



# Goltz by Jay Goltz On Business

## *Misery Loves Company... But Hates Tenacity*

**W**e are coming to the end of a rough year. It's been rougher for some than others, but *not* rough for very few.

Those closest to the tragic events of September 2001 have had to endure previously unimaginable grief, stress, and pain. Most of the rest of us have felt the effects of the recession in our business—not that you can, or should, compare the two. I stated last year that I wasn't going to participate in any oncoming recession. It was a nice thought, but I was recruited.

I have lived through three or four recessions since I started my business. They occurred when my business was growing at a tremendous rate, so all that happened was the growth slowed down. Now, for the first time, my year-to-date business is actually down from last year. It's not a catastrophe, but it does have a chilling effect on the bottom line. I've done all of the obvious things: review and trim expenses; adjust the advertising budget; put off some capital expenditures; and more carefully monitor inventory levels. It has resulted in having a profitable year, though not as profitable as I would have liked.

What's more important is what I didn't do. I didn't run any storewide sales. The extra business generated from sales does not usually compensate

for the loss of margin on the other business that was coming in anyway. I certainly put "on sale" any merchandise that was not selling at regular price, but that is very different from putting custom picture framing on sale using newly purchased materials.

I didn't stop giving raises. I might have given a smaller raise than I would have during the more profitable times, but I did give a raise. You never want to lose a good employee because you didn't give them at least a cost of living increase or because they don't feel appreciated. I didn't start cutting corners on quality; I wasn't less forgiving to customers; I didn't let my store interi-

or deteriorate. I didn't cut my staff by so much that customer service suffered. In other words, I have continued to do the same things that made the company successful in the first place.

The secret to business is to not lose your head when business is good, and to not lose perspective when business is bad. It is easy to make mistakes during the good times because it seems that we can do no wrong. During the bad times, it is too easy to torture yourself, lose confidence, and make poor decisions out of fear. That is why you need to keep perspective. Perspective is this: *Every* company goes through ups and downs. It is

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your ability to fix, improve, react, and recover that makes a difference.

It's been said that within every problem lies an opportunity. (At least I think that's been said. If not, I just made it up. Feel free to use it.) Where is the opportunity? Survival of the fittest. Some of your competitors have gone out of business, or are about to. It happens every time there is a dip in the economy. The fact is, because there are fewer competitors, the survivors get a bigger piece of the pie, albeit a smaller pie. Business will come roaring back, and those frame shops that have "kept their head" will benefit. It's like a basketball team that has a great three-and-a-half quarters and then falls apart in the last few minutes of the game. Basketball is a four-quarter game, and so is business. We are now in the last quarter of the year, and it is time to work through the busy holiday season, as well as to plan for next year.

Now is not the time to get worn out, so dig in. There is a scene in *Rocky II* (The movie, for heaven's sake), where Rocky has the daylights beat out of him. He sits in his corner and turns to his manager, Mickey, and says, "I ain't going down no more." Poetic. Poignant. Thoughtful. *Business*.

Business is a series of ups and downs. Victories and losses. Good times, better times, and stressful times. The secret is tenacity. Tenacity wins the game. Now is the time to be tenacious. If you're with me, raise your hand! Alright, put your hand down; you look stupid. But you aren't stupid! You are about to plan out a great year!

First of all, let's finish this year. Make sure all of your customers are taken care of through the holidays. Take Christmas Day off. The next day, start the plan. Work on getting your finished framing picked up so you can free up some space and cash. Call the customers. Send out a nice letter saying how you appreciate their business but you need to make some space. Offer free delivery. Don't cop an attitude. People get busy, get sick, get divorced, lose their jobs, take care of sick loved ones, or

even die. Assume the best. (Or would that be the worst?) Either way, be nice. If they didn't leave a deposit, Learn your lesson! People who leave a deposit usually pick up their framing.

Make reservations to go to a trade show. The Las Vegas show is in January, and there will be education being offered and products for sale. Think about buying new machinery, updating your line, or introducing new techniques to your shop's repertoire. Add photo frames, fabric mats, fillets, specialty glass, or finished corner frames. What a great way to start out the year—a great year!

Look around your store. Do you have inspiring samples of your beautiful framing? Is the lighting good? Are the floors worn? Do the walls need painting? January or February might be the best time to fix these things up.

Before the end of the year, look at your advertising budget. If you are looking to grow your business, you should probably spend about 5% of your sales on advertising—well thought out advertising. Advertise for the better customers. Don't just advertise in places that you "can afford." Better to have one nice ad in the right place regularly than many inexpensive ads all over the place. Consider having a web page created for your store. It doesn't have to cost a lot of money. Refer to it in your ads. (If you do come to Las Vegas, I'm doing a class on marketing.)

And last but not least, pricing. Are you confident that the prices you are charging are leaving you enough gross profit to cover your expenses and leave a net profit? Do you update prices when your costs go up? If you don't, this little oversight is probably costing you more profit than all those other things combined.

We are approaching a new year. Let's brush ourselves off and get back on the horse. Next year is going to be much better. I hope to see you in Las Vegas! ■