

The Fallacy of Control in Small Business Today

Many years ago, a series of events undermined nearly all of my service lines. For starters, we lost a 16-year client whose contract paid our rent. Then, the managed care initiative came along and increased our costs (and decreased our income) resulting in a further 30% drop in revenues. Efforts to redefine our product lines made us look scattered. Financial backing for a new undertaking was not available. To compensate, we downsized our space and tried to cut back on costs, but the writing was on the wall. After nearly 20 years, we were hit by the perfect storm...we capsized... and we lost control of our own destiny.

For small business owners, there is a daily quest for control and predictability. This will involve finances, personnel, customers, referrals, sources of supply, and a myriad of other factors. As a result, we develop measures, benchmarks and goals. We set our course according to historical trends and what we believe is our “best guess” about what the future will bring. When we do not hit our targets, we assess the situation, make adjustments and continue with the pursuit. Often, this is not without anxiety; it may even involve trepidation.

There are times when external forces push us to our limits and challenge us to cope with unexpected and seemingly insurmountable threats. Our behaviors may reflect despair or desperation. Those plagued by the former withdraw and come across as defeated. The others seem frantic and may lash out. Not to be underestimated, the emotional state of the owner or manager is contagious. It is not only an internal issue with employees, but the impact of the “infection” will be seen and felt by outsiders (e.g. customers, vendors, financial institutions, etc.) who do not respond well to perceived weaknesses. Sometimes it will feel as if you are trying to repair a cruise ship while at sea with a full quota of passengers. You still have to stay on course and make everything seem like it is going well, while scrambling to fix what is broken. It all revolves around a singular, obvious objective: to avert disaster.

One of the greatest problems comes with reliance on one client or customer for a large portion of your revenue. It is not surprising that the business gurus recommend diversification of service or product lines. This is contradicted by concerns about losing focus and spreading oneself too thin... “Stick to what you know!” Bringing on new talent with fresh perspectives is often recommended to help innovate and expand opportunities. However, this move is necessarily approached with caution because of the complications a new person may bring to a company culture as well as the added expense without a guarantee of a worthwhile return on investment.

The challenge for those of us operating small businesses is greater than that faced by bigger entities because it ends up being more personal. Emotions get in the way of judgment. When feeling threatened, our need for control becomes unhealthy as we may

become more rigid or abdicate by inaction. There is a psychological toll paid by the small business owner whose personal and work worlds are intertwined. We cannot leave things at the office, because the office really is in us. This is the road we have chosen. We base our willingness to take risks on the degree to which we believe we can deal with obstacles that are part of the usual landscape of doing business.

Today, all of this has been compounded by forces that really are beyond our control. We have not been prepared for this new world. Most obvious has been the stultifying impact of rising gas prices. Anyone whose business demands travel or transportation could not have expected this drain on fiscal resources. There do not seem to be any answers for why this has happened. There does not appear to be a solution that will have any immediate impact or lasting effect.

Due to the globalization of the economy, we cannot live in isolation. A recent *Newsweek* article reflected on the perceived plight of the United States. The article's author contended that we are not slipping, but that the rest of the world is coming of age ... catching up to us. The playing field has been leveled, much like the equalization of talent across international sports teams. Who would have thought Brazil or Italy would ever present a challenge to US basketball? We can still win, but we have to work much harder to do so. This threat must be seen as an opportunity. Whining and defeatism or, worse, complacency are not acceptable. Just remember the British, French and Germans are paying \$9.00 or more a gallon for gas and they are still surviving. Do we yield or work harder?

To meet these new world challenges, attention must be paid to the needs of small businesses. The angst about a large national company that decides not to expand in West Virginia masks the fact that the same number of potential new jobs it may have created has been achieved by a small group of Advantage Valley entrepreneurs participating in the ELS program. How can 85% of businesses in our state be ignored? Owners must be more courageous and visionary. Communities must become more understanding of the needs of small business and its many contributions. Finally, government must be supportive. If not, the unexpected will swamp us as we lose momentum and frantically search for ways to regain control. We do not need to be taken care of...just be cared about and shown the respect that will help us continue to meet the daily tests of our mettle and our commitments to state and national economies.