

## Small to Mid-sized Business (SMB) Outlook 2010-2011 Perspectives



From time to time the President's Resource Group (PRG), a collaboration of eight members who lead SMB organizations based in the Chicago area—as well as serving SMB clients—examine a topical business issue. Recently the eight members weighed in on these three key questions:

- Do you think 2011 will be better than 2010 for your SMB clients?
- What do you see that supports your opinion?
- What advice are you giving clients?

Our PRG members lead companies that specialize in Management Consulting and Marketing Strategy, Legal Services, Human Resources and Administration, Business Engineering, Architecture and Design and IT Services—and serve a diverse mix of cross-industry clients.

Here's what they have to say.

**Pat Palmer, Managing Partner**  
**Marketplace Partners, LLC**  
**"Strategic Marketing for Profitable growth"**

Yes, the business outlook is better—steadily improving. A majority of our clients are on track for growth this year even if it's modest.

Our clients generally reflect optimism about this year and the future in general. A majority of our clients are firms that provide services so their "know how" and expertise are primary assets. They have not had to confront the tough inventory or capitalization challenges that have nearly devastated some business sectors. We do see our clients being very prudent about managing their staffing levels and cash flow as well as being diligent about laser-focused marketing to their ideal clients and prospects. We find that business owners in our client organizations are well-informed about the current economy and pretty well-prepared to stay the course, assuming we see a steady economic upturn soon.

As far as advice goes, we have encouraged our clients to evaluate marketing investments in light of *profitable growth* more than ever before. We encourage a tight focus on getting more business from current clients as well as greater margins from current services. Projects related to pursuit of new services and new markets are being scrutinized with greater diligence than ever before and acted on only when there is a strong business case for success and a fairly quick return—or the critical need to retain current clients through effective touch points.

**Tom Caprel, Founder**  
**Brakthrough Results, Inc.**  
**Management consulting and executive coaching**

My clients are more optimistic about 2011 than they been in the past few years. The companies I work with span many industries including software development, distribution, transportation, construction and professional services, so it's hard to categorize them all in one sentence. However, sales are up and customer requests for proposals and work has increased significantly causing this increased optimism.

The company leaders I'm working with are hiring people back, they're spending money on additional training and development and giving back some of the pay decreases they had to make from the previous two years.

My advice to clients is to be very aware of their current circumstances: cash flow, pipeline and progress of current work and don't let the negative news of the day distract them. As the leaders of their businesses, they need to remain positive, keep moving forward and help their staff stay in action.

**Richard J. Lofgren, Esq. - President**  
**The Entrepreneur's Legal Resource sm**  
**"Manage those Business Relationships"**

Yes. It appears that the fear associated with the future economic climate has begun to slowly to lift.

We are seeing our clients begin to position themselves for slow growth through moderate hiring and restructuring. Apart from the large talent pool that is currently available, our clients are beginning to examine growth through the addition of new equity stake holders and possible acquisitions and/or mergers. While these actions bode well for a slow recovery, a number of our clients still are struggling with their banking relationships and thus their abilities to raise adequate working capital.

While we always counsel our clients on the importance of managing their business relationships, at this sensitive time of the recovery, we especially encourage them to carefully and methodically examine the terms of all of their new employee, partner and vendor relationships. This is the time to make sure to enter into the right business relationships on the right terms with the right parties.

**Ron Wajer, President**  
**Business Engineering Inc.**  
**Management consulting for manufacturing and distribution**

Our manufacturing and distribution clients in general are mildly optimistic about 2011. The degree of optimism differs by sector. For instance, healthcare products businesses have had some of their best years recently and keep growing but are cautiously watching how increasing regulation may affect them. Conversely, steel products producers and steel service centers who are coming off some of their worst years see modest increases in orders but no quick return to previous sales highs.

We are seeing activity in new, environmentally-friendly products that are ready to be introduced. Our job is to develop the manufacturing process, size the new plant, and start it up. This shows investors are coming off the sidelines, new owners are creditworthy, jobs are being created, and there will be a positive impact on the environment.

We are advising companies to make continuous cost improvement a way of life. If their sector is slow to turnaround, this is a way to keep costs in line with revenues that have shrunk. If they are experiencing sales growth, this philosophy can put them in the position of low cost producer in their industry.

**David Kennedy, Principal**  
**PPK Architects**  
**Architecture and Design**

Yes, the business outlook is better.

Based on our current work load we see some signs of improvement in the design and construction industry this year compared to last. Some of our clients have been able to obtain financing for their projects but I would say that most are cautiously optimistic about the future. Our firm had been very involved in multi-family housing and mixed use developments which have virtually come to a stand still. As everyone is well aware, the housing market may be improving but the demand for new housing units will remain weak while the inventory of existing and unsold new units remains high. A business sector that has been growing includes tenant fit out work and building renovation programs which we should see increasing over the next few years. We are also making a push for senior housing and student housing.

We have been advising clients to look at purchasing property since there are some excellent opportunities available. We have also encouraged them to look into SBA loans although the Federal government has closed the fee waiver program. This is actually a good time to plan and build due to the competition in the construction marketplace.

**Jeff Epstein, Principal**  
**PVI Consulting**  
**Technology Consulting and Services**

Yes, economic gains are creating a more optimistic outlook. .

We've moved through a lot of fear and uncertainty. No one was investing and projects across the board were on hold; that has been a real problem. I believe our economy needs spending to keep the wage price spiral moving in an upward direction. As some investments are being made (public and private sector) the wage price spiral has begun (albeit slowly) to show signs of reversing itself ever so slightly. Publically traded companies are doing well in many instances and they have cash to invest.

We are encouraging our client to make investments in projects and programs that will benefit your bottom line. Make investments that will results in productivity gains and efficiency. Invest in technology and systems that will streamline business process and shorten sales cycles and delivery time.

**Gene Wilson, Partner & Co-Founder  
PANTHEOS  
A Professional Employer Organization**

Yes, the business outlook is steadily improving. It is Important to note that jobs recovery is uneven depending on locale and industry classification.

Reported facts on hiring and jobs data indicate marginal net growth, but with continued high unemployment rates. Recent trends and studies confirm a measurable increase in optimism by business owners, but most are hesitating to “pull the trigger” to hire. Uncertainty remains about a continued and sustained economic recovery. But, we have witnessed greater evidence of business owners starting to view hiring as an investment...they believe, that by doing so now, they will own a competitive advantage when the economic recovery shows more strength. Recent research has shown a job opening rate increase. This is attributed to the shortage of skilled and qualified applicants, particularly in certain occupations (Nurses, Technicians, Skilled Trades and Sales Reps).

We are advising clients to start now to thoroughly evaluate the risks and opportunities associated with hiring additional staff. Lack of planning now could result in greater consequences down the road...most bad hires are the result of needing to hire too quickly. Seriously consider these questions:

- When will I be able to afford or invest in staff?
- Where are the most critical needs in my company?
- Do I have good recruiting and hiring practices to ensure an efficient and quality process?
- For now, who are my “most valuable” employees and how can I protect this most important asset? Recent trends indicate that when staffing levels are lower, and hiring trends increase, some of the best employees may consider looking for other employment opportunities.

To learn more about the PRG and its member companies, visit [www.marketplace-partners.com](http://www.marketplace-partners.com)—and click **President's Resource Group** in the upper right hand corner.  
Questions: Contact Pat Palmer (877-250-7524)