

## Company Investments

**Q: Should I lay off staff to save money in my decorated apparel business?**

■ **Determine if the employee is replaceable.** “Sweeping the floor isn’t a job that somebody else can’t do when business picks up,” Gingold says. “However, if it’s a decorated apparel business, my gut reaction is that the workers I’d be employing have some special background or training that would make it hard to replace them, and you could lose them permanently.”

■ **Consolidate jobs instead of firing.** Even though employees might not welcome taking on additional work at first, stress that it’s necessary so that you don’t have to resort to layoffs. “Ask yourself what other jobs your staff can do,” Gingold says. “So, if you normally had eight hours of work for Tom, but Tom’s really got five or six hours of work to do, what other jobs can Tom do? Can you send Tom over to some local trade fairs? Can you send him over to do some research to find out if there are any events that you should be at? Is there anything Tom can be doing online?”

■ **Consider moving certain employees to sales.** “Cross-train them in sales to help find more business,” Jones says. “This makes them more knowledgeable about what it takes to get that business in the door, and you may find that they make great recommendations to prospects.”

■ **Consider across-the-board pay cuts.** “If you have a good, quality staff, our recommendation is for staff members to all take reductions in salaries,” Thoreson says. “To save the employees but reduce their overall labor costs, everybody takes a 15% cut. Then, you set up some quarterly goals, and if your employees achieve certain numbers, those lost wages are paid back in a bonus.”

**Q: Should I invest in equipment and software during a recession?**

■ **Ask yourself tough questions.** A recession is a great time to be looking at equipment, but with common sense. “Ask yourself what new equipment can do for your business,” Gingold says. “Can it open up new markets? Can it replace equipment in my company that’s outdated and costing money? When the recovery comes, will this put me in a better position?”

■ **Look for recession-era deals.** “For manufacturers such as ourselves, we’re used to making deals at this time,” says Joe Smalley, national account manager at Pantograms. “If someone’s on the fence and a more attractive price is going to help them, we’re certainly going to do that during tough economic times. We’re willing to do things we probably wouldn’t do if the economic times weren’t the way they are right now.”

■ **Consider the recession an opportunity.** “Right now or any-

time during a recession is a great time to invest, especially in a new business,” Smalley says. “If you look historically, some of the bigger companies like Disney and Microsoft started at such times. Wages and rents are down, competition is becoming more scarce, and it’s a great time to become your own boss. In our business, the need for decorated apparel, while it’s not recession proof, is always there. People are going to embellish and decorate apparel, even in times of recession.”

■ **Purchase a software license.** “As far as software, you can buy someone’s software license,” Gingold says. “Things like Creative Suite, it’s really expensive stuff. So, if I’m closing my doors and you can buy that software, and it’s operational and legal, why not?”

**Q: Should I take time to cultivate relationships with preferred suppliers?**

■ **Consider the potential financial perks.** “If you need backing or something and there are three people calling the supplier for it, if you have a preferred relationship with that supplier, you’re the one who’s going to get the order. You’re going to be the one they take care of first. You’ll get preferential pricing,” Johnson says. “They won’t charge you for using credit cards, they’ll give you percentages back on sales or special pricing on larger orders and you’ll benefit from shipping specials. If you just use a few suppliers instead of using everybody, they’ll take care of you because you’re taking care of them.”

■ **More personal = more flexible.** “Your vendor partners can save your business butt,” Freeman says. “I can’t tell you how many times I’ve had a customer who placed an order that was above a credit line, and I had to throw myself at the supplier’s mercy to do the order. If you’re a jerk to your vendors, they’re not going to work with you. It’s an incredibly valuable relationship to cultivate.”

■ **Consider it networking.** “Ask, ‘How can we help each other’s business? Let’s not just make this customer-supplier; what can we do to boost our companies together?’” Gingold says. “Also ask, ‘What are you hearing about my competitors? What trends do you see happening? What trends are you aware of?’ Even if your business is doing great today, at some point you may hit a downturn. It’s always better to have a relationship with someone before times are bad than to show up when times are bad with hat in hand and say, ‘Help me.’”

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