

Your business

# Business is booming

Believe it or not, there are plenty of small businesses not only surviving the recession but thriving too.

**Laura Dixon** tracks down some success stories



Jane Scriven,  
Origin8 Delicafé

**H**ere's something you don't read every day: business is booming. While bad news about big corporations hogs the front pages, we've been hearing from a number of small and medium-sized businesses that are thriving in the current climate.

Research conducted at the end of last year by communication headsets company Plantronics found that although 66 per cent of small businesses in Britain expected profits to fall by the middle of 2009, 21 per cent said the slowdown was having no effect on their business – or that business was booming. These

so-called 'Super SMEs' were confident about the future and had all increased or maintained levels of investment in one of the three key areas: IT infrastructure, staff training and marketing. So what's their secret?

#### Haggle and negotiate

Origin8 Delicafé in Cambridge has eight staff and an annual turnover of £500,000. It has just won the £32,000 Ixion Challenge, where 67 small businesses across the UK were invited by business support organisation Ixion Holdings to compete to produce the best ideas on how to survive and thrive in the current market. Coffee shops and cafés tend to be hit hard in



## Talking your language

Language course provider Cactus has enjoyed year-on-year growth for 10 years and has grown by 27 per cent in the current downturn. Employing 30 people in two offices in Brighton and New York, the company provides courses in over 25 languages in 150 destinations worldwide, arranging everything from evening courses and language-learning holidays to tailor-made packages for business and Teaching English as a Foreign Language (TEFL).

Sage customer and managing director Rich Ambler offers his top tips:

- 1** Be innovative – we were the first company in our industry to let customers book and pay for courses online
- 2** Employ the best staff you can find – we don't always get this right, but I encourage my managers to find those who are or have the potential to be better than we are
- 3** Always have cash in the bank – it's the fuel that drives any business and enables you to keep going
- 4** Be prepared to compromise your life for your business. You're making a lifestyle choice and may have to compromise to be successful
- 5** Don't worry about making mistakes or if one product or venture fails. Just move on to the next one
- 6** Enjoy it – it's a journey! It's full of highs and sometimes lows, but it's always exciting...

downturns – coffee giant Starbucks revealed a 77 per cent slump in quarterly profits in April – so they had a double challenge on their hands.

“Our top tips for surviving and thriving are these: realise that no costs are set in stone and start haggling, negotiating and looking for cheaper options,” says director Jane Scriven. “Be cautious about expanding too quickly and look for new markets. Set up quality infrastructure right at the start, and don't ditch marketing altogether – look at grassroots opportunities, things you can do yourself, and consolidating your customer base with discounts or loyalty schemes.”



Feature in 7

## Top tips from our success stories

- 1 Haggle, negotiate and look for cheaper options
- 2 Invest in your staff and choose employees carefully
- 3 Don't expand too quickly or burden yourself with massive overheads
- 4 Identify new markets and set up a good infrastructure
- 5 Simplify (but don't ditch) your marketing strategy
- 6 Manage and retain your customers with discounts or loyalty schemes
- 7 Team up with competitors to increase business opportunities

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Brett Raynes,  
Backup Direct



With the money they've won, they will expand the business with an offsite kitchen, allowing them to cater for orders more efficiently and expand their customer base. Origin8 are looking beyond the current downturn, recognising that if they operate a successful business now, when the upswing comes they will be well placed for future growth.

### Do what you do best

Time-saving and money-saving businesses are in a good position to benefit from the downturn too, as Backup Direct have discovered. The Bath-based company, which has 20 staff and a turnover of over £3m, provides online business back-up services, particularly helpful for smaller businesses that don't traditionally have in-house IT staff. It is prospering, with 74 per cent profit growth to end 2008, along with 40 per cent new business.

Managing director Brett Raynes attributes this

success to his company's focus on doing what they do best.

“There is a general market trend towards outsourcing to specialists,” he says. “We are finding that some businesses, like accounting firms, that used to dabble in peripheral areas such as IT services are now refocusing on their core services. This has enabled us to win new business in this sector and support those firms' own growth.

“A recession sees managers leave the corporate arena and create their own businesses,” he continues. “These firms are not burdened with systems, nor do they want to waste cash on hardware, so these are also great new business targets for us.

“In a recession, more than ever, businesses need to be focused on managing and retaining customers and growing market share – anything that distracts you from these tasks must be minimised. Short-term thinking can often equal short-term savings – it is steely determination



## Effective marketing for less

**While social networking may be the latest buzz in business promotion, there's still plenty to be said for traditional marketing techniques. A survey by the Direct Marketing Association found that 79 per cent of recipients keep, pass on or glance at door-drop marketing materials.**

To help you make the most of the opportunities out there, we've launched a new range of branded marketing materials, including postcards, flyers, leaflets, business cards and compliment slips. Our digital print is among the best on the market and means you can also order small print quantities (from 250) – avoiding costly large print runs. What's more, our in-house team will provide a full design service so all you need to do is send us your logo and tell us what you want to say.

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and concentrating on customer needs that will bring success in a difficult climate. In my opinion, this is why we have been able to beat the recession.”

### Teaming up to beat the crunch

Glasgow-based Scope Bathrooms used to supply bathrooms to new housing developments. But as work dried up, it was faced with two options: dry up with it or diversify. Moving into the hotel sector – not suffering the slump like the property market – led to great opportunities. The company's turnover has remained steady at £3m.

Getting into bed with your competitors might sound

dangerous, but Scope Bathrooms found that by creating a business alliance with three similar lighting, furnishing and high-tech cabling companies, they could share clients, recommendations and opportunities, and pitch for contracts together. While they previously pitched for smaller contracts, they are now looking at bigger projects and profits, with greater resources behind them.

“Business is out there, but you have to work much harder to find and secure it,” says MD Derek Miller. “With our network, we've found that the whole is often greater than the sum of the parts, especially when we can share leads and develop opportunities.”