

The Experts: Strategy

Use success stories as business model

Those who view economic news-casts lately must have some doubt about the future of the economy and their business in general. Too many people are opining that the worst is yet to come and we

should cut back business activity until conditions improve.

And then there are companies such as Amazon and Wal-Mart that have had very successful quarters and are gaining market share while others

wring their hands. Can the success of these businesses apply to small and midsize companies faced with the same economic climate?

What works for them can work for you.

Although in times of increased competition for business, you may have to be very careful in picking your opportunities, a well-planned strategy and aggressive search for business can improve your sales and profitability, even in a slow market. Successful companies have taken many of the following steps to ensure they successfully manage their risk and grow their business:

- Have a clear strategy as to how your company will attack the market. Are you a provider of commodities, a growth company, or a niche marketer? How you add value to your customer allows you to identify what business to accept and what business to allow others to take. A niche market company, relying on high service and repeat business, going after commodity business where the lowest price will always win, can stretch your resources, and cause you to neglect your core customers.

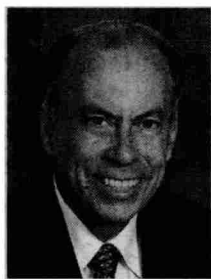
- Have your financing secured. Make sure your bank is supporting your business. Ask about the technology available to process payments efficiently and protect against fraud. Be open and communicative with other sources of financing. You never know when a merger or other event may occur that might cause you to have to change financing relationships. The worst time to do so is when you need to do so.

- Understand and communicate the value of your goods and services. Be able to explain fully why your proposition is the best overall value to your customer. This will also allow you to quickly react to opportunity when competitors cut back expenses to a point where their customer service suffers.

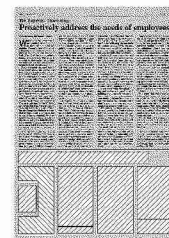
- Keep your expenses at a level that supports your business activity. Review items such as insurance, telecommunications, staffing levels, rent, equipment, etc. that may be higher than necessary to support your operations. Be particularly aware of instances where you are doing business with a friend or relative. Bid out these services every so often, including times when business is slow, and move the business if you find a strong alternative. Bidding the business and asking your friend or relative to match the lowest bid avoids short-term discomfort but adds expense to your business that your competitors do not share.

Once you know which potential customers are good for you long-term, you have the right amount of resources available to you, and your business expense level supports your efforts, aggressively go after business, even when the conventional wisdom says to retreat. If Amazon had listened, they would not be announcing record results in 2008.

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