

Designed to Appeal featured in

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## Seizing the Day in Slippery Times

By DEBORAH L. JACOBS

FOR inspiration on getting through an economic slump, Steve Walker, chief executive of Walker Information, goes back to his roots. His grandmother started the market research and consulting firm that he now heads as the Depression was ending in 1939. At the time, his grandfather was working as a teller at a bank that sponsored radio programs. To bring in extra money for the family, his grandmother had the idea of going door to door asking people about their listening habits and sold the survey results to advertising agencies.

Nearly 70 years later, Walker Information, based in Indianapolis, has 300 employees, a global practice and revenue last year of \$25 million. Now, as new business activity lags and clients delay work or cut back, Mr. Walker recalls his grandmother's philosophy: "You're 100 percent in charge of your own behavior and 50 percent in charge of all your relationships."

In hard times, it is tempting for business owners to make wholesale reductions and take a passive approach while waiting for the economy to improve. But that could deepen the pain. For example, they might eliminate buying equipment that could make them more productive or generate work. Afraid of admitting that their business is slow, some owners fall out of touch with people who could send them referrals.

Some owners, like Mr. Walker, find that action not only relieves anxiety but can also lessen financial adversity. Here are strategies that he and other business owners are using to cope.

**CODDLE YOUR BEST CUSTOMERS** At Walker Information, 50 clients make up 90 percent of the business, and lately the company is giving them extra attention, Mr. Walker said. For example, if the company learns that a client is going through a merger or lean times, Walker employees might analyze data in their own files that would be useful and send it along without charge. Last month, Walker played host to clients at a two-day forum in the California wine country. While this affair might seem like an obvious place to trim costs, such events are important to maintaining strong relationships, Mr. Walker said.

**NURTURE VALUABLE EMPLOYEES** When things are slow, workers worry about getting laid off and look for other jobs. As a result, you could lose staff members you depend on to keep up the quality of your brand or to generate new business. To avoid a talent drain, Mr. Walker said that his company would continue offering incentive pay for employees who attract new work or handle important accounts.

When it needed to cut overhead and build cash reserves, Bowen Engineering, a Fishers, Ind., builder of water-treatment plants, decided to rent instead of buy certain heavy equipment. But it has continued its training programs for some of its 350 employees. “At the end of the day, the biggest asset is our people,” said Doug Bowen, the company’s president.

**STAND OUT FROM THE PACK** As customers increasingly seek comparison bids, business owners find themselves submitting more proposals, getting squeezed on prices and closing fewer deals. In this environment, the best defense is to set yourself apart from the competition.

Aladdin Plumbing in Park Slope, Brooklyn, which competes with six other companies in the area, tries to stand out by being a resource for consumers. Randy and Erik Gitli, who have run the 32-year-old business since their father, Gerald, retired in 2002, estimate that they spend an hour a day educating customers and prospects on everything from new heating systems and plumbing fixtures to energy-saving devices and rebates from government agencies. (Aladdin supplies the necessary forms.)

**BE FLEXIBLE AND COMPROMISING** Whatever preconceived notions you have — about your potential audience, the kind of services or products you offer and your price structure, for instance — bending past practices and policies could improve your results.

Aladdin Plumbing is offering interest-free monthly payment plans to existing customers who are renovating without a contractor. And while the company has not reduced its quoted prices, it occasionally accepts a smaller profit to avoid losing a job, Randy Gitli said.

In the economic downturn, Reis-Nichols, a luxury jeweler in Indianapolis for 35 years, has done something that might seem out of character: it has been buying gold from people walking in off the street and buying back jewelry from customers who are in financial distress. “They’re going to remember who took care of them,” said B. J. Nichols, the store’s president.

**STAY IN CONTACT** Generally, e-mail or regular mail to clients and prospects is less intrusive than a phone call. Either way, it’s best to engage customers with a story or offer relevant information, Mr. Nichols said. For instance, Reis-Nichols keeps a database of customers’ birthdays and anniversaries. If someone comes in shortly before such an occasion and shows interest in an item but doesn’t buy it, the store’s sales staff is trained to alert the person’s spouse about this possible gift.

Hitched, a bridal boutique in the Georgetown section of Washington, collects gowns that bridesmaids do not plan to wear again. It donates the dresses to an organization that distributes them to high school students who can’t afford to buy prom clothes. This service raises awareness of the shop, said Carin Levine, a co-owner.

**STAY VISIBLE** Even if business is leaving you blue, it’s important to network — with clients, prospects and even competitors, whom some business owners use as a sounding board and source of moral support.

Counterintuitive as it may sound, don't reduce advertising simply because sales are slow, Mr. Nichols said. "You will actually be heard more in a market where you maintain your advertising and competitors have cut back," he said.

As more people search the Web for products and services, new, less expensive alternatives to print ads have emerged. Last year, **Donna M. Dazzo** started **Designed to Appeal**, a New York company that decorates houses going up for sale. This year, she has budgeted \$20,000 for print ads in her markets, New York City and the Hamptons. But so far, her pay-per-click ad on [Google](#) (she is charged only if a surfer clicks on the ad), which costs her \$250 a month, has generated more calls than print ads, she said.

Aladdin Plumbing, whose responses from a longstanding Yellow Pages ad have declined, received a favorable rating on [Angieslist.com](#), a home-improvement Web site, after several customers posted unsolicited satisfied reviews. Last year, Aladdin spent \$2,500 for an ad on Angie's List, which has more than paid for itself with the revenue it has generated, Erik Gitli said.

**ACCEPT SMALL ACCOUNTS.** Big jobs keep money coming in during a downturn, but the refuge is temporary. Meanwhile, you risk growing overly dependent on certain clients, and you lose your motivation to diversify — the best hedge in tough times, said Mark Elwood, who operates Elwood Staffing, a 12-year-old temporary staffing firm in Columbus, Ind., with 200 employees and offices in seven states.

To make up for the loss of large accounts (like 100 workers Elwood placed at an auto parts manufacturer before it shut down), the firm has gone after small accounts in locations where competitors recently pulled up stakes because business had declined. Mr. Elwood considers this an opportunity to widen his net. "When things rock and roll again, those smaller accounts may start rocking and rolling again, too," he said.