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Marketing Communications

ATLANTA BUSINESS CHRONICLE

Original article printed in Atlanta Business Chronicle 10/10-16/08

Starting Out in a Downturn

Companies that launched during economic slowdowns carry lessons forward

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Greg Abel is notorious for not going to lunch.

As co-founder and director of client services for Tailfin Marketing Communications, he schedules meetings in lieu of high-priced lunches with clients. It bucks an industry norm, but Abel says he'd rather "spoil clients with results" than wine and dine them.

It was a lesson he learned the hard way. Abel and his partners launched Tailfin in 2001, months before the company, and the county, were rocked by the events of Sept. 11. Right off the bat, Tailfin had to make deep cuts to survive.

There are lessons to be learned from Tailfin and other companies that started during economic downturns. From tightening business plans to minimizing capital requirements, there are methods to survive the madness, methods that in many ways are simply smart business practices.

For example, Tailfin was saddled with impressive but expensive office space when it launched. After the fledgling firm's revenues took a nosedive following Sept. 11, Tailfin relocated to the basement of Lola Carlisle, the company's co-founder and director of creative services.

These days, Tailfin and the firm's 25 full- and part-time employees occupy an office in Virginia-Highland that offers three times the space at less than the cost of the company's first address. Although unpleasant, Abel views the stint in Carlisle's basement as a watershed moment.

"It stripped away the artifice," he says.

It made the firm more deliberate about costs, about hiring and about positioning itself as a outfit that provides big-firm talent with a "much more digestible bottom line," he says.

Even though Tailfin's revenue grew 30 percent in 2007 and Abel expects the same growth this year, the firm's cost-effective ways are here for good.

"We don't have, and never will have, the million-dollar lobby," Abel says. Those who meet with Abel at Tailfin won't be sitting in $1,000 chairs from Herman Miller, either. Adds Abel, "IKEA is a wonderful place."

Terri Denison, Georgia district director of the Small Business Administration, explains that the ultimate lesson to be learned from today's faltering economy is that "businesses that

were well-disciplined, proactive and strategic are not caught off guard by what's happening now."
If a business has a tight business plan, efficient operations, realistic assumptions and the ability to minimize its capital requirements, it will have an advantage in today's economy.

Together, Todd Bridges and Brad Wolff represent 25 years of experience in the recruiting business and currently co-own, along with Jack Delamater, Targeted Search, an accounting and finance staffing company. As the partners watched more and more companies attempt to recruit candidates themselves in an effort to save money, they wondered how they might deliver a more cost-effective recruiting option.

"We wanted to offer something unique — especially in this market," explains Bridges.

The result was JumpVine, a staffing services company that opened for business in September. JumpVine creates a job ad, posts it on job sites, reviews applicant résumés, sources job boards such as Monster and CareerBuilder, and then personally conducts pre-screening interviews. In some instances, the company is able to do so for less than it would cost companies to do so themselves. Since JumpVine shares an office with Targeted Search, getting started required little in the way of capital. The company already boasts repeat business.

Following a slew of good reviews, Jay Swift, proprietor and chef at the restaurant 4th & Swift, feels that under different economic circumstances, his restaurant would be "knocking it out of the park," he says.

Even with a sluggish economy, 4th & Swift's numbers are about where he thought they'd be at the three-month mark. Swift kept his overhead low by finding a great location that was also a great deal. He's cut costs where he can and sought out trade agreements where it makes sense. But he refuses to skimp on service or quality.

When starting any business, it's also important to be realistic when making assumptions, especially in a tight economic market. In order to avoid cash-flow problems, Denison suggests incentives to get customers to pay on time — such as slight discounts for early payment — and to make sure employees are being used effectively and efficiently. Forming alliances with complementary businesses to pool resources and leverage each other's strengths is also an option.

Jeff Mesquita, SCORE Atlanta chairman, considers the current economic landscape "an opportunity." Even if the funding isn't available to launch now, Mesquita suggests building a solid business plan that will work in good times and in bad, building relationships, and doing the work necessary to ensure success when the time is right. Existing and emerging small businesses can attend low-cost seminars and workshops and receive free business counseling at any of SCORE Atlanta's 13 offices.

The Metro Atlanta Chamber of Commerce's Small to Mid-Size Business Council (SMBC) offers members access to programs, such as its First Friday Executive Series, a series that alternates between real-world panel discussions and how-to workshops designed to help executives grow their businesses. The SMBC is chaired by Arnie Silverman, founder and president of Silverman Construction Program Management Inc., a company he launched in 1995. During the company's early days, Silverman worked from home and didn't draw a salary for six months.

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