

Small Business Survival in These Troubling Times

A Compilation of Articles from Various Sources
which Can Help You Weather the Storm!

(Read them all and note those ideas which you can apply to YOUR
Business.)



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Shifting into Cost-Cutting Mode

By John Tozzi, Business Week, 10/27/08

As the economy falters, experts say small businesses must recognize runaway costs early and start making modest cuts.

Back in 2002, Scott Chatel's business remodeling brownstones and apartments in Brooklyn and Manhattan was so good that he set a goal to increase annual sales from \$2 million to \$5 million by 2005. He signed a three-year lease and renovated new office space, expanded his staff, and printed four-color brochures. His firm, Chatel Contracting, was busier than ever, but the costs of expansion erased Chatel's profits, leading him to take on debt. "It was the overhead that was doing us in. The jobs were always profitable," Chatel says. By the end of his lease in 2005, Chatel dropped his expansion plans and went into cost-cutting mode.

Many small business owners may soon find themselves in Chatel's situation, with rising costs and stagnant sales in a sour economy. Recent surveys of economic trends by the National Federation of Independent Business found weak levels of capital spending over the past six months. And in its latest survey, conducted in September, just 21% of respondents expected to make capital purchases in the next few months. The survey also found businesses reducing inventories, with a net 12% cutting stock rather than adding. While business owners are nervous about the economy, many have refrained from more drastic cuts or layoffs, says Jennifer Rockne, director of the American Independent Business Alliance, based in Bozeman, Mont. "The local folks are typically very reluctant to lay anybody off because a lot of their employees tend to be longtime employees," she says.

Still, by recognizing the problem early and making moderate reductions, small firms can avoid more severe cuts later on, financial experts say. Companies that ignore warning signs can erode their profits with rising costs, and those that borrow to meet those costs can wind up insolvent.

Financial Ratios Give Warning

Chatel took serious steps to cut his overhead. He gave up his office space—gutting the \$50,000 renovation he had done when he moved in—and moved the office back into his home. Instead of laying people off, Chatel left vacant positions unfilled until his staff shrank from 15 to five—about the number of employees he had before expanding. He went from doing 60 jobs a year to just 13, and he cherry-picked the most profitable ones that wouldn't require subcontractors. With the help of a workout firm, Paramus (N.J.)-based Corporate Turnaround, he negotiated payment plans with his creditors. Today Chatel's sales are down to \$700,000, but the firm is far more profitable because of his cost-cutting measures. Eliminating the office saved \$500,000 a year in expenses. "Sooner or later you have to know when to say enough's enough," he says. Chatel counts himself lucky for acting when he did, but many small business owners don't see their financial troubles coming. "A lot of [businesses] are financially ill but don't even know it until it's too late," says Sam Bornstein, a CPA and professor of accounting at Kean University in Union, N.J.

Bornstein advocates using financial ratios as an "early warning system" to signal when a business should cut costs or make other adjustments. Comparing indicators like the gross profit ratio—which shows the proportion of profits to total sales—to industry averages can tell business owners whether their costs are too high or their prices are too low. Other ratios can show whether overhead costs are too high, even if individual transactions are profitable. Bornstein says having an accountant check such figures annually will show business owners signs of trouble before they take on too much debt to cover growing costs.

Taking New Measures

Robert Welton wishes he had acted to cut costs earlier. His eight-year-old company, WelTec, based in Egg Harbor Township, N.J., builds and maintains infrastructure for telecom and cable companies. His business was doing well in early 2006, with sales of \$3 million, 90 employees, and plenty of work repairing systems in New Orleans damaged by

Hurricane Katrina. But later that year, when a customer failed to pay for a job, he says he turned to factoring (BusinessWeek.com, 10/3/08) to keep his business going.

"Instead of taking the hint that if I'm having to factor my receivables I really need to scale back, I just kind of went forward," Welton says. He resisted layoffs at first because he didn't want to put people out of work. "These people have families that depend on their job," he says. But he has had to cut anyway, shrinking his staff to just 20 people now. He is taking other measures, too. WelTec uses GPS devices in company trucks (*BusinessWeek SmallBiz*, 8/22/08), and has started charging workers for any personal use of business vehicles. Welton has also pulled some trucks off the road so he does not have to insure them. He hasn't turned on the heat yet. And he stopped taking a salary last month, even though he's facing home foreclosure.

Avoiding the "Death Spiral"

Companies that fail to control costs often run up debts, and then servicing that debt then becomes another cost that cuts into profits further, says Chuck Doyle, managing director of Business Capital, a San Francisco turnaround firm working with WelTec. "Some of these people, they just wait too long until there's nothing left to give," Doyle says. "You get into a situation where you're in a death spiral unless you do something." Welton hopes to keep his business going and repay his creditors.

Chatel, the housing contractor, says he was lucky to recognize his problem and abandon his expansion plans at the end of his three-year lease. Shrinking the company turned out to be more profitable than trying to expand it. "As soon as you eliminate all that waste, it trickles down straight to the bottom line," he says.



10 Ways to Cut Business Costs

(Business Week 10/27/08)

Reduce Energy Use

Switch to compact fluorescent lighting to save electricity. Cut your heating bill with better insulation and windows. On the road, slow down and use GPS systems to boost mileage and reduce fuel costs.

Telecommute

Send some or all of your staff to work from home to save on the cost of office space. You'll also save workers money and time commuting.

Pay Invoices Early

Take advantage of discounts suppliers offer for paying invoices early. Often trade terms offer 2% off for payment within 10 days.

Curb Travel Expenses

Cut business trips that don't generate revenue, such as conferences, and opt for less expensive flights and hotels on essential trips.

Find Cheaper Space

Get bargains on new office space or renegotiate better terms on your current lease now that real estate markets in many areas are tilting in tenants' favor.

Buy Secondhand

Find office equipment and furniture at a fraction of the retail cost as other businesses liquidate or unload their assets.

Go the Barter Route

Trade goods and services with other businesses to reduce cash expenditures.

Manage Your Inventory

Keep only supplies you need in stock to reduce overhead.

Cut Your Tax Bill

Take advantage of tax deductions for new equipment purchases, hybrid cars, and other expenditures.

Audit Fixed Assets

Clear your books of assets you no longer have to reduce your insurance bills and taxes.



Grow Your Business in Spite of the Slowing Economy

(By Rhonda Abrams, USA TODAY, 4/4/08)

SMALL BUSINESS SURVEY

What is the top thing that keeps you up at night:

Growth	27%
Paying the bills	21%
Keeping customers happy	17%
Finding time to develop and run business	15%
Finding the right talent	13%

Source: Global Strategy Group for Quickbooks. Survey of 751 small business owners conducted March 7-11, 2008.

Can you grow your business during a recession? Small businesses overwhelmingly plan on doing just that, according to a new survey. Wall Street may be looking for government handouts, but Main Street is looking for ways to grow. You can expand your business too – if you're smart.

Despite the stagnant economy, nine out of ten small business owners see opportunities for their own companies, according to a just-released survey conducted for Intuit, maker of Quickbooks. More than three-fourths expect their business to grow in the coming year. This isn't just sunny optimism, either, because 65% of these small businesses have survived a recession before.

Surprised at this optimistic outlook? I'm not. In previous recessions, one of the things I'd observe is that many small businesses actually can grow by taking advantage of opportunities, such as weakened competition and big company cutbacks. So when the people at Quickbooks asked me what I'd like to know about the current state of small business (I was paid for my involvement), I wanted to see whether entrepreneurs shared my sense that even in a bad economy, there's reason for hope and plenty of possibilities.

Entrepreneurs see potential even in today's economy. In fact, growth is the number one issue on small business owners' minds. Fully 80% say that growth is the top or high priority in the coming year. Growth keeps more entrepreneurs up at night (27%) than other issues, edging out worries about paying the bills (21%). (The survey was conducted March 7 – 11 of 751 small businesses by the Global Strategy Group.)

"The optimism of small business is inspiring," said Rick Jensen, senior vice president of Intuit's small business division. "Entrepreneurs have faced obstacles since day one. They take things head on, play offense... With all the news, all the headlines, we wanted to go straight to small businesses and see what they're feeling."

What does that mean for you? Here are ways to grow even when the economy stagnates:

•**Keep marketing.** Thinking of cutting your marketing budget? Don't! Businesses that maintain their marketing efforts during slow times come out of recessions healthier and with a larger market share than before the economy went downhill. Stay visible.

•**Hire terrific talent.** A lot of great people are going to be getting pink slips or taking early retirement as large corporations cut back. You'll be able to attract employees with a wealth of experience — and terrific contacts — who might never have considered working for a small company before.

•**Target big corporations' small customers.** In bad times, large companies cut back their services to smaller customers. But their "small" customer could be your huge customer. Go after them now.

•**Become the outsource source.** Big companies are under pressure to reduce fixed costs, so if you provide services usually handled by corporate in-house staff, now's a good time to suggest they use you as an outsource provider.

•**Get your finances in order.** Clean up your credit as well as your financial records. Establish a credit line at your bank. Have money available to you if you need it.

•**Consider acquisition.** Are there businesses you can buy? Your competitors may want to throw in the towel, especially established small businesses with owners nearing retirement. You may be able to buy some businesses at a big discount in this environment.

•**Develop a loyalty program.** It's critical to keep the customers you have. Set up a method to provide discounts or rewards to loyal customers. Even a simple punch card program can work.

•**Sell from your website.** Increase profit margins by selling direct to customers and cut out the middle man whenever possible.

•**Go digital.** Find ways to do more of your administrative functions on the web. Look for inexpensive outsourced services, rather than doing everything in-house with the overhead that entails.

•**Concentrate on increased sales rather than new product development.** Look for new channels, new customers, rather than investing heavily in development.

Finally, stay positive. Remember, recessions are cyclical. Take advantage of opportunities now, so you'll be in a great position when the economy improves. Trust me, it will. And you'll have a healthy, growing business.



Entrepreneurs, It's Time to Do the Hustle

(By Steve Strauss for USA TODAY, 10/13/08)

Q: The stock market meltdown is frightening on many levels, but for my small business it could be catastrophic. What now? — John

A: No one likes to see the glass as half-full more than me, but this is no time for a rah-rah, "Let's think positive!" cheer-you-up column. No, the truth is, we are in a heap of trouble, my friends.

Watching one's retirement portfolio greatly diminish is frightening enough, but equally bad is anticipating how a severe economic downturn might effect your business and figuring out how you are going to survive.

Here's what I think you need to do now:

Hustle, and then hustle some more: However it is that you get customers, do it, and then do more of it. And then keep doing it.

- If it's an advertising campaign, keep it going, and even consider expanding it.
- If it's cold calling, call more.
- If you network, join more networks and get out there even more.

Why? Because the sad truth is that some of the people who buy from you now are going to stop buying from you in the months. Either they will have gone out of business, or they will find your goods or services cheaper elsewhere, or they will be tightening their belt and will cut back on whatever it is you offer.

Whatever the reason, expect to lose some important customers. As such, you have to start replenishing the coffers now.

80-20 your customers and products: The 80-20 rule will be more important now than ever. Remember who your most important customers are, your vital 20% that create 80% of your income, and kiss their tushies. Offer more, for less, take care of them, given them great service.

And while you are at it, work at targeting customers similar to your best ones. Think about how you landed your best customers and recreate that effort, wooing other potentially great customers.

Lower your prices: In the coming days, everyone will be looking for a bargain, so consider giving them one. Even sellers of high-end goods are going to be caught in the upcoming economic squeeze, and their customers too will be looking to save. Have a sale. Lower some prices. Give away some time.

Keep your overhead low: You do not necessarily have to cut expenses now, but you should at least create a plan for how and where you will cut back if necessary. If you have some employees that might need to be let go for example, put a plan in place (for yourself) as to how their work will get done, and by whom.

What about moving to cheaper digs?

Note: Whatever cost-cutting measures you employ, just be sure not to cut back in those areas that get you business, especially your advertising and marketing.

Institute some shoestring marketing: When times get tough, you have three options for keeping things afloat: You can cut back (see above), borrow (good luck!) or make more.



Increasing your sales need not be overly expensive. There are all sorts of inexpensive shoestring marketing methods available. (In fact, over at my website, MrAllBiz.com, I have a webinar explaining many of them.) The important thing is that you try out some new, affordable marketing methods so as to keep the 'ol cash spigot open.

Team up: Now is also a good time to consider forming some strategic partnerships with like-minded entrepreneurs. You can share the cost of the endeavor, you can share the labor, and you can also share contacts and customers.



The good news? I have been writing this column for over 10 years now, and this is the third time I have had to write about a recession (after the dotcom bubble burst, after 9/11, and now).

We made it through then, and we can make it again.

Today's tip: Another good practice now is to get invoices out promptly, and make sure they are paid promptly. When people start to juggle, as they will, you don't want them thinking that you are one of the ones that they can easily put off.



Tough Times Mean You'll Face Hard Choices

(By Steve Strauss for USA TODAY, July 7, 2008)

Q: Steve, what is your take on the state of small business right now? And if small businesses are having as much of a hard time as it seems, what are they doing to break out of the doldrums? — Rick

A: If I had to choose one word to describe small business right now, it would be *unease*. If I had more words, they would be *nervous*, *retrenched* and *cautiously hopeful* (alas, we are usually hopeful, even when there is little reason to be).

Although my pessimistic perspective is inherently subjective, even objective measures point to the same conclusion.

- The NFIB May 2008 Small Business Economic Trends Report shows that small business optimism to be at its lowest level since the 1979 oil embargo.
- Warrilow and Co., a savvy surveyor of the small business marketplace, found that only about 40% of small business owners were optimistic about their own sales and far fewer were optimistic about the economy generally (27.5%).

The problem small businesses have is that, very often, we are at the mercy of much larger business and grander economic forces. There is little you can do if, for instance, a big corporation with whom you do business decides to terminate your services in effort to cut back.

Starbucks can close 600 stores and save a wad of cash when things go south, but all we can do is to try to somehow wring out a tad more savings by tightening the belt and to keep hustling for business.

No, it is not my style to sound so dire, but these are indeed tough times for small business. The good news is that there options. As my wife always tells my daughters, "There's always a solution."

I recently attended a small business seminar hosted by the aforementioned Warrilow & Co. wherein I listened to a variety of small business owners share their strategies for success in lean times. I came away impressed. Here are a few ideas that you might want to consider:

Look for new clients: If your regular folks are buying less, start looking for customers who can buy more. One owner said, "We leave open the option to pursue business opportunities outside the norm."

Remember when you first started in business and you used the shotgun approach to customer acquisition, that is, you tried hitting everything, hoping to hit something? That may be needed again. Open your mind as to what is possible, try a bunch of new things, and see what sticks.

Spend money where it will do the most good: Cut back where you can, but consider increasing spending in areas that offer the greatest potential for increasing sales. That may mean more advertising, public relations, business development, buying leads, pay-per-click, or sales training.

Increase your shoe-string marketing: There are many ways to get the word out without breaking the bank. All it takes is some creativity and follow-through. One owner at the conference said, "We email and send out postcards more, instead of driving around, meeting potential clients, and giving them brochures."

Treat existing clients well: A different tact is to take extra special care of those clients who are already your customers.

Add line extensions: Creating additional, related, profit centers means that when one part of your business is down, another will probably be up. A chiropractor added a wellness line that significantly increased revenue in only three months.

Look for government contracts: Even in down times, governments generally, and the federal government specifically, still have contracts that need to be fulfilled by small business vendors. Business Matchmaking is one of many programs that help you do that. A Google search will reveal many more.

No, this is no easy time to be in business for yourself, but with a little ingenuity and some hustle, you can keep things going.



Be Smarter Not Just Smaller

(Rhonda Abrams, USA Today 6/13/08)

Over the last couple of decades, few things have changed the landscape for small businesses as much as the advent of huge megastores. In communities across America, downtowns were shuttered once a Wal-Mart opened, and the friendly local hardware store had to close its doors when a Home Depot moved in.

My response has been two-fold:

1. Get consumers (and other businesses) to understand the importance and benefit of buying local. To recognize the ripple effect on the entire community that local purchases and local businesses have on the economy and what happens when those close.
2. Help small, local companies to get smarter. It's not just enough to complain about supersized stores, you have to beat them.

So if you're one of the survivors, don't close up shop just yet! While it's difficult to survive in today's retail environment, it's not hopeless, and many small companies are managing to thrive.

Here's what the survivors are doing:

- Specialize.** Big stores aim at big markets; they can't afford to market to and serve niche markets. You can. Identify a segment of the overall market with special needs and tailor your offerings and service for them. For instance, if you run a small nursery, it's hard to compete with Home Depot in selling inexpensive but uninteresting plants. Instead, target those needing more innovative or specific plants, such as landscape architects, organic gardeners, low water-use commercial gardeners. You can compete with Home Depot for these and charge more, too!
- Compete on your terms, not theirs.** You won't be the low-price leader; they will. So don't try. Instead, clearly differentiate yourself from them. Make the experience of doing business with you as different as possible from going to a superstore. That means you'll have to be more convenient, more service-oriented, more responsive.
- Differentiate what you sell.** Offer a mix of products and services that are clearly distinct from the big competitors. Make it hard for a shopper to find the exact same thing elsewhere.
- Outsmart them.** Big companies move slowly; you can adapt to new trends and market developments more quickly. Stay abreast of industry and market trends. Keep informed. You can't just take care of day-to-day business; you have to plan a strategy for even the smallest company.

- Link service to purchases.** We've all had this happen — we provide great presale advice and then the customer buys from a cheaper store or website. Look for ways to offer desirable or unique services as an add-on benefit as part of, or after, the purchase. When I purchased my barbecue grill at a local hardware store, they included free delivery and assembly — services I would have had to pay extra for at the hardware superstore. One local bookstore hosts special events with leading authors — open only to those who purchase books from the store.
- Use inexpensive marketing approaches.** Big companies have to spend a fortune on marketing. Keep your marketing costs low by using approaches such as trade shows, public relations, customer retention and referral programs.
- Have terrific employees.** Your employees can be the big differentiator for you. This means you have to hire, train, and retain the best employees. But you've got an advantage — most people would much rather work for a small company than a megastore. Offer better wages, benefits, and provide a better place to work, with more communication and less workplace politics and bureaucracy. Say thank you — a lot. Offer unique benefits that show you value your employees.
- Improve employee training.** Megastores often provide better training — at least in sales techniques — to their workers. Small companies often neglect to train their workers adequately. Make sure they know the products and know how to interact positively with customers.
- Band together.** There's been a remarkable resurgence in local downtown areas as businesses have joined together in business improvement districts (BIDs) or Mainstreet USA programs. Likewise, independent bookstores recently formed "IndieBound" to encourage customers to value and patronize local bookstores, helping them compete against the likes of Amazon. There's definitely strength in numbers.

Most importantly, do something! Recognize that you're going to have to make some changes — in product selection, services, employee training, marketing, and more to survive against the megastores and the Internet. If you just sit there, you're going to get run over.



Starting a Business in a Crowded Market

Research the industry and customer expectations. Then define your business as narrowly as possible and get to work establishing your expertise by Karen Klein, "BusinessWeek," Small Biz, Smart Answers.

I'd like to start a business in an industry that already has a lot of established competition. Is this foolish, or are there always small niches that need to be filled, even in a crowded field?—S.W., Honolulu

Just because there is no one selling a particular product or service doesn't mean it's automatically a good idea to try. Conversely, a competitively crowded industry shows that demand exists, as well as a viable market. The key to business success isn't finding an empty field, but defining your company narrowly—no matter how crowded a marketplace you're entering.

There are many ways you can differentiate your company, says Reid Carr, president of Red Door Interactive, a small Web development firm based in San Diego. "You can choose to sell to different people, such as small businesses; you can find new distribution channels; you can stratify the industry's price points by introducing a luxury class; or, you can redefine your selling proposition," he says, noting how Starbucks revolutionized the coffee shop by selling an experience rather than just a beverage.

Look for Industry Change—and Act

However you choose to be different, you must be great at the basics and exceptional at your defining factor, Carr says. "The key here is to know who you are and who you are not." Another way to get a toehold in a mature market is to watch for change or stagnation in that industry and capitalize on it. "Even in highly competitive industries—perhaps even more so than in non-competitive markets—there are external and internal market forces that will create change in the dynamics," says Eric Basu, president and CEO of technology firm Sentek Consulting in Mission Hills, Calif. "Successful companies and entrepreneurs aspiring to enter a competitive market will observe the winds of change and seize opportunities arising from changes. A successful entrepreneur will often have prepared for entry into the industry by securing capital, establishing connections, possibly occupying a sentry position, and otherwise laying the groundwork for opportunity."

Jason Prescott, chief executive officer of JP Communications, noted a changing industry dynamic and found a specific niche when he launched TopTenWholesale.com, a vertical search-engine network that provides retail buyers and online auction sellers with access to premier wholesalers. "While search giants like Google, Yahoo, and MSN are better known, they have certain shortcomings that prevent wholesale suppliers and distributors from being as successful as they could be online," Prescott notes. "Among them include a lack of relevancy for business-to-business companies, since these search engines are largely geared toward the consumer market. The Googles of the world are also not experts in the wholesale industry, and do not aggregate valuable industry information as a result."

While many of his potential customers do use the better-known search engines because they don't know they have other options, tailoring a specific solution that fits their unique needs has paid off, Prescott says: "We now have 1,200 active advertisers in the wholesale community and reach close to 30,000 retailers every day."

How do you find an underserved niche for your business idea? Know your customers and their expectations, Carr says. "Discover their baseline needs or expectations to be considered and make sure you cover those as well or better than other options they can find, but then go beyond that and understand their environment, their job, their experience, and their pain. Shake up their expectations by providing them something they didn't know they needed or wanted. Ideally, you reset your customers' expectations to match your offering where ultimately they want you, rather than a widget that any of your competitors can offer."



The Keys to Competitiveness in the 21st Century

What words would YOU use to describe the characteristics of business in the 21st century? As local and global competition heat up, the following **four concepts** are critical to your business success because change occurs daily!

Innovation - A new idea plus action or implementation that results in an improvement, a gain or a profit. Innovation is the translation of knowledge into products and services that add value.

Creativity - Bringing new thinking to problems, dilemmas, decisions. New ways of looking at things. Innovation springs from creativity; creativity is best nurtured in a supportive, collaborative group environment.

Flexibility - Being able to respond quickly and in a non-disruptive way to changing customer and market needs, wants, tastes, preferences, and values.

Responsiveness - Being able to respond quickly and in a totally customer-satisfying manner to customer issues, problems, concerns, needs.

"Whether you live in Cincinnati, Shanghai, or Seville, innovation is the ingredient that will produce vibrant companies, a prosperous economy, and the key to who will survive in the current cutthroat world of commerce..." (Brian Nadel, Business Week 1/9/06.)

"Retailers Need to Be Innovators" too. (*The Retailer*, NCRMA).

"Everyone from Sega to Starbucks does their homework... Abercrombie & Fitch has done its research to find what constitutes a unique experience for its core customer... Retailers need to know what their customers want... Paco Underhill (author of Why We Buy) thinks retailers have to be innovators - consumers are becoming older, wiser and harder to please. Everything should be assessed: music, layout, displays, customer service, lighting (rosy seems to work well), mirrors, technology, even aromas (men's favorite scent is cinnamon rolls)."

- Innovation is based on striving for continual improvement.** Sustainable innovation - in response to continuous changes in the marketplace - is the key to survival and success. You must continuously refresh your competitive advantage.
- Challenge conventional wisdom**, your ingrained assumptions, things that have been done the same for years and years! Always be considering better ways of doing things, developing a better product, providing better service! (But innovation alone won't cut it - it also means a close focus on customer research and operational excellence.)
- Develop your competitive strategies through Strategy Innovation - Reinvent your business:**
 - a) Business strategy (Your business model. Think outside the box like Dell.)
 - b) Organizational strategy (The way you are organized, structured.)

- c) Process strategy (The way you do things, the sequential steps; includes logistics.)
- d) Technology strategy (The way you use technology to enhance various business aspects.)
- e) Marketing strategy (All the steps involved in understanding and meeting needs in the marketplace.)
- f) Product/Service strategy (What you deliver in the marketplace to meet a need.)

These Provide the Best Input when seeking to be creative and innovative:

- #1 - Suppliers and customers.
- #2 - Employees.
- #3 - Outside consultants.

NOW, think about those things you need to do, make a list, prioritize that list, and start with Number 1. Finish #1 then start with #2, etc. You will need to do this continually to be successful and prosper.



Small Business Owners – ‘Pull Up Your Pants’

(By Rhonda Abrams, USA TODAY, 11/14/08)

I've heard a lot of doom and gloom from small-business owners lately. After all, the economy stinks. Headlines scream at us: Consumer confidence is down, unemployment is up. Housing prices are down, business closings are up.

In the face of all that, I have a piece of advice, "Pull up your pants!"

Heck, those of us who have small businesses don't have to read the news to know times are tough. We see what's happening in our own businesses. Costs are up, sales are down. We have fewer customers, and the customers we have place smaller orders.

Now, small-business owners are the ultimate example of people who've pulled up their own pants and made something of themselves. In fact, a widely used term for people who build a business from scratch — like most of us have — is "bootstrapping," meaning we've made it without any outside effort. In other words, we've pulled ourselves up from our own bootstraps. (Of course, most of us don't know what bootstraps even are any more.)

So you've already proved you know how to create something from nothing, to invent an income for yourself, create jobs for others. You've got the skills. You've got the experience. You just need to regain the can-do attitude that led you to start your business in the first place.

I'm here today to remind you that you can do it. You can survive this downturn. We're going to go through this together and come out ahead.

I'm no Pollyanna. Heck, I own a publishing company. Have you seen what's been happening to book sales lately? I have one sister who's in sales; her business has dropped dramatically. And I have another sister who's a mortgage broker; her business disappeared entirely. On top of that, I know four people who got laid off last week.

I'm not sugarcoating anything. But I also know that many of the great companies we see today were started during recessions, that companies that continue to market during downturns come out of recessions with larger market share, and that your competitors are weaker and more discouraged than ever. All this means there's opportunities out there for you.

Here are ways to pull up your pants, roll up your sleeves, and survive, even thrive:

- Sit down and plan. Get over being discouraged by coming up with a thoughtful plan of action. Bring employees (if you have any) together, look for where you can cut costs, increase sales, find new markets, retain current customers. No employees? Talk to customers, advisers, colleagues, Small Business Development Center counselors.
 - Look for new markets and new customers. What potential market segments are countercyclical — meaning they do well in down economies? What customers of weakened competitors could you go after?
 - Retain current customers. Put particular emphasis on customer service and working with current customers if they need to cut costs. Better to keep them yourself than lose them to a lower-cost competitor.
 - Position yourself as the less-expensive alternative. Go after prospects who currently use more expensive solutions or who spend a lot of money with your competitors. They'll be more receptive to you now.
 - Look for digital solutions. You're likely to find many ways to save money on operating and marketing costs by looking for digital or online solutions.
- Get out there and make sales. Remember when you first started your business, how hungry you were? Get hungry again.

Most importantly, make up your mind: Are you going to be one of the fatalities or one of the survivors? Are you going to let the times overwhelm you or learn to change with the times? If you want to be one of the winners instead of one of the losers, it's time to roll up your sleeves and pull up your pants!