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How the recession has changed O.C. business

Owners cut expenses, add services, try new products and services to survive.



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The current recession has affected most sectors of the local economy, unlike the previous two that were brief and limited in scope.

Almost every business owner I talk with tells

some way their company has changed. A fortunate few have initiated those changes to capitalize on growth opportunities. Most are trying to survive. According to a national survey by Network Solutions LLC and the University of Maryland, 66 percent of small businesses are finding new ways to operate more efficiently during the downturn.

Efficiency alone won't cut it. Some local entrepreneurs share their adjustments; perhaps their ideas can help other struggling small-business owners.

The **K'ya Bistro Bar** in **La Casa del Camino** hotel in Laguna Beach had to close in January to repair the kitchen flooring. Partners Christopher Keller and Richard Ham took the opportunity to freshen the restaurant's look and menu.

"People just aren't paying \$80 for a meal," explained marketing director Amy Amaradio. "So we changed to smaller portions on small plates, a main dish and a side instead of three items. We still offer most of the menu for \$10 or less. It's all about sampling and sharing. They can buy half glasses of wine to go with it."

Meyerhof's Fine Catering in Irvine is taking a multi-pronged approach, said owner Ann Crane.

"I'm looking at partnerships with other

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businesses to more effectively use the space and keep our staff busy," she said. "Two years ago I'd have flat out said no."

One business wanted to rent Meyerhof's kitchen to make school lunches. Another wanted to rent the kitchen to make wedding cakes.

Crane has also made cutbacks.

"Fewer hours, better scheduling based on need, accurately charging customers for party staff, multi-tasking," she said. "Every penny counts. Returns are made in a timely manner and documented. Bills are paid on time to avoid any penalties. I know every day how much money is (and isn't) coming in.

"A great benefit is that I still have great employees," she said, adding "It does wear me out and try to kick me and keep me down."

HR NETWORKING Inc. in Garden Grove has changed its business offerings in addition to a list of staff and spending cuts. President Audriane Adams Lee has launched a national licensing program to share, for a fee, its materials and processes with other employment consultants. The company has offered a comprehensive and basic version of its consulting services. Lee recently added a mid-sized package. The company has hired sales consultants to expand into the Inland

Empire and Palm Springs.

"I believe we will get through this recession," she said. "It has required us to rethink, reinvent and really think outside the box."

Anaheim information technology company, **mLogica** has changed its entire approach, said President Amit Okhandiar. "It now takes, on average, three times more effort to bring in new clients than before."

The company has switched from a consultative and licensing business model to managed services, also called cloud computing or software as a service. Instead of customer companies buying custom, bundled services, they rent it.

"We are watching our finances very closely and managing our workforce very efficiently," Okhandiar said. "Our marketing approach is much more targeted."

Okhandiar has found some upside to the recession: more talented technical and executive workers are available. And great deals are available on everything from office equipment to office rental.

Laguna Nursery has lost walk-in traffic, so owner Ruben Flores has adjusted. Customers are buying fewer flowers so he is stocking more food-producing plants such as tomatoes, herbs and fruit trees.

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He is doing more cross marketing with other local businesses such as Laguna Culinary Arts. He teaches classes on herbs and sells directly to the students so both businesses benefit.

He also presents garden walks around Laguna, explaining to customers "what works and what doesn't. We talk about plants, maintenance, watering and tree trimming methods."

Here are more recession-coping ideas from small-business owners:

- Bob Richardson, **RWR Marketing and Graphic Design** in Huntington Beach: "I've promoted additional services. I design Web sites and do Web hosting, promote the printing end of my business...and stepped up my continuing education to stay competitive, such as search engine optimization."
- Ed Larson, **Legacy Engineering LLC**, Irvine: "To offset declines within certain market segments we are continually seeking to expand our customer base. We have done business with 175 different companies. In recent years we have further diversified by providing technical expertise to law firms for research and expert testimony."
- Jane Hanauer, **Laguna Beach Books** : "We have more customers but they spend less

per transaction. To increase business we are having as many author events as we can handle, book club, open-mic night on the second Sunday of each month."

- Ryan Kollock, **Code Green Fitness LLC**, Laguna Beach: "Instead of a premium price for private personal training, I reduced my rates by more than 50 percent and started training people in groups of two or more. I also started marketing a one-hour boot camp class that meets four times a week and only costs \$20 per workout. The results were good, and my business slowly grew as other trainers were losing business."
- **Artist Eye Gallery** in Laguna Beach combines the artistic efforts of 20 Southern California artists. They share overhead, expenses and work shifts. When the gallery directors decided in January that a remodel would help, the members came together to build walls and repaint the interior from dark brown to light gray.
- De Francis, **The Chocolate Soldier** in Dana Point and Laguna Beach: "Since 1988 (the shop) has thrived as a purveyor of handmade chocolates and pretty little things in almost equal proportions. The sinking economy forced my faithful customers to tighten their purses...I changed the proportion (of inventory) of chocolate to gifts to 95 percent chocolate. It seems people will seek comfort food even in hard

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