



FINANCING THE FUTURE

Small business creation - an investment in national recovery



By Dr. Russ Ouellette, DM

Doing business in 2009 is an awful lot like playing musical chairs. Some companies are clinging tightly to the chair, hoping that the music plays on despite the inevitability of its cessation. Others are running haphazardly, hoping that their unconventional tactics will allow them to survive once the music stops. However, the eventual winner of this game has decided to build a new chair that allows the innovator to be sitting in a prime position when the party resumes.

Despite what the economic pundits say, 2009 is an excellent time to develop a new business. While this news may seemingly fly in the face of conventional wisdom, conventional wisdom often neglects the tenets that this country was built upon. The United States is a country comprised of small businesses as evidenced by the 27.2M firms that are currently employing half of the country's private sector workforce and hiring 40 percent of high tech workers.

We are a nation of innovators and entrepreneurs, and with endless discussions of corporate bailouts and rampant plant closings, there has quite possibly never been a better time for fresh ideas and new business creation.

We are in a change environment right now - with crisis comes change, and with change comes opportunity. Traditional businesses are hibernating or struggling to change, trying to avoid the fate of the thousands of companies that have closed their doors this year. Their traditional approach to forced change is to look inward, cut costs, downsize, freeze pay and stop investing in their businesses. This is not to say that prudent financial management isn't important, but it should be important all of the time, not just when there is a problem. Looking inward takes time and is painful, and if companies are focused only on internal concerns all at once, they may not be transforming their firms for what they need to be in the future.

Companies that will survive and thrive during challenging economic times are the companies that are committed to not only adapting to market forces but reinventing themselves and making thoughtful investments in the future. While stagnant companies spend dollars on day-to-day survival, innovative companies spend dollars on creative growth that leads to a measurable return on investment.

Consider the example of Focus Capital, a Bedford-based investment management firm that knew the financial crisis was coming and decided to shape its company's future. They allocated their resources to new product development and recently launched RedBlack Software (RBS), a new product that helps investment managers meet the need of clients through block trading. This product comes to the market when the demand and need for professional quality portfolio management tools is at a high, capitalizing on the need for increased efficiencies and cost reduction. In addition, Focus has developed a "green fund," expanded operations and established social networks in their field. While industry competitors are meeting with clients and calming fears, Focus Capital is reshaping their industry.

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What makes this "innovation strategy" even more attractive is that customers are hungry for new products and creative approaches. Customers are actively looking for products, services and ideas that will allow them to save money, grow and guide them through the change process. While change resistant companies are cutting their own costs in reaction to market fear, innovative firms have a tremendous opportunity to bring customers solutions that offer an investment in their



own growth and anticipate future needs. Because these firms are responding to new or future needs, they are presented with a chance to connect with customers on a new, more engaging level while competitors struggle to maintain their more traditional service lines.

And, it's no secret that success breeds success. Today's young professionals are seeking career opportunities in firms that are "future focused." They want career growth enabled by technology. They want work that has purpose and leads to social change. As part of the smartest generation in history, with IQs 20 points higher than Baby Boomers, they want to feel connected and work in firms that are looking at the competition from the rearview mirror. Companies that are unable to convince these talented professionals to join them are going to find it increasingly more difficult to attract and maintain new customer relationships. Now is the time to invest in the best people possible and embark on a business growth journey.

Change is inevitable and the traditional markets, channels, infrastructure, relationships and tools to engage business are in transition. Those who are poised to accept and adapt to these changes will have a competitive advantage over other would be entrepreneurs. This may be the opportunity of a lifetime because rarely does true change present itself in such a forced way as the current state of the nation's economy. While others are fighting over the last chair when the music stops, a group of innovators is hard at work building their own. When the music begins, they'll be enjoying the fruits of their labor for years to come.

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