

# Inside Entrepreneurship: Go-getters see silver lining for businesses in bad times

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During the past few weeks I've received an increasing amount of mail that reflects the uneasiness business owners have with the economy. They are worried that "things are really going to get bad" but they don't exactly know how or when.

One businesswoman asked, "Is it better to try to prepare for some worst case scenario or just wait until it happens and deal with it then?"

The current market climate reminds me in many ways of the early 1980s. The economy had stalled, interest rates were high, and gas and oil prices were dropping. I remember reading an expansion business plan written by a gas drilling rig equipment owner. When I asked him why he believed his business could survive, let alone succeed during a time when U.S. drilling was sharply curtailed, he said something like this:

"My advantage is my attitude. All of my competitors are complaining about the market and waiting for it to turn around. In the meantime, there are still opportunities out there, and I will be the only one pursuing them. If you think the market is dead then soon your business will be dead."

I agree. It is dangerous for business owners to adopt a turtlelike "wake me when it's over" mentality. Here are some recommendations:

- Seek more customers. In the spirit of the rig operator, now is the best time to go out and pitch new customers. So what if the sales cycle (the time it takes to solicit and receive a first order) may be longer than in years past. Also, nothing can inspire employee confidence more than seeing an owner resist defeat and take positive steps forward. Owners should spend at least one day a week pursuing new customers. All other employees can contribute too.
- Evaluate business weaknesses. Here's an exercise that can focus business owners and their employees in a productive way. Owners should ask every employee or manager the following question: What sudden single event would be heart-stopping bad news for your department? It could be the loss of the top sales rep to the competition, loss of a big account, loss of a production source, loss of a bank credit line, etc.  
Once the owner has identified the top areas of vulnerability throughout the company, then the entire staff can work together to come up with action steps to lessen the impact on the business, should any of these events occur. Not only will the business benefit from the proactive steps taken, but employees will feel more productive addressing problems than worrying about them.
- Watch customer payment patterns closely. If commercial banks increase borrowing costs to small-business owners or cut off their credit entirely, then owners can expect a nasty slowdown in bill paying around the country. Owners should also watch out for customer over-ordering with no intention to pay on a timely basis. Near-bankrupt companies are prone to do this to unsuspecting small-business owners.
- Crisis payments. For business owners in extreme cash flow distress, it's worthwhile to establish bill-paying priorities. Salaries and payroll taxes should always come first. If owners don't make timely payroll tax payments, interest and penalties can mount up quickly. Plus, owners are personally responsible for these payments even if their business is structured as a corporation or limited liability company. Next, owners should pay obligations that are backed by a personal guarantee, such as credit cards.

Yes, attitude and actions do matter. If small-business owners pause too long, they make it easy for their competitors to pass them by.