



Small Business Builder: Chicken Soup for Economy

Make it Hearty, Make it Spicy, Don't Forget the Chicken

By Mary Campbell

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The U.S. economy is doing a lot of groaning these days. It's been under the weather (though many believe it's only the sniffles).

No one wants to catch the bug, and everyone wants the economy to feel better. So they're brewing up various concoctions of "chicken soup for the economy," with no two recipes the same. In fact, the cooks don't always agree on the basic ingredients.

Some say the economy's illness is so mysterious and unpredictable that the antidote must be radically different — revolutionary, in fact. Some even propose omitting the chicken!

Others disagree. They might add a few unconventional ingredients, but basically they're making more soup, making it better and delivering it themselves.

Don't Dump Your Strategy

Which recipe will save the patient and immunize those at risk — including you, your employees and other entrepreneurs?

There's one ingredient that's in every recipe: action. Most agree that small companies must respond vigorously to the marketplace, healthy or ailing.

But how should you respond? Is it better to (a) refine your strategic plan and focus on your strengths, or (b) scrap the plan and intuitively seize opportunities? March or dance? The high road or the hidden trail?

Stick with your strategy, answers a chorus of business advisers. It can be flexible and dynamic — it can embrace innovation and change — but your strategy is your company's identity and your management's polestar.

Spring Forward or Fall Back?

Andrew Birol sees small companies veering off course unnecessarily when they see obstacles in their path — obstacles that don't exist or that are easily overcome.

"Small to mid-size businesses often operate more by feelings and intuition than on facts," says Birol, president of Pacer Associates, a Solon, Ohio, a consulting firm targeting small- and mid-size businesses.

But "the smart ones" — companies that understand the marketplace — can "recognize and exploit their circumstances to the positive," adds Birol, offering four strength-builders to help small companies thrive in the current business climate:

Know when to hold 'em and when to fold 'em. "When it comes to changing business plans or cutting costs, timing is everything," advises Birol. He mentions a technology reseller who "recently shut down one of his three product groups, cut staff in the second and restructured the third. He now follows the mantra of serving only real customers with real money who have real problems real soon."

You're a David; don't fight like a Goliath. Rather than competing with big-business weapons, says Birol, small businesses should take advantage of their ability to "stop and turn on a dime."

Narrow your focus. When your resources are scarce, pause and examine your strategy □ even if you think there's not time. If you're being pulled in every direction, narrow your focus by concentrating only on activities that will "make the company grow." One business, says Birol, used to overinvest in future projects. Now it approves new projects in order of their ability to "increase profits, grow sales or cut production costs."

Coddle your key customers. The ability to offer the personal service that "big companies either can't or won't" is a small-business competitive advantage. When money is tight, Birol says, businesses might choose to "focus their extra services mostly on their better, more loyal customers."

These techniques, emphasizes Birol, empower companies to "spring forward," not "fall back" & as well as to learn from the restive marketplace. "Firms that have been through a previous downturn," he declares, "are often the first ones to move forward in treacherous times."

Next week: Prepare for Battle: Strength-builders and Band-aids.

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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