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Small Businesses Struggle to Remain Competitive in the Recession

Financial Advisors Offer Tips for Controlling Costs

IRVINE, CA (July 15, 2009) – From corporate board rooms to the kitchen table, Americans are at work cutting the fat from over-extended budgets. This switch into survival mode is equally imperative in the small business arena where tight credit and the nation's newly adopted frugality have combined to create unprecedented financial challenges.

"With revenues down, small business owners must adjust their cash flow and growth plans and adapt to the new normal," says Don Patrick, Integrated Financial Group. According to Patrick and two other veteran financial advisors -- Clyde Wyatt, Navigation Financial Group, and Arthur Cooper, Cooper McManus -- there are three steps to help small businesses survive the recession and position themselves for greater long-term profitability:

1. **Refinance or re-negotiate.** Commercial lines of credit and mortgages can be re-negotiated. "It's possible to reduce a small business loan at 6 to 7% down to 2 to 3%," says Cooper. "There are no negative credit report repercussions for requesting better terms. In fact, a lot of the lenders would rather secure their portfolio by adjusting terms instead of looking at possible future defaults."
   Don't stop with loans. "Times are tight all over, so try to re-negotiate contracts with vendors, too," says Patrick. "In that battle to stay afloat, some providers voluntarily reduce their costs rather than lose business."

   Wyatt counsels small business owners to have a figure in mind when they begin negotiations. "Consider what it would take to get you to feel more comfortable in the current economic environment," he says. "The more homework you do regarding a company's competition, the more successful your re-negotiations may be."

2. **Control overhead.** Cuts to salaries, bonuses, office space, vehicles, and technology are all on the table to help stabilize businesses in the short term. But Wyatt urges small business owners not to overlook the advantages of taking a totally new path. For example, after a slow start, consumer-driven health plans that shift more cost and decision-making power to the plan participants are

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emerging as an innovative solution for small business owners hoping to get the most bang for their benefit buck. Consumer-driven plans typically pair a high-deductible health plan with tax-advantaged health savings accounts (HSAs) used to pay for the deductibles.

"There's a substantial cost differential between the top traditional health plans and high deductible/HSA plans, so I encourage small business owners to evaluate their options," says Wyatt. "Investigate professional organizations that may offer members the benefit of purchasing health insurance at a discounted group rate."

3. **Zero in.** Focus on the most valuable corporate assets – employees. "Talk to your staff about your efforts to reduce operating costs," says Patrick. "Often the best ideas for making a company lean and mean come from the folks working in the trenches**.** You may find you have employees who would prefer to work part-time, thereby enabling you to avoid layoffs. To encourage cooperation, offer rewards for effective suggestions."

   The down market is a great time to reach out to current clients, possibly the best source for new business and referrals. Reaching out to clients in a deeper way, may require a change in business operations. Consider introducing a new service or product, changing office hours to accommodate customer needs, or target a new niche.

As in the past, small businesses, fueled by the irrepressible American spirit of innovation, will lead the national economy out of recession. According to the Small Business Administration, following the recession of the 1990s, small businesses with fewer than 200 employees created 3.8 million jobs, compared to just 500,000 by big-business expansion. Small business showed similar leadership in the aftermath of 9/11 and the tech bubble, accounting for two-thirds of our nation's operating profits in 2004. Gear today's budget cuts and re-positioning for tomorrow's success.

About Don Patrick and Integrated Financial Group

Don Patrick, Managing Director of Integrated Financial Group in Atlanta, Georgia, has been serving clients as a financial advisor for over 26 years. Patrick earned his MBA from the University of Southern California. Undergraduate studies were completed at Loyola University Los Angeles in the areas of finance and economics. He served as a pilot in the U.S. Air Force, graduating first in his class. He is also a member of the Financial Planning Association, the nation's largest organization of professionals dedicated to championing the financial planning process. He has completed additional studies and passed a rigorous certification examination and is authorized to use the CFP® mark of distinction. Integrated Financial Group, an independent financial planning consortium of advisors, delivers practical, effective financial solutions aimed at addressing the long-term financial planning needs of their clients.

For five years listeners in south Florida relied on Patrick to deliver sound, accurate financial advice as co-host of a radio talk program. He taught financial planning at Georgia State, North Metro Technical College and Gwinnett Technical College. Listed in Who's Who of Investment Management Consultants, Patrick recently authored a book titled *Keep Your Nest Egg from Cracking – What You Need to Know.* He is also a regular contributor to numerous financial trade and consumer publications, including Wall Street Journal, Kiplinger's Retirement Report, New York Daily News, Investment News and Research magazine. Learn more at www.integrated-financial-group.com.

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NOTE:

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SOURCE: Written by Don Patrick, Securities America, Inc. Registered Representative in conjunction with Impact Communications.

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