

## In Tough Times, Companies Coddle Their Regulars

*Better Terms of Credit, Free Services Are Offered to Loyal Customers; 'We Are On Our Best Behavior'*

BY ANJALI CORDEIRO

With the recession making it tough to win new clients, small businesses are stretching their resources to keep loyal customers.

Some companies are allowing regulars to stagger payments or place smaller orders, and even throwing in free services to keep long-time customers interested. With fewer new clients coming in, small businesses hope that holding onto regulars will help maintain stability and possibly boost sales when the economy bounces back.

Faryl Robin LLC, a New York company that sells high-end women's shoes, is giving better terms of credit to retail customers with whom it has had a lengthy relationship. Some long-time customers can now pay a certain amount within its standard 30-day payment period, and spread the rest of the money over the next 60 days, says Chief Financial Officer Jim Biolos.

"It's financially more difficult to replace those sales in this environment than to be a little flexible," he says. The firm—whose shoes sell for \$170 to \$350 a pair—has annual sales of about \$4.5 million.

The company also is allowing retailers to place smaller orders of shoes—nine pairs instead of the traditional 12—and founder Faryl Robin Morse is spending more time with regular customers, visiting stores to help sell shoes and training retailers' staff on sales techniques.

Without such efforts, which the company says helped boost sales 20% in the first quarter from a year ago, "it is possible we would have lost some customers," Ms. Morse says.

Going the extra mile to retain cus-



Business owners like Simon Graj, founder of a small New York firm that offers branding and marketing services, are offering extra services to their loyal customers.

tomers is especially critical for small companies that "typically don't have the marketing and sales budgets to lose customers and quickly get new ones," says Dan Oglevee, a professor of finance at Ohio State University who does consultancy work with small firms.

But an advantage that small companies have over larger counterparts with myriad management layers is the ability to tailor tactics to individual customers and make decisions faster. "Their size makes them more flexible," says Joseph Astrachan, executive director of the Cox Family Enterprise Center at Kennesaw State University in Georgia.

Mark Pollaci, owner and president of Nucor Construction Corp., a New York company that remodels office spaces, retail stores and bank branches, estimates about 85% of his business comes from repeat clients. Mr. Pollaci has been providing free consultation services, such as visiting places that long-time customers are considering leasing to give them his opinion. With his customers turning more cost conscious, he is putting in more hours than

before to ferret out the most affordable subcontractors.

Mr. Pollaci has also sped up the time frame of projects, completing them faster and at a 15% to 20% lower cost than a year ago to retain customer loyalty. He is able to lower project costs partly by cutting into his own profit margins, and also because costs for materials and contractors have come down.

Retaining customers is particularly important to him, he says, because he doesn't have a sales and marketing division. "There are people coming out of the woodwork to compete," he says.

His retail and banking customers have been badly hit by the economy themselves. Helping them get their stores up and running as quickly as possible and at a more affordable price helps their business and raises the possibility he will be hired again, he says.

**Simon Graj, founding partner of Graj + Gustavsen, a small New York firm that offers branding and marketing services, says that when a client in the apparel business was recently looking to expand its brand overseas, he flew to many of the emerging markets the client was considering, covering six cities within India and China over two weeks.**

"We are on our best behavior," he says. In the past, as one of the heads of the firm, he may not have been as liberal with his time and may have delegated the extensive travel to one of his colleagues, he says.

The firm is also being more creative in how it allows clients to pay, sometimes accepting equity stakes or a percentage of sales from a brand. That allows the firm to "bet on the future" with the customer, Mr. Graj says.