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Coming out ahead

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Amid the current, national environment of business collapse, bank and insurance failures, federal bailouts and the constant ebb and flow of the stock market – local business experts say be very glad you are in business in North Texas and specifically in Tarrant County.

According to Rick Baumeister, managing partner of Fort Worth CPA firm Sanford, Baumeister & Frazier, the revenues created by the Barnett Shale as well as the growing population contribute to the success of the area.

"It is important to realize that Detroit and Fort Worth are very different. Fort Worth has the best economy in the nation," said Baumeister.

For those businesses whose sites are not limited to the region, or for those in the home-building industry, the effects of a shrinking economy may have a more profound consequence on operations and profits.

But whether your business is a complete success, simply on-plan or showing signs of needing a quick-fix — following the example of companies whose profitability is consistent can only lead to greater success.

Dr. William Crowder, professor of economics at the University of Texas at Arlington, said strategic planning is critical and, without it, businesses can fail in any market.

"Business owners in a robust economy tend to be imperfect at planning. They make their plans based on a best-case scenario when they should plan for a worst-case, rather than being forced to learn," said Crowder.

Dr. John F. Baum, executive director of the Tandy Center for Leadership and professor of the Neeley School of Business at Texas Christian University, agrees, adding that good companies simply don't have knee-jerk reactions to a change in the economy and take a long-run perspective.

With these general principles in mind, Dr. Joan Hubbard, executive lecturer in business at the University of North Texas, reminds that statistics show 92 percent of new businesses fail within the first seven years and 50 percent close in the first year of business. She recommends these business fundamentals for consistent health in both large and small businesses:

Keep close contact with current customers – thank them, reward them with special promotions.

"It is easier to keep good customers than get new ones," Hubbard said.

Examine all operational expenses from the cleaning service to the thermostat settings and continually re-negotiate with suppliers and outside contractors to get the best prices, terms and service. Renegotiate leases, bank notes and interest rates on all debt.

Advertise, regardless of the economy. It is a major investment in the future of your business.

"In bad times, companies who continue to advertise bounce back faster than those who don't."

Keep track of your sources of clients and gear your advertising dollars to your best sources.

Look at new, low-cost ways to let others know about your business – write articles for professional publications, advertise in tandem with like companies; for example, ask that mattress company to display your bedroom furniture and visa versa.

Upgrade credibility – contact local television, radio and print media and let them know you can be used as a reputable source in business stories.

If downsizing is necessary, the last thing to cut is employees. Never cut before asking employees if they can come up with a better solution.

Make sure your employees – who represent your company and deal with the public – are well-trained and well-compensated.

And most important of all, in good times and in down times, keep employees in the loop. Let them know what is going on and seek their advise and counsel. Baum strongly agrees with this last point.

"Be transparent and open," Baum said. "Employees are amazingly resilient and will help if given the chance."

He said that it is equally important to continue training programs to improve production.

As to the major cause of business failure in a good economy?

"Businesses get into trouble for personal reasons," Baumeister said.

He added that owners see profits double, then triple and predict even further growth. With this perspective they

begin to spend more, get bigger homes and more expensive cars and take longer and more costly vacations.

Baumeister added, when profits go up, to assure success, owners should keep personal expenses as they were in the first year of business to prevent financial ruin.

Be wise, cautions Hubbard.

"The greedy pig goes to market first ... get past your greed."