto industry.

The disheartening news of the economy in general led to a 50% drop off for Prestanski and Cameo late last year. He’d already hired his seasonal help – two extra staffers to help with deliveries and the usual last-minute holiday orders. But this December, the orders didn’t come. Many companies backed off from Christmas employee-acknowledgement gifts – a sign of the times – and Prestanski had to lay off his extra help.

Cameo, which is a relatively small company of three, and is celebrating its 30th anniversary in 2009, had 400 customers last year. About one-fifth of those clients are continuous-buy. The company uses its Web site to help recruit clients, says Prestanski. Current clients include companies in the educational, municipal government, food and pharmaceutical industries, and that diversity

has benefited Cameo.

Prestanski has managed to hold onto his biggest client, a multi-branch industrial supply company that offers a variety of nuts, bolts, belts and plumbing tools. “That company accounts for about 12% of our business,” he says. “They have seven different branches. They went out and bought up other compa-

he’d consider teaming up with another company, even if only to get through the downturn.

“Maybe I’ll join forces with somebody else in the business,” he says. “Most of my money is promotional products. Maybe I’ll team up with somebody more on the clothing side of things.”

Valerie Robbins’ business hasn’t been hindered by the national economy. Her company, Detroit-based Vision Consultants & Promotions (*asi/352519*), did lose some business to the faltering auto

For Vision Consultants & Promotions, the beginning of a new year is the busy season. “That’s when the county gets geared up for new programs,” she says. This year was steady, Robbins notes. Her regular customers were still calling. And she was getting the bulk buys fairly steadily. She spoke to *Counselor* just after getting off the phone from giving a quote for 3,000 lapel pins.

Even though Robbins had yet to see the national economy drag down her sales at the beginning of 2009 – and family crisis notwithstanding – she could tell the climate was different. “Some of my customers that usually call right after the new year starts hadn’t called yet,” she says. “Usually they start their research right away – but not this year for some.”

Vision Consultants & Promotions will get a boost this cycle since it’s a local election year. Robbins is already working with the campaigns of several city council candidates, getting out bids for political signage, pins and magnets. A couple judges’ races should produce business, too.

But to strategize for the year, Robbins is going after more state contracts. “We’re going to bring one more salesperson aboard,” she says. “She’s going to go after the state contracts. There are training programs offered by the state on how to bid for Michigan business. That’ll be how we use our new manpower.” – RD

“That company accounts for about 12% of our business. I’m at their total beck and call.”

BILL PRESTANSKI, CAMEO PROMOTIONAL PRODUCTS (*asi/156140*)

nies during the down economy. I guess that’s the thing to do if you can afford it. We’re concentrating on supporting them in the re-branding of the companies they’re buying. My job with them is complete support. I’m at their total beck and call.”

While Cameo’s sales staff is taking care of established accounts, Prestanski says he’ll have to diversify even further to survive in the auto-dominated market of Detroit. He’ll consider adding sales staff. And

industry. But she needed to work through a family health crisis, and that’s put her three-person team a little behind the eight ball. That personal matter is what she blames for a slight slowdown in the fourth quarter of 2008.

Robbins primarily works with clients that are schools, churches and entities within the Detroit government – especially the health department. A big seller: medical products, like pill containers.

in a National Infrastructure Reinvestment Bank to spur federal transportation projects; and \$150 billion over the next decade to drive a clean energy economy. School districts, construction companies and any corporations that develop ethanol or wind and solar power technologies could be excellent targets for sales.

Colleges and universities are also a safe bet. Data from the Graduate Management Admission Council (GMAC) shows that 77% of business schools reported an increase in applications in 2008, the highest level in five years. "At the beginning of a recession, there is a spike in people going back to school," says Dave Wilson, president of GMAC. "An MBA is a global currency."

Besides targeting these larger markets, think about businesses that tend to benefit from a recession. That's the approach embraced by Don Sanders, president of Don Sanders Marketing (*asi/318050*). "I've gone to used car dealerships and repair shops," he says. "People can't afford to buy new things right now."

In addition, Sanders has successfully sold to assisted living and rehabilitation centers. Also consider the gaming and beverage industries for potential sales. "We call on a lot of vodka brands and we're seeing the economy brands are booming," says Kevin Scharnek, president of 14 West LLC (*asi/197092*). "In a bad economy, people still drink."

#7 Recruit the best & fire the rest

Business owners widely agree that firing or laying off workers is extremely difficult. But consultants insist it's a necessity to run your company based on performance, not on emotion. "Companies grossly err in holding on to workers too long," says Lawrence Gelburd, a consultant who lectures at the University of Pennsylvania's Wharton School of Business. "Now can be an ideal time to let underperforming people

go because it doesn't look so bad. It's the economy's fault."

When hiring, experts recommend developing a thorough screening process to improve your chances of securing the best people. "Have the person you're interviewing sell you a product," says Farber, who's authored 11 books on business strategies and personal motivation. "Make them go out with an established sales rep and take them through a typical day. Measure their motivation. You can't afford to have any negative performers."

"We're bringing in speakers and helping our people set goals."

BOB ZOCCO, LOGOVISION LLC (*asi/255309*)

A recession can also present a unique opportunity if you have the means to add staff. Consultants suggest actively recruiting unemployed, well-connected salespeople. Offer them less money than their resume dictates, but entice them with job security and bonuses for exceeding sales goals.

Once you have a solid staff in place, find ways to continue to motivate your employees. Bob Zocco, CEO of LogoVision LLC (*asi/255309*), planned an "enhancement day" for his workers this year. "We're bringing in speakers and helping our people set goals," says Zocco. "We want them to have good health, eat right and be able to manage their debt. If someone's at their desk worried about a check bouncing, then they're not paying attention to their job and that's not productive."

#8 Get government assistance

During any recession, it's sound strategy to find a mentor. The U.S. Small Business Administration (SBA) provides free counseling to business owners, both in person and online. "The SBA always responds to business trends and we recognize the need to be responsible," says Ellen Thrasher, SBA's director of entrepreneurship education. "The last thing we want is for someone's dreams to die."

The SBA has a partnership with a non-profit organization called SCORE. Serving as volunteers, SCORE counselors are current or retired business owners or management professionals with industry-specific expertise. "You can be working at home from Portland, Oregon, and ask an online question of a counselor in Portland, Maine," says Thrasher.

The SBA also staffs development centers where business owners can gain advice about short-term and long-term objectives, cash flow and assessments. Recently, the SBA has also begun to offer free online education courses with tips on how to weather the down economy.

Finally, while it's not the best strategy for every business, there are still advantages to pursuing SBA-backed loans, including traditionally lower monthly payments. The SBA has helped several companies within the ad specialty industry. For example, after outgrowing its office, Creative Ad Solutions (*asi/170034*) received a loan of \$507,000 through the SBA.

With the new capital, the company was able to rapidly expand by purchasing and renovating two buildings. The move also increased the company's inventory capacity because of larger storage space. Having started a decade ago in a small office, in a 13' by 25' space, Creative Ad Solutions has now substantially increased its profits, generating revenues that exceed \$1 million annually.

TROUBLED MARKET: THE FINANCIAL INDUSTRY



How distributors are thriving with financial clients

Bank & Business Solutions (*asi/131601*), which is based in Little Rock, AR, has been around since 1981 – it was bought by a company that went into bankruptcy, then re-emerged as its own entity two years ago. The company started out doing printing business then migrated to promotional products, which accounted for \$3.5 million of the company's \$18 million in 2008 revenues.

CEO Jerry Spears says about 10% of revenue comes from the banking industry, but he feels like that sector of his business is actually on solid footing. "The banks we deal with are not the ones you saw getting in trouble last year," he says. "We deal more with community banks."

Spears says wearables were the biggest seller in the financial sector. Bank & Business Solutions promotional products director Sharron Anders says the company's bank clients in 2008 gravitated toward upscale types of umbrellas, mugs and coaster sets to give out to new clients. "We also got some new business – stock brokers and money managers – that bought \$20 items to give to the banks they work with, and really nice items for their board of directors," says Anders. "We don't see that going away this year."



"We'll increase our marketing campaigns, and we'll look for face-to-face meetings with new clients."

CHUCK FANDOS, GATEWAY CDI (*asi/202515*)

to give away to customers, Fandos says. "But department purchases for new marketing, or within their headquarters, have gone away. That spigot has been turned off."

Essentially, new business at the big clients is just not happening right now. So Gateway CDI will adjust and try to beef up other sectors. "We'll increase our marketing campaigns, and we'll look for face-to-face meetings with new clients," says Fandos. "The world has slowed down a little bit. Programs are on hold. But we'll come out of it." – RD

Spears predicts a stagnant year for sales, but doesn't anticipate a stumble. "We've bought a small company to help our service capabilities," he says. "We know our customers could buy our products from many others. So we'll visit them every couple weeks, and let them know we're here to service them."

Gateway CDI (*asi/202515*) is one large distributor that recently watched its sales to the financial sector drop off at a higher rate than the rest of its markets. Company president Chuck Fandos says overall revenue at the 90-person company fell off by about 20% in the fourth quarter of 2008 – and the company's business in the financial sector declined by even more than that. Annually, the company does roughly \$35-\$40 million, and the financial market usually accounts for about 15% of its overall business.

"We basically have two large clients – a broker-based investment firm and a mutual fund company – that cut back," says Fandos. "These aren't the institutions with the issues you read about. These are profitable firms. But as their investors' portfolios went down, revenue went down, too. As they saw fees and other incomes go down, specialty orders went away."

Gateway CDI's two big financial industry clients still use a company store to buy items

#9 Cut creatively

Even if your sales haven't dried up, consultants are urging business owners to closely examine their expenses. Small cuts now can save you from massive cuts later.

Victor Arluk, president of Commercial Marketing (*asi/165945*), is pleased with his sales results from 2008. Still, he wants his company to be prudent with its finances. "We're questioning every expense, where maybe we wouldn't have thought to do that in the past," says Arluk. "We're also asking people to do more and controlling those things we can, like energy costs."

Besides taking simple steps like lowering the office thermostat, reducing your use of paper and shopping for better travel deals, you can save money by being upfront with your workers. "Ask your employees to share in the pain," says Gelburd, an expert in entrepreneurship. "Rather than annihilating your staff, find a middle ground. Offer fewer benefits. Employees will take some benefits instead of no benefits."

Recently, McLoughlin Promotions scrutinized its benefits program. "We tried to figure out the areas that we could cut without affecting our people in a major way," says David McLoughlin. "We asked for employee input too."

Mike Giordano, of Carpe Diem, reduced the hours of some of his staff in the fourth quarter of last year. "We went to 32 hours instead of 40 with some of our people," says Giordano. "It was a four-day work week and it saved us from having to let people go right away."

Besides trimming hours, consider the value of telecommuting. If you allow your staff to work from home, you can sublet some of your office space. Also, until the economy improves, think about only hiring part-timers or choose to outsource projects. And don't forget to take advantage of the benefit of interns. Some college students would trade – in a heart beat – a paycheck for business experience. ○

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