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Embracing Adversity Can Build a Business

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While America's economic wizards try to rescue the nation from the worst economic downturn in 70 years, New Mexico is doing what it can to bolster small businesses, because the state's recovery depends on it.

The most recent data from the U.S. Small Business Administration's Office of Advocacy show that New Mexico's 36,430 small businesses employ 96.2 percent of the state's work force and created 54.3 percent of new jobs between 2004 and 2005.

Like businesses elsewhere in the United States, many in New Mexico are suffering the effects of the high-risk business practices — poor planning, poor oversight and easy credit — that characterized much of the past few decades. Some businesses have been destroyed, others merely wounded, by the contracting economy.

No one knows how soon the economy will heal from this disastrous recession, but it's clear that businesses need to abandon the reckless practices that got us where we are today. The expectations of easy money and instant gratification must yield to more sustainable and realistic attitudes and practices, as enumerated here:

Return to common sense: Our parents and grandparents survived by using what resources they had. They worked hard, eschewed waste (including the waste of time) and were loath to borrow money for nonessential goods. Such old-fashioned virtues are making a comeback as families struggle to survive on reduced incomes.

Control costs, curtail credit: Businesses should list all expenses that can be reduced or eliminated and pay off loans, mortgages and other debts. Expensive habits should be ended, money should be saved and materials recycled or reused. High-interest-rate credit cards shouldn't be used to cover routine, nonessential expenses.

Seize the time! Entertainment maven Walt Disney and computer mogul Bill Gates began their businesses during recessions by planning carefully and thinking frugally, thus proving that opportunities can be found even in terrible times. Small business owners must adjust quickly to changing circumstances and act on opportunities.

Plan for a new reality: When revenues start dwindling, managers must stop what they're doing

and revise the business plan in light of market changes. Savvy business owners will turn to recession-proof products and services — the essentials that people can't — or won't — do without.

At your service: Good, cheerful service costs a business nothing extra but can boost revenues and build the customer base. Customers trust businesses that anticipate their needs by keeping high-demand products in stock, and they appreciate those that offer value when discretionary cash is in short supply.

Polish skills: Many people are returning to school and looking for ways to diversify their skills and knowledge in order to be more marketable to employers. A business owner should consider advanced training or education that could take the business to a more profitable place.

Communicate with employees: Recessions — especially those as deep as the one we're in — can undermine employee morale and breed insecurity and resignation. To counter an end-of-the-world atmosphere that stifles ambition and success, a manager should communicate with employees and involve them in business decisions.

Stop worrying and start selling: Obsessing about economic forces beyond our control wastes time that's better spent running and building a business. A business owner who stays optimistic and positive will see what's possible in impossible times.

Help is at hand: The state's network of Small Business Development Centers can help business owners find their way through a changing landscape. For locations, visit the organization's Web site at <http://www.nmsbdc.org> or call 1-800-432-4406.

Finance New Mexico is an initiative of the New Mexico Small Business Investment Corporation (NMSBIC), New Mexico Small Business Development Centers (NMSBDC), Empowering Business Spirit (EBS), Northern New Mexico Connect, Technology Ventures Corporation, The Securities Division of the New Mexico Regulation and Licensing Department, Coronado Ventures Forum, and other partners to assist individuals and businesses in obtaining skills and funding resources for their business or idea. To learn more about resources available to New Mexicans, go to www.FinanceNewMexico.org.

