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By Robert Deutsch, USA TODAY

Baker: Debbie Sadowsky, who owns Mostly Myrtle's in Haverstraw, N.Y., prepares to make cookies. She's redesigning her packaging and her website.

Small businesses look to get bigger

2011 challenge focuses on companies' next level

By Laura Petrecca
USA TODAY

Highland, N.Y., biscotti-maker Deanna Bellacicco Breault has ramped up the social-media presence for Bella's Home-Baked Goods, hired a part-time marketing consultant and is considering an offer to sell her products on QVC this fall.

About an hour away in Haverstraw, N.Y., another biscotti baker, Debbie Sadowsky, has redesigned her packaging and is in the midst of relaunching a website for Mostly Myrtle's and her Biskookys-branded treats.



Go to smallbizchallenge.usatoday.com to follow the progress of the participants in the USA TODAY Small Business

Challenge, see video of the participants and get advice from the celebrity coaches.

COVER STORY

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These small-business owners have different expansion recipes, but both have the same goal: to take their firms to the next level.

Like millions of other entrepreneurs, they must determine how to best allocate their limited time, and funds, to foster that growth.

"It's a lot of picking and choosing, and it's not like I have thousands of dollars at my disposal," says Bellacicco Breault. "I go with my gut with what I foresee myself doing, and I take it six months at a time."

Early indications of an economic recovery — along with increased consumer spending and government efforts to loosen credit — have business owners nationwide considering the best

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Small-business owners eager to grow after recession

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ways to grow.

After hunkering down during the recession, company chiefs are itching to invest in their firms again. And many expect they'll have the cash to do that.

COVER STORY

Three-fourths of small and midsize business CEOs anticipate increased revenues in the year ahead, according to a survey released last week by executive-mentoring group Vistage International. Nearly six in 10 expect rising profits.

About half of those chief executives plan to increase investments in new plants and equipment, and 54% expect to bolster hiring.

"Small businesses have been playing on the defensive side so much — they've conserved cash, cut costs and trimmed staff for two to three years," says Dan Murphy, co-founder of the business-coaching franchise The Growth Coach. "But now there is renewed optimism. They're starting to see some hope."

As owners breathe out, they're also considering what's next.

"They think, 'I've gotten through the storm. It's time (to invest again),' " he says.

A new challenge

To offer guidance to expansion-minded entrepreneurs, USA TODAY last fall published a six-part series titled "Growing Your Small Business." It provided tips on topics such as exporting, filing trademarks and working with family and friends.

At the time, we asked business owners to apply for our 2011 Small Business Challenge, a three-month series that would chronicle a business' triumphs and troubles as it expanded.

For the 2010 challenge, USA TODAY followed five small businesses as they evolved from the idea stage to serving their first customer. For six months, the entrepreneurs discussed their progress, challenges and opportunities with three small-business experts.

For the 2011 series, USA TODAY selected three small businesses and paired them with well-known, business-savvy mentors. The coaches' advice, as well as details on each business' progress, will appear in USA TODAY and on smallbizchallenge.usatoday.com every other Monday through June 20.

The match-ups:

Jeff Taylor, founder of job-search site Monster.com, Baby Boomer-focused social-networking site Eons.com and obituary site Tributes.com, is paired with Steve Schwalb and V Brunson. They are the founders of St. Pete Beach, Fla.-based Web design, website hosting and Internet marketing firm Digital Eel. Schwalb and Brunson have many expansion goals, such as hiring more workers, landing larger accounts and acquiring other firms with a similar business model.

Jim Koch, founder of craft beer brewing giant The Boston Beer Co., is teamed with James Martin, founder of The Dalles, Oregon-based Copa Di Vino. Martin has a vineyard — and also sells wine in unique individually packaged glasses. He wants to raise more capital, bolster distribution, manage cash flow and engage consumers through social media.

Restaurateur Paula Deen and business manager Barry Weiner, the forces behind Deen's expanding culinary empire, will mentor Sonya Jones, the owner of Sweet Auburn Bread in Atlanta. Jones wants help in areas such as managing finances, raising funds and prioritizing.

"When you're a small-business person, you don't have all these different departments to do this and that," she says. "You have to handle it all."

Jones is confident that she has what's needed to succeed: appetizing food, a strong work ethic and an optimistic desire to grow. She has been on her own for 14 years but says she needs some good advice to reach new goals.

"I've got such great pieces of a puzzle — but I don't know how to put it all together," she says.

Different kinds of coaching

These business owners aren't alone in their desire for outside counsel. Each year, millions of entrepreneurs tap into the resources of free and fee-based coaching and networking groups.

The national network of Small Business Development Centers and the non-profit group SCORE both connect small-business owners with experienced entrepreneurs who can offer advice on healthy growth.

Many owners also rely on the peer-to-peer coaching available through groups such as the Entrepreneurs' Organization, which works with 7,500 business owners in 38 countries.

Carl Edmunds, a participant from the 2010 Small Business Challenge, says he not only benefited from the counseling that USA TODAY provided, he also learned valuable tips on business management from others in the networking group LeTip International.

Joining LeTip was "the best thing I ever did," says Edmunds, a printing company executive who launched a home inspections business last year.

Potential clients

The members in his local group not only provide potential client prospects, they share best practices in areas such as marketing and making presentations.

Just knowing that he has to face everyone at the group's weekly meetings makes Edmunds more accountable. He is also expected to give back to the organization by sharing what he has learned as a business owner.

"They don't tolerate people who just show up and don't do anything," he says.

Often, mentors not only provide practical help but also offer compassion — simply because they've been there, done that.

During a get-to-know-you call between beermaker Koch and wine producer Martin, Koch offered advice on distribution and cash flow.

But throughout the conversation, Koch also made supportive comments relating to Martin's struggles as a new business owner and recalled when he was in "survival mode" during the early days of The Boston Beer Co.

Growing is key

Even with a mentor, trying to expand can be frustrating, expensive, time-consuming — and just plain daunting.

Yet, investing in one's firm is often necessary to keep up with competitors, acquire productivity-enhancing technology and take advantage of opportunities, such as the chance to build a product line or export to a new market.

Firm owners know that if they don't grow, their competitors could overtake them.

Nearly half of small-business owners prefer to invest in their business now to gain advantage over competitors; that's up 11% from 2010, according to a new survey from office-equipment maker Brother International. In last year's survey, most firms preferred stockpiling cash to help them survive the economic downturn.

It's their baby

Some of the desire to expand also comes from owners who want to protect the businesses they birthed and nurtured.

The recession was a "wake-up call" for entrepreneurs who saw other businesses go under, says Growth Coach co-founder Murphy. Amid signs of economic hope, they want to seize any opportunity to bolster their firms. "Afraid of losing what they worked so hard to build, they're looking to crank up sales and marketing and hire revenue-producing people," Murphy says.

Yet, Murphy cautions that the growth needs to be controlled.

Expanding without proper planning can lead to problems such as overworked employees, strained relationships with underserved clients and a reduced focus on producing quality services and products. Throwing money at too-lofty goals could also empty company coffers.

Owners need "to slow down and think before they jump in, as entrepreneurs tend to do," Murphy says.