



# Launching a Business in a Recovery: 13 Lessons Learned



Help for anyone considering  
starting a business



# Learning Objectives

At the end of this module, you will be able to:

- Have a better understanding of how to start a business during a recovery.
- Identify lessons learned about launching a business in a recovery to apply to your business.



# About FDIC Small Business Resource Effort

- The Federal Deposit Insurance Corporation (“FDIC”) recognizes the important contributions made by small, veteran, and minority and women-owned businesses to our economy. For that reason, we strive to provide small businesses with opportunities to contract with the FDIC. In furtherance of this goal, the FDIC has initiated the FDIC Small Business Resource Effort to assist the small vendors that provide products, services, and solutions to the FDIC.
- The objective of the Small Business Resource Effort is to provide information and the tools small vendors need to become better positioned to compete for contracts and subcontracts at the FDIC. To achieve this objective, the Small Business Resource Effort references outside resources critical for qualified vendors, leverages technology to provide education according to perceived needs, and offers connectivity through resourcing, accessibility, counseling, coaching, and guidance where applicable.
- This product was developed by the FDIC Office of Minority and Women Inclusion (OMWI). OMWI has responsibility for oversight of the Small Business Resource Effort.



# Executive Summary

- You've decided to turn your great idea into a business. However, the economy has not fully recovered.
- You can still start a small business during a depressed economy.
- These 13 lessons learned can help you turn your good idea into a profitable business even during a depressed economy.



# 13 Lessons Learned

1. Get into the Game
2. Enlist Support
3. Be Steadfast About Your Idea, Flexible With Your Execution
4. Research and Know Your Target Audience
5. Educate Yourself
6. Provide Superior Customer Service
7. Develop a Low Cost Marketing Strategy
8. Create Value
9. Choose a Growth Strategy and Track it Thoroughly
10. Create Structure; Balance with Innovation
11. Be Cost Efficient
12. Legal and Tax Issues: Get it right from the start
13. Always Stay Positive



# 1. Get into in the Game

- Invest your own money into the business, which will make you more focused and determined to succeed.
- Manage cash flow positions carefully; do not overestimate revenues and underestimate expenses.
- Do not over-leverage business operations or overestimate revenue and underestimate expenses.
- Have passion and 100% commitment, but ensure you have the emotional fortitude to ride it out.
- Draw upon your own professional experience and leverage your professional / personal relationships.
- Set goals for personal productivity, and announce these goals to your employees.
- Hold yourself and your employees accountable.
- Develop a strong business plan; it will provide you with a strong game strategy to help ensure success.



## 2. Enlist Support

- Create an “advisory board” composed of successful people that can assist in your success.
- Think about compensation. Offer equity in exchange for experience.
- Ask friends or family for support, but not for money. Mixing business and personal matters can add stress.
- Employ independent contractors to cut taxes and other related expenses.
- Hire interns or temps for short-term projects.
- Join the local chamber of commerce or professional organizations. There is a wealth of knowledge and networking opportunities in these forums.
- Find a mentor.



### 3. Be Steadfast About Your Idea, Flexible With Your Execution

- Be innovative and find a market poised for growth. Develop a product or find a solution for an unmet need. It is better to focus on a specific audience rather than to generalize.
- Have a good value proposition that illustrates why your company is the best choice over your competitors, and commit to it.
- Must be flexible with your product and business ideas, small changes can catapult you to success.
- Find ways to be better, faster, or cheaper while maintaining product integrity.
- Having a good business plan will attract investors. Finding an investor with your same vision alignment can take a long time, so be patient.
- Get feedback from your customers and business mentors; they will give important feedback to help your business succeed.
- Don't underestimate the competition – stay hungry. Anticipate the modifications your competition will make to stay competitive.





## 4. Research and Know Your Target Audience

- Define and know your target market.
- Be a problem solver: your product or service has to answer the needs of your customers to add value.
- Continuously research your target audience and always keep them in mind when making critical decisions.
- Don't make assumptions from personal knowledge or experience about your customers; talk to them and find out what their preferences are to be deliver better results.
- Profile your customers to help you develop targeted marketing plans.
- Reward repeat customers through discounts or promotions.



## 5. Educate Yourself about the Industry

- Don't jump into a business without thoroughly educating yourself about the industry or competition, even if you have prior experience.
- Remember that learning will come before earning, so as you grow your business each day you will learn how to be more and more successful.
- In any successful business there is a thriving sales, marketing and operations aspect. Commit to learning these facets of your business so you can successfully sell, market, and run your business smoothly and efficiently.
- Hire experts to assist you in learning new things. You will then be able to merge your ideas with theirs to help you elevate to the next level.



## 6. Provide the Best Customer Service

- Have a product that will attract customers to your business.
- Great customer service has to be a number one priority. Having quality customer service is a sure way to have repeat business.
- Be able to adapt to any economic changes that affect the expectations of the customers and their priorities.
- Adhere to the needs of the customers and be good listener.
- Follow up with clients to find out how well you met those needs.
- Providing quality customer service will stimulate free word-of-mouth advertising and referrals.
- Develop a strong value proposition that will add value differentiation that is meaningful to your target audience.



## 7. Create a Low Cost Marketing Strategy

- Embrace social media. It's cheap and easy once you've defined your target audience. Social media is always changing, so stay in the loop.
- Learn about and implement Search Engine Optimization (SEO) techniques.
- Develop a business website that is professional and appropriate for showcasing your business. There are costs for domain names, but the benefits can far outweigh the costs.
- Keep your website up to date on a regular daily / weekly basis.
- Create a mass email marketing campaign for clients that want to receive specials or updates.
- Develop and send press releases and post to your website.
- Negotiate your products / services as a stream for free advertising.
- Consider sponsorships in exchange for your product or service.
- Ask customers for referrals.



## 8. Create Value

- Don't focus on giving discounts but on adding value to drive in new customers.
- Don't over-promise and underperform, it will tarnish your business's reputation quickly.
- Don't become complacent; always have a creative mindset about your company. Find ways to continuously have an edge over the competition.
- Remember that others can help as well, so be willing to hear about new ideas and approaches that will support your company's growth effort.
- Don't try to add value by offering services / products outside of the company's core business focus. In business it is better to be a master of your craft than a jack of all trades.



## 9. Choose a Growth Strategy and Track it Thoroughly

- **Website hits** - Track and measure visitors to the website - page turns, open rates for your newsletter, and survey results. Set specific weekly/monthly goals and clearly articulate those goals.
- **Demand forecast accuracy** - Measure the difference between predicted demand and actual orders.
- **Perfect order index** - Measure orders for completeness, accuracy, timeliness, and damage. This metric indicates how well your company is executing orders much more effectively than metrics such as fill rates can.
- **Cash-to-cash cycle time** - How many days are your accounts payables outstanding and days sales outstanding? Measure the time between when you spend cash to buy goods or materials and receiving payments from your customers. Consider switching late paying customers to credit card payments.
- **Supply chain management costs** - Measure operating expenses associated with direct purchasing, manufacturing, warehousing, transportation, and customer service. These are important measures of your internal efficiency and effectiveness.



# 10. Create Structure; Balance with Innovation

- Determine what processes need structure and what areas allow for more creative thinking.
- Create structure or standard operating procedures for your day-to-day operations, but always look for ways to improve your business processes.
- Be innovative in areas such as new product development, sales, customer service, or marketing. Invest in innovation wisely. Poor innovation choices can be costly with little or no results.
- Set goals for innovation and measure the results. Metrics will allow you to see which innovations are successful and which are not. Having this information enables you to increase your success rate.



# 11. Be Cost Efficient

- Examine if cell phones are cheaper than a phone system.
- Use free online email and intra-office chat.
- Print in black and white.
- Shop for low-cost furniture. If customers will see your furniture, then make sure it looks good.
- Spend wisely on office space. Consider sharing space with another company. Try to negotiate with landlords about price and terms.
- Compare prices. The Internet allows you to compare pricing very easily for big or small ticket items.
- Consider bartering your services for a service you need.
- Join warehouse discount clubs. Ensure your purchasing habits can justify the membership fee.
- Pay your bills online. It saves postage costs and time.
- Power down your computers, printers, and copiers at the end of the day to lower your electricity bill.





## 12. Legal and Tax Issues: get it right from the start

- Register the business as one of the following: sole proprietorship, partnership, Limited Liability Company (LLC), C corporation, S corporation, nonprofit or cooperative.
- Figure out if you will need worker's compensations insurance.
- If you are going to have employees, get professional guidance on how to deal payroll taxes.
- Find out how the business registration will affect your personal income tax.
- Understand all your responsibilities under the law as an employer, such as the legal steps when hiring an employee, OSHA regulations, and other rules specific to your industry.



## 13. Always Stay Positive

- Enjoy each day of the journey, but know there will be challenges. Take them one at a time, each day will be different.
- Take 20 minutes a day for quiet time, exercising, or just relaxing. You will feel re-energized.
- Stay motivated by reading about other businesses success stories. Find a mentor to motivate and keep you focused on you business venture.
- Surround yourself with positive people. Accept productive feedback from others but not negativity and doubt.
- Create a realistic to-do list and prioritize it. Do not form a long and impractical list that will make you become overwhelmed.
- Keep a journal that reflects on how far you have reached with your business.
- Always take pride in each success you have; there are none to small.
- Have realistic goals, cross them off as you accomplish them and celebrate your achievements.
- Always be the biggest motivator for your employees and your business. This will keep a positive energy in the workplace, which in return will keep you invigorated.



# Key Takeaways from This Module

- Be flexible. It will go a long way in starting a business.
- Have a solid business plan with a well-defined target audience.
- Look for innovative ways to save money.
- Find a business need and provide the solution.



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