

MANAGEMENT

Recession-busting strategies

This area businesswoman is doing more than cutting expenses - she is building value for her customers and thinking way ahead

BY CAPE BUSINESS STAFF

Lee Anne Sullivan of Cosmetique Salon sees a down market as full of opportunities, as well as challenges.

Cape Business recently sat with a very experienced businesswoman - Lee Anne Sullivan of Cosmetique Salon - to learn how she is building her recession-busting strategies.

Throughout 2009 - in our magazine, on the Web and via workshops - Cape Business Publishing Group will be helping our readers and customers with the best advice and examples to follow in your efforts not only to survive but eventually to thrive through this challenging period.

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Lee Anne Sullivan has successfully endured through three recessions. She's steeled to do so once again, relying on all the experience, guile and imagination it will take.

Her Cosmetique Salon on North Street in Hyannis - in business nearly three decades - serves some of the wealthiest and busiest clientele on Cape Cod.

Like so many companies across the Cape, Sullivan was experiencing one of her best years until October 2008 - with revenues up about 18 percent - when the ever-growing mortgage crisis truly infected Wall Street and rapidly spread to Main Street.

Sullivan recognizes that this downturn is different - potentially deeper and longer than any she has experienced. "But the last thing you should do is put a blanket over your head," she says. "This is the time you invest in your customers and seek to gain new ones."

Outgoing and generous with advice to colleagues, she also believes it has never been more critical for companies to look out for each other - from creative partnerships to networking to referring business - even to competitors sometimes.

Here are some of her strategies, in her own words:

Focus on retention

While all you hear about are layoffs, this actually is a time for small service businesses to embrace their employees. Retaining them - especially if they are highly trained and have relationships with your customers - is paramount. You don't have to love your staff, but you do have to like and respect them. And in this environment, be transparent and communicate to avoid unnecessary insecurity.

I have had most of my staff for 15 years and more, through the best of times and during some rough patches. I frequently do special things for them. Sometimes, we all go out together; other times, I take one or two to lunch.

Survey your best customers to learn how they plan to use your product or service

For 2009, I have designed a questionnaire for our clients. We are not asking too many questions. They include: How often do you plan to come to Cosmetique over the year? If the economy remains challenging, what are you willing to pay for your service in 2009 without changing your lifestyle?

We have cards so staff can collect information about our customers: an anniversary; a child's acceptance to college; a death in the family. If a client comes in and says, "I have lost my job and don't think I can keep my appointment," I want to know.

The information is left with me, and I will either call, send a note or sometimes a gift. Over the years, I have developed a huge computerized database of my customers' preferences and life stages.

Our receptionist/concierge fills out cards for any new customer. I make sure to pick up the phone and call them within seven working days. "How did every-

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thing go?" "Were you treated with total respect?" "Will you be coming back?"

If they say we are a little expensive, I will send them a series of coupons to make it worthwhile for them to revisit.

Bring extra value to your product and service without charging more

You always should go above and beyond a customer's expectations. But in this environment, value is critical. I don't believe in discounting my prices. I do believe in rewarding customers who pay for our service. So we are inclined to give them gift cards when they come in so they can apply them to their next visit or maybe a manicure while they get a shampoo this time.

I watch every penny coming in and going out. But I also spend a lot of money continually filling gift bags with shampoos, conditioners, hand creams and beautiful tissue paper. Each bag can cost \$40, but it shows my customers that I appreciate them. And it creates buzz for

those being introduced to Cosmetique. Our average client spends \$1,500 to \$2,000 a year, so the investment is worth it.

In addition, I am a member of the Hyannis Area Chamber of Commerce's membership committee, and every new member gets a gift bag from Cosmetique.

Partner with other businesses

We are partnering with other companies we respect that wish to reach our clientele. We refer clients to Dowling & O'Neil Insurance Agency; Century 21 Real Estate in Hyannis; a mortgage lending company; a fine caterer; even a home maintenance service. Their promotional products are often included in our gift bag that includes hair and facial products from our salon. We have fresh flowers every day from Lily's Flowers and Gifts and the owner gets to promote his business with signage.

Now I am selling our gift bags to other businesses who give them as thank-you gifts to their customers. One lawyer gives

them to clients after he closes a home sale. He's very pleased and it's great lead generation for us.

Empower your staff to go beyond average

Marketing is about more than image and branding. Staff must be built into your marketing because they are the ones that touch the customer first.

I have brainstorming sessions with them. I say, "Come to the table with what the clients want." My staff recently encouraged me to begin offering up a hair smoothing and treatment service that costs \$400. They insisted we would have clientele for it. I was skeptical given the cost, but they already have done three of them in the first week for \$1,200.

While I am always available, it is essential to empower my staff - especially my receptionist/concierge. She will often have to make decisions to address customer needs or complaints that may cost money. I want her to feel comfortable

making them in a way that will immediately please the client.

Market as aggressively as ever - but do so efficiently

Know who your key customer is and focus a great deal of resources and attention on them. Mine is prime time women, those 40 to 70 years of age.

We cater to working women and active retirees. So we ask ourselves: What is important to them? It often is time. They don't want to spend a day in the salon. We have more and more laptops being used here at 1 p.m. while they wait or even as they are under the dryer.

Think outside the box - but be careful not to exclude your core customers

Our large flat screen television is now used to highlight high-end real estate for sale or rent by Shoreland Century 21. It creates buzz. I am a licensed real estate broker, so I can actually refer clients to Century 21. I keep listing

sheets of their property in the credenza under the television. And I will get a lead fee or commission if they eventually purchase property.

In turn, I want to see banners or pictures of my salon in the lobby of my marketing partners.

Don't get so wrapped up in surviving today that you lose sight of your company's long-term goals

This means constantly reviewing your business plan and marketing plan; it is thinking about what you will do when the economy improves to stay ahead of the competition.

It also means keeping your staff pointing forward by how they treat their customers.

Clients are feeling more pressure than ever. They may not always be polite, or they might be late. We can't cop an attitude. "It is no shame if you are late; we'll find a slot for you. In the meantime, would you like a complimentary pedicure while you wait?"

That client will be critical to you down the road.

If you stay up at night, do so thinking of new ideas rather than fretting

Times like this require perspective. Fortunately, we are on Cape Cod and not in Palm Beach or California, where the housing market has collapsed. In other words, it could be worse.

For someone like me, who has experienced many downturns over 30 years of business, it may be easier than for younger business owners. But, in my late 50's, I realize that life is short. I have lots of friends and colleagues getting sick and some are dying. When I wake up in the morning, I don't want to waste the day.

We tend to be most resourceful in tough times. Imagine what happens when you go the extra mile when things are going well. Chances are you will grow your business far faster with better business practices and customer service. ■