

EMERGING GROWTH STRATEGIES

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Accountants say close client contact is essential to survival

BEA QUIRK
CONTRIBUTING WRITER

When the economy forces small-business owners to watch every cent, they often turn to professional penny counters for help. "We're running into unprecedented situations, so we talk things through with our accountant on how to do the accounting and to help understand the tax implications," says Kim Vanderbilt, director of financial services at FreemanWhite. The architecture firm has been a client of Daniel, Ratliff & Co. since 2003.



Greer

"We're doing a lot more mentoring with our clients," says Charlie Greer, a partner at accounting firm Greer & Walker. "There's not a lot of people they can talk to — it's lonely out there for them. They ask us what our thoughts are about issues and what others are doing. I tell them to keep their clients happy — customer service is at a premium."

Many accounting firms are heeding their own advice to stay in close touch with clients to provide needed customer service, understand their needs better and provide further assistance.

Mike McGuire, Carolina managing partner at Grant Thornton, says his company is contacting clients and "spending lots of time helping them."

Brian Huber, a partner at Daniel, Ratliff, says, "Now is the time to meet with clients — they need us. We work to keep them positive. Business own-

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Consultants get owners past economic woes and into action

LAURA WILLIAMS-TRACY
CONTRIBUTING WRITER

There's an old saying that holds "a hundred-load of worry will not pay an ounce of debt." Some business owners who've been lying awake through this recession are replacing anxiety with an action plan. Instead of worrying or hoping for the best, they're turning to trusted advisers for help on costs and sales.

Overall, professionals offering business turnaround services say the mood of panic that set in last fall when sales took a precipitous drop has eased. In its place is an air of realistic determination to figure out how to operate in the new normal.



McAllister

"The smoke is clearing, and now they have to figure out how to hold on at this level," says George McAllister, regional director at the N.C. Small Business and Technology Development Center. The center typically sees 500 clients a year. But it forecasts serving 1,000 in 2009 as part of Gov. Bev Perdue's Biz Boost Initiative announced in April for

the 12-county Charlotte region. Biz Boost doesn't include loans but provides business-counseling services.

McAllister says clients aren't losing sales as fast as they were, but they still face challenges.

Those who believe they can ride out the recession, even if they are just breaking even or operating at a small loss, are having trouble accessing credit to stay liquid until conditions improve.

Clients who spent the fall and winter cutting pay-

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Attorneys know economy's in trouble by volume of calls

BEA QUIRK
CONTRIBUTING WRITER

Attorneys who specialize in helping small businesses can judge economic conditions by the demand for legal services. The inverse relationship is making itself clear these days. "When things are going fine, I typically don't hear much from my clients," says Dain Dulaney, a partner at Bishop, Dulaney & Joyner. "Lately, I've been pretty busy. There's a lot of slow paying by everyone, and everyone is extremely strapped for cash flow. Their employment issues are also pretty substantial."



Bryant

Frank Bryant, a partner at Poyner Spruill, says the grim economy for small-business owners stems largely from two factors. Most businesses have had a supplier or customer file for bankruptcy. But the bigger problem, Bryant says, is that banks have stopped lending.

"Most companies can't survive without some kind of financing. They are coming to me and asking for help to find replacement money.

But it is very difficult."

As a result, small-business owners are turning to their attorneys to help them reduce costs without incurring any legal liabilities and to help them find alternate sources of funding. Bryant is helping clients by talking to their existing lenders about financing; giving them advice on reducing payroll, inventory and advertising costs; reviewing their contracts; and being sure they are running efficiently.

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ACCOUNTANTS: Recession prompts review of operations to conserve cash

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ers can get down very easily these days. I tell them not to feel sorry for themselves, but to get out there. If they're not busy, use the time usefully — touch clients more.”

But accountant-client meetings are not just feel-good sessions. They focus on practical advice that can make a world of difference.

Robert Flanagan, owner of Premier Business Solutions of North Carolina, says Daniel, Ratliff “basically saved my business” by conducting a detailed audit and changing his accounting systems. That included switching to an accrual method from a cash basis.

Flanagan is also chief financial officer for Cabarrus Pools, which he says was also saved by Daniel, Ratliff. “They revamped our entire accounting system

and helped get our loans refinanced so we have reduced payments to \$6,000 a month, down from \$17,000.”



McGuire

McGuire says Grant Thornton is working with clients to help prevent emergency situations, often prompting them to make changes before conditions get worse. “People are too slow to react to reality. Mistakes are less forgiving now, and if you don't act to correct them, you could lose your business.”

Managing costs is the first area of discussion. This includes looking at staffing levels and tightening cash management, but also entails discussions on how to manage banking and customer relationships.

“What do you do about a good, long-time customer who isn't paying its bills? You need good cash-flow forecasts so you know what is coming in and going out,” McGuire says. “This is the year of communications — with your banker, customers, employees and stakeholders. In today's environment, no news is bad news.”

Grant Thornton also works with clients on the long-term picture. “In the past, the key strategies were internal expansion, revenue growth and acquisitions,” McGuire says. “Now, survival has become a strategy.”

To survive, a company must challenge assumptions in its business plan. “You may have to tear up your existing plan and start over,” McGuire says. “Look at every item — is it still valid? If not, throw it out.”

But in the quest to conserve cash,

some firms can become penny wise and pound foolish. For example, some businesses are cutting back on their book-keeping services to a quarterly basis from monthly service, Huber says. That may trim expenses, but it also means an owner is losing contact with the business.

“Business owners need to see their financials even more often when times are bad so they understand what is happening on a day-to-day basis,” Huber says. “It may end up costing them more down the road to clean up the books.”

Another mistake is to stop advertising. “You need to keep your name out there so people know you're still in business,” Huber says. “That will set you up for when the economy improves.”

Bea Quirk is a Charlotte-based free-lance writer who can be reached at beawrites@aol.com.