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Firms reshape image to survive tight times

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Michael W. Bunch | Nashville Business Journal

Trainer Matt Garrett is cutting rates and shortening sessions to save clients' money.

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Matt Garrett no longer pitches his skills as a personal trainer to upwardly mobile professionals with money to spare. These days he's getting out the message that staying fit and healthy can be affordable and offer maximum results in minimal time.

Entrepreneur Silas Deane has drastically cut overhead at his luxury bath fixtures business and flipped his business plan from storefront to online sales.

Realtor Larry Lipman decided to widen his customer base by advertising his home listings nationally and internationally.

These Mid-state entrepreneurs are practicing business principles that could mean the difference between failure and survival during the nation's economic crisis, says Joe Alexander, associate dean and senior marketing professor at The Jack C. Massey Graduate School of Business at [Belmont University](#).

"A lot of people aren't able to calm down and think about what they really need to be doing, but that's what you need to do," Alexander says. "Many want to make across-the-board cuts, but that's the wrong thing to do. You may end up cutting the very thing that will make you successful."

Paula Swift, president of Nashville-based [Prosper Business Image Consulting](#), is telling her clients to create a new strategic business plan for 2009.

"It's probably going to mean you have to adjust a product or service or eliminate production if it's no longer valid," Swift says. "It also could be an opportunity to make sure what you're offering is something people want and need."

It's what trainer Garrett did to find steady business at his downtown fitness studio, Efficient Fitness.

“I talked to clients and found out that they don’t want to spend a lot of extra time in the gym,” Garrett says. “They want value, and they want to get in and out quickly.”

The bulk of Garrett’s clients — about 15 a day — now buy 30-minute sessions of focused strength training for \$40, or blocks of 12 sessions for \$360. He researched rates at other gyms to undercut competitors by about 20 percent.

“Customers’ needs have really shifted across the board,” Swift says. “The most important thing is to make sure your products and services are still relevant. You absolutely have to make sure what you’re offering them is something they still need and want, and you have to find the right way to get it to them.”

Deane says slow sales at [Baden Bath](#)’s retail storefront in Cool Springs forced him look beyond his bricks-and-mortar business plan. It led him to Overstock.com.

“We needed a monumental shift,” he says. “The market had shrunk to nearly nothing.”

Within six months, Bath Baden products — which include high-end faucets, sinks and toilets — became one of Overstock’s top selling bath brands. Deane says he’s sold more than 500 products online and generated about \$200,000 in sales. He’s also expanded to Amazon.com and faucets.com.

“We’ve done much more business online than we did at our retail store,” Deane says.

Deane is also broadening his market beyond the United States, selling Baden Bath products in China to hotel and apartment builders.

“We’ve realized the retail store is not our model,” he says. “We’re going to continue as an online brand. We’re going to continue to build relationships with builders.”

Lipman, who heads the Lipman Group Sotheby’s International Realty in Green Hills, is also going international. Before the recession, the company’s marketing was locally focused. Now Lipman is advertising in magazines nationwide and around the world.

In response, Lipman says he’s received promising e-mails and phone calls from potential buyers, but says it’s too soon to tell if the tactic will pay off.

He’s also beefing up his advertising budget about 10 percent, adding two agents and getting the word out that Sotheby’s — usually known as a luxury brand — works with all price ranges.

Belle Meade chiropractor Louis Obersteadtl, who has been in business for 30 years, decided to spend money on marketing, advertising and Web site design in 2008 — his first time ever doing so.

Although he's spending more money, he's communicating thrift and value to his customers. Obersteadtl is sending educational newsletters and e-mails to customers, focused on taking care of yourself in stressful times.

"My sense is that I need to get smart and think very critically to stay ahead of the curve," he says. "At first I thought I'd spend \$500 or \$1,000, but I've ended up looking at ten times that amount."

Obersteadtl could be reflecting national trends towards Internet and e-mail marketing.

Nationally, spending on advertising and marketing is down, although certain segments — such as e-mail marketing programs and Internet banner advertising — show an uptick. There's also been a spike in marketing expenditures for restaurants, food and candy, travel and tourism and financial services.

According to [TNS Media](#), a New York-based firm that specializes in business research, ad spending during the first nine months of 2008 was down 1.7 percent, despite the marketing blitzes associated with the Summer Olympics and the political elections.

"By most accounts, the current economic recession will be deep and lengthy and with it will come continuing challenges for the advertising and media industries," says Dean DeBiase, CEO of TNS Media. "These industries will have some hard decisions in the coming months, decisions that perhaps had been deferred during periods of growth."

lbryant@bizjournals.com / 615-846-4258

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