

Many small businesses plan for the economic upturn



NEW YORK – No one knows when the economic recovery will begin, but many small business owners are getting ready for it.

They're marketing, reworking business models and looking at possible real estate deals. Some are even hiring on the expectation an upturn is not far off.

Donn Flipse, owner of Field of Flowers, floral superstores in Boca Raton and Davie, Fla., said he's moved away from "thinking in the short term, business is bad, I've got to really cut my expenses and keep it tight," and is now saying, "business is going to get better, so I'm going to do something to position myself to do even better than my competition."

Flipse has been looking at all aspects of his operations, trying to ensure that they're working efficiently. His company has developed a system that helps it analyze how much merchandise it is buying compared to recent sales and sales forecasts. Because flowers are highly perishable, that analysis has to be made on a very short-term basis.

Outside his company, Flipse is looking to see where he can expand. Field of Flowers has bought several competitors in recent years, focusing on those located near his two stores. He shut down the acquired stores and channeled more business to existing facilities without incurring any more overhead.

Now, "we're looking at acquiring a business or businesses in a new geographic market and extending our reach," Flipse said. In time, he'd hope to consolidate those businesses into a new superstore, so he's already considering a location.

"We certainly should be able to get better terms from landlords than we would have a year ago, and better than we would two years down the road when we hope the economy will be much better," he said.

Kathy Braddock said the company she co-founded, Charles Rutenberg Realty, is getting ready for a revival of the New York City housing market by improving its technology so it can take on more agents. The company currently has 250 but it's preparing itself for 1,000, including many agents left without a base as other real estate companies go under.

Rutenberg has installed a new voicemail system and moved the company's e-mail from an outsourced service to an in-house server. The changes will make the firm more flexible as it brings in agents.

"We can take them on without having to revamp anything," Braddock said, but added that the company is considering leasing more space. Like Flipse's company, Rutenberg is planning to take advantage of the soft commercial real estate market and lock in favorable rates.

The company is also marketing itself, something many businesses shy away from as they try to cut costs in a recession. "We believe that being visible in the news to brokers and consumers will only help us in the future as we continue to get back into the game," Braddock said.

Lorrie Thomas, whose business is Internet marketing training, has taken steps she calls "scary." She has hired 12 independent contractors over the past year as she implemented a new business model and focused more on training rather than her previous consulting business.

She also came up with a name for her new primary business, Web Marketing Therapy, while still doing consulting under her original firm name, Lorrie Thomas Web Marketing.

"It came out of paying attention to our recession economy," Thomas said of the changes in her business, which is based in Santa Barbara, Calif.

Thomas said prospective customers were interested in her services, but felt they couldn't afford them. Many wanted to try to do it themselves, a trend likely to continue into the future. So Thomas created a \$99 online seminar for them to take, and also offered more customized one-on-one training.

Thomas said she began implementing the changes in her business model early in 2008 and the new Web site was up a year later, this past March, just as the economy was showing its very first signs of healing.

"That's the best part, to do it now," Thomas said. "Other companies, when the boom kicks back in, they're going to start doing what I did a year ago."