

# What Now?

EDITED BY BRETT NELSON

*Consumers, entrepreneurs, Federal Reserve members—all are befuddled by this economy. Uncertainty leads to inaction. While the future remains cloudy, businesses still have to plan for it. Some suggestions:*

## Invest In Existing Customers

Focus on boosting your top line by keeping your best clients happy. That means acting like a partner, not merely a supplier. Do this right and not only will you keep your pipeline full, but you also won't have to compete on price.

Last year we did some consulting work for a family-owned, \$10 million (annual sales) doll manufacturer. Toys "R" Us was a big account, and it was looking to clean house by reducing the number of SKUs, threatening to wipe out nearly \$500,000 in revenue for my client. I asked to go on a sales call with Toys "R" Us. During the presentation the doll-maker's sales rep laid 30 dolls on the table—the company's entire product line. Given that Toys was aiming to cut back, throwing the whole doll army at them was probably not the best tactic.

Eventually we asked the Toys buyer what other assets she was looking for in a supplier. Answer: product expertise, as in which dolls would sell where and why. She also wanted a supplier who was willing to share marketing costs, with an eye

toward sacrificing some margin to reap greater revenue. My client focused on selling only a third of its product line; it also agreed to eat \$80,000 in advertising costs and another \$80,000 worth of discounts, and took a similar tack with other key retailers. Result: This year sales to Toys "R" Us will more than double the amount sold in 2009, and overall revenue will be up around 30%.



—Chris Carey is president of Chris Carey Advisors LLC, a strategic advisor to small businesses.

## Get More Efficient

When demand stalls, work on easing the pain of getting things done.

A while back a software company hired me to figure out why it had burned two years creating a new process-management program that still wasn't ready to ship. In addition to the developers, the company had assembled a committee of "experts" from other departments, all in search of the perfect product. Result: iteration upon iteration, with new features, better usability and more testing.

Management-by-committee may have sufficed during the boom years, but uncertain times call for smaller, more efficient teams with a clearly defined leader (in this case, me). I cut the overall group from 20 people to 12, mandated the use of modern debugging and testing tools, and defined clear milestones and timelines. Result: The product shipped three months later and after several releases is recognized by industry analysts as one of the best in its class.



—Martin Zwilling is former director of software development for IBM and founder of Startup Professionals, an advisor to startups.

## Start a New Product Line

Too aggressive? Not if you can generate a new revenue stream based on your core strengths.

Respect Foods, a \$100 million (sales) food brokerage in Omaha, Neb., sells branded products—from meat to cookies—to Wal-Mart, Trader Joe's and other grocery chains. This is high-volume, low-margin work, with pretax profits in the neighborhood of 10%. The company's plan: Take equity stakes in the companies that make the food.

There's plenty of risk here: Three out of four new products offered by smaller U.S. manufacturers (those not in the top 20 by revenue) fail because they can't crack the retailers' shelves, according to Linton, Matysiak & Wilkes, a market-research firm. But then those producers don't have a large food broker making their case, and retailers are always looking for innovative products that carry higher margins. (According to the National Grocers Association, 30% of shoppers are seeking more variety, choice and assortment.)

First target: a manufacturer of steam-bag-prepared white and brown rice (\$1.25 at Wal-Mart). This spring Respect paid an undisclosed amount for a 50% stake in the company. Projected 2011 revenue: \$2 million. Now, that's taking action.



—Marc Kramer is an entrepreneur, adjunct professor at Drexel University and president of Kramer Communications, a marketing-strategy firm.

Read more from Chris Carey, Martin Zwilling and Marc Kramer at Forbes.com. Have a particularly gnawing question about running a small business? Send it to [brett.nelson@forbes.com](mailto:brett.nelson@forbes.com).