

THE UPSIDE OF A DOWN ECONOMY: Seize Opportunity to Profit from Slowdown

BY BILL ORBEN

Out of adversity comes opportunity – at least if you know where to look for it.

For instance, the current economic downturn is a perfect time to carve out a niche in your industry and pick up distressed commercial and residential properties at bargain-basement prices.

It also could be an opportunity to re-examine your business model, if experiencing trouble, because weaker firms likely will continue to falter. Further, survival may be pegged on marketing and promotion – an expense often slashed when sales are soft.

The bottom line, experts said, is to do your research and be brave enough to “pull the trigger” on any deal.

Key No. 1: Be ready to move

“You always have to be ready for something,” said Christopher Hurn, president and chief executive officer of Altamonte Springs-based Mercantile Commercial Capital.

Hurn has recent firsthand experience in doing just that: He’s part of an investment group that announced plans last month for a franchising entity for a men’s-only barber club at a time when most retailers are pulling back on extension plans and new launches.

Now is also a good time to pay close attention to commercial property value, some of which have fallen by nearly 50 percent in a trickle-down effect from the residential market bust, said Jules Cohen, a shareholder who heads the bankruptcy group at law firm Akerman Senterfitt.

Smart investors know a turnaround in the residential real estate market eventually will drive interest in commercial

property.

Meanwhile, those in development are using the down period in real estate to pursue entitlements for projects so they are ready when the market begins to move, even though many believe the market won’t bottom out for another year.

Key No. 2: Sell your way out

James R. Lumbra Sr., president of LRA Insurance has a slightly different take on surviving the slow economy. “The only way out of this is to sell your way out,” said Lumbra, who expects to record between \$45 million and \$50 million in revenue at his offices in Maitland, Merritt Island and Dade City.

Although Lumbra has renewed 93 percent of his clients, his premium totals fell by more than \$1 million.

His answer was to offer \$75,000 worth of bonuses to workers to hit higher sales targets, and to get outside sales representatives and office staff “sitting in the same boat grabbing the same oars.”

He also worked on finding ways for his workers to network to build more business, and is moving toward opening a fourth location in South Florida. Those moves are paying off, with about \$5 million in new premiums written in the first quarter. “When we get through this, we want the rest of the industry to say, “Who are they and where did they come from?””

Key No. 3: Make sure everybody knows your name

While it may be tempting to cut spending for marketing and promotion, when the economy is slow, don’t move too quickly in that direction, said Peter Yesawich, chairman and CEO of YPartnership.

The better option: Evaluate the wisdom of those expenses. That’s because “there is a direct relationship between market presence and market share,” said the head of the Orlando-based agency.

Business managers should use the current market conditions as a chance to “turn the counters back to zero” and test their marketing strategies to determine whether they are motivating people to act, he said.

Those firms that do spend dollars on marketing in a down economy will be “rewarded” with more presence in the marketplace, he said, and “applauded for their creativity.” ■

KEY MOVES TO MAKE

- **“Keep an eye** on distressed properties, because activity will be brisk when the market shows signs of rebounding.” -- Jules Cohen, shareholder and chair of bankruptcy group, Akerman Senterfitt law firm
- **“Give your employees** a mission to make up for lost sales.” -- James R. Lumbra Sr., president, LRA Insurance
- **“Focus on what** you are really good at, even if it means saying no to perfectly good business.” -- Chris Hurn, president and CEO, Mercantile Commercial Capital
- **“Use the slow** time to process entitlements for development so you are ready when market begins to rebound.” -- Jeff Wieland, shareholder, Akerman Senterfitt law firm
- **“Evaluate, don’t eliminate,** marketing efforts to maintain your presence in the marketplace.” -- Peter Yesawich, chairman and CEO, YPartnership