



***Why not expand your business while you are slow? CNN Money watches The Alternative Board advise a small business on how to grow in the down time.***

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## **Expanding your biz, despite the downturn**

By Emily Maltby

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[http://money.cnn.com/2009/04/06/smallbusiness/expanding\\_in\\_downturn.smb/index.htm?section=money\\_latest](http://money.cnn.com/2009/04/06/smallbusiness/expanding_in_downturn.smb/index.htm?section=money_latest)

FARMINGDALE, N.Y. (CNNMoney.com) -- Like many business owners fighting the recession, Mark Rickard is looking for ways to draw in new customers. The challenge: How to expand beyond his firm's traditional services without confusing customers or taking on more than his company is equipped to handle.

Rickard List Marketing is a direct mail marketing company that Mark and his sister have run since their father's retirement. Rickard wants to use this slow period to rebrand the company, but he has questions about how to make the transition. He's brought the issue to a gathering of The Alternative Board (TAB), a panel of seasoned business owners who meet monthly to swap advice on their business challenges.

"I believe our core clients would appreciate us making more connections for them, but I expect they would be skeptical about our ability to add value outside our comfort zone," Rickard says. "I'm not sure exactly what services to offer initially or how to publicize the change."

"It's a no-brainer, because you already have the clients," says Frank Kelly, president of Kelair, a heating and air conditioning company that is based in Port Chester, N.Y. "But what do you actually want to do?"

"I want to do search engine optimization, market research, circulation analysis, media placement, insert media, data managing and processing ..."

"Wow," interjects John Dugan, partner at Farmingdale Physical Therapy. "Rome wasn't built in a day. You need to build a bigger umbrella before you put all these things under it. Pick the ones that are most secure in this market and the ones that you feel most comfortable doing."

"Well, my plan was actually to outsource some of the things I don't feel 100% comfortable doing to affiliates," Rickard says. "I already have relationships in place with designers and copyrighters."

Ask yourself what kind of firm you really want to be, advises Buonfiglio, president of employee benefit broker C&B Consulting Group in Syosset, N.Y.

"At one point we partnered with a firm to provide services we could not perform in-house," he says. "Eventually the clients let us know our partners' work wasn't as good as ours, so we ended up creating those capabilities in-house, with far superior results."

"Do you think I risk clients by expanding like this?" Rickard asks. "Will they think my eye is not on the task?"

Think about the long-term future, Buonfiglio says. Building up new lines of business will inevitably take some of Rickard's time away from current customers and projects, but that temporary trade-off can be worth it if the expansion will pay off for the company down the road.

"You'll have to consider opportunity cost versus reward," he says.

Tapping new markets

One business owner who faced a similar problem chimes in with anecdotal advice. Dennis Labriola is the president and CEO of Impact, a Farmingdale, N.Y., firm that develops and supplies software to police departments in the metro area.

"We looked at two things," he says. "The first was at our products - which were in-house that could address a new market? We decided that we could tap the campus security market. The second thing we did was look at all the services we provided that we weren't getting compensated for, such as software updates and repairs. We productized those services, because we knew we were already comfortable with them."

The best way to grow is through "baby steps," Labriola emphasizes. "You don't want to be too far from the core. Insulate it and expand into areas that are safe. Pick a few things off your list just to elevate who you are. It takes a long time."

Rickard nods. "What about advertising the services? At what point can I portray that I'm doing more than just lists? I hate the idea of being disingenuous about what I can and cannot do."

"Don't sell anything you're not prepared to offer," says Owen Mester, president of bakery and distribution company O'Wayne New York Enterprises in Maspeth, N.Y. "You'll definitely lose customers that way."

"Actually, don't think about marketing just yet," Buonfiglio recommends. "You have a million ideas and directions. Take a holistic look and examine the risk factors associated with each idea. Look at where you are with each one today and where you want to go. Then, you can start to execute those ideas. And only then should you think about marketing."

"Yeah, I definitely need to be more deliberate," says Rickard.

The next steps

In the weeks after the meeting, Rickard has a brainstorming session with his sister, and together they make a list of the most viable services to naturally expand on what they are already doing. Then he takes the list to Steve Davies, the facilitator of the TAB group, to talk through the options.

For more than an hour, Davies and Rickard look possibilities. SEO (search engine optimization) campaign management, while a hot-button topic right now, would be a tough area to expand into considering how crowded that space already is. But data processing is more feasible.

"All our clients do data processing differently," explains Rickard. "And our personal relationship with them is already set up to help address their goals."

Rickard and Davies also settle on the idea of helping clients with copywriting and with strategic partnerships. "We already know how to identify customers, so we can marry that expertise with the creative process required to reach them," Rickard says.

Two weeks ago, Rickard arranged a meeting with one of his clients.

"I basically approached them and said, 'Hey, we know your customers, how about letting us take a stab at providing copy services?' Then I showed them what we'd be able to do," he said. "They took my offer seriously and decided to take us up on it." To top of page

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