

How Small Businesses Around the World Are Saying NO! to a Downturn Economy

Communications Strategies for the New Global Marketplace

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Sheri Gurock, co-owner of the popular baby gear/toys business, Magic Beans, in the suburbs of Boston, expressed the current attitude of many small business owners when she said, “The recession is on our minds every day because it creates a whole new kind of marketplace that we need to understand and address. The way we handle that is by approaching it with passion and determination, just as we did when we started our business five years ago.”

The Gurocks aren’t alone. Businesses small and large are strategizing about how to survive the current recession. There’s a good deal of angst among small business owners, even as a few positive glimmers appear on the economic horizon; but as Sheri describes it, there’s also a corresponding upsurge of “passion and determination” to succeed in spite of the challenges.

The good news — as writer Gene Marks predicts in *BusinessWeek* — is that “Most small businesses will beat the recession, [and] smart entrepreneurs will emerge from the downturn stronger than before.”

Business owners who are determined to be among the survivors may need to include stronger communications strategies in their planning. This white paper explores how several small businesses in different industries are saying No! to a downturn economy, and how advanced telecommunications strategies are helping them do it.

Section 1: “Keeping Customers Coming - And Spending”

Small business around the world — from New York to Sydney, Australia — are standing firm in the face of tough times by utilizing a wide range of strategies for streamlining their business processes and delivering value to the people

they serve. Driving revenue requires different approaches for different organizations, but communications is a key element for almost everyone.



When Sheri and Eli Gurock founded their baby gear/toys business, Magic Beans, their overriding philosophy was to provide great products and great customer service in an exciting retail environment — and to do it in a way that provided them with the work/life balance they needed to be attentive parents to their two young children.

Today, with three children and a business that's grown to incorporate three stores, a warehouse, corporate headquarters, and an Internet store, their vision is the same but the retail environment is a whole lot tougher.

“We’re responding to the economic downturn by continually expanding our efforts to make it attractive and easy to do business with us — in other words, to keep our customers coming and spending money in our stores. And more than ever, communications is at the heart of it all,” Sheri stated.

“We’re responding to the economic downturn by continually expanding our efforts to make it attractive and easy to do business with us. The net result of the capabilities that we have with Avaya IP Office is a customer service environment that helps us rise above the competition and keep customers coming to us for their needs.”

— Sheri Gurock, Magic Beans

The Avaya IP Office telecommunications solution that Sheri and Eli purchased shortly after opening their business provides them the agility to respond quickly to every new customer service enhancement. They constantly re-evaluate the phone menus so they provide information that customers need — including a daily update of store hours, which have been expanded to allow people more time to shop.

“Businesses tend to think about themselves when setting up their phone menu, and not about their customers,” Gurock explained. “In a recession you can’t afford to do that. We try to make our menu friendly, informative, and time-efficient, using hunt groups¹ to bring callers to the appropriate person quickly. All senior sales people have their own voicemail so they can cultivate customer relationships easily. Call parking² enables staff to deliver calls directly to the individual who can best serve a particular customer.”

“The net result of the capabilities that we have with Avaya IP Office is a customer service environment that helps us rise above the competition and keep customers coming to us for their needs,” Gurock added.

¹ In telephony, **hunting** is the methodology used to route incoming calls to a specified group of phone lines (known as the hunt group). A variety of algorithms may be available for different approaches to distributing calls within a hunt group.

² **Call parking** is a telephony function that enables an operator or agent to place an incoming call on hold pending notification of the party who will take the call, or for other reasons. A call that is “parked” can typically be picked up at another location.



TravelRepublic.co.uk, located in Kingston-Upon-Thames, has leveraged its founders' commitment to gold standard customer service into growth of over 250% annually during its first six years in business. The firm has also weathered the current economic conditions unusually well. They experienced a short downturn at the end of 2008 and early 2009, but they are seeing growth beginning again in 2009. Unlike many businesses that have fared poorly in these tough times, Travel Republic anticipates either flat or modestly increased revenue in 2009. According to Chris Waite, IT Director, "Our projections for 2009 compare favorably to a drop of 15-20% that is predicted for the travel business in general throughout the UK in 2009."

According to Waite, telecommunications is a critical part of their business, and of their success. "A solid core of our customers — about 25% — prefer to make their travel bookings by phone. This is an important revenue stream, and our goal is to make it as easy as possible for these customers to interact with us. We also provide after-sales service to our customers via telephone, and this level of service differentiates us from many travel companies, creating a real competitive advantage.

"We are extremely pleased with Avaya IP Office because it provides the reliability and flexibility to streamline communications with our customers. We are able to set up our own menu system so that customers can move quickly through it without getting 'lost,' and the excellent routing system helps to ensure that they reach the right agents who can help them. Our high rate of repeat business (about 35%) indicates a strong loyalty among satisfied customers."

Waite tells a remarkable recession-era story that really demonstrates the robustness of the firm's telecommunications. "In late 2008, an airline for which we were the primary agent went under suddenly. This created a massive customer service demand with an unprecedented number of calls. We all wondered if our phone system would fail under this extreme pressure, but our Avaya BusinessPartner helped us set up the system so it wouldn't become completely saturated. We were able to continue providing service to all of our customers even under these severely adverse conditions."



Fuoco Group CPAs and Business Consultants, located in Manhattan and Hauppauge, New York, and North Palm Beach, Florida, faced serious problems with their telecommunications capabilities at the worst possible time. Joseph P. Manzelli Jr., CPA, CITP, Partner and Director of Operations who oversees the firm's IT initiatives, is as vocal about the risks they faced as he is about the benefits of their solution. "Our telephone situation was simply awful, and in a service business such as ours, in an economy like we have now, it could have spelled disaster. The simple fact is, if your customer can't get a hold of you, you might as well not be in business!"

Joe and his colleagues at Fuoco Group suffered through months of frustration with a phone system that constantly plagued them with downtimes, when everyone in the office had to communicate with clients via their personal cell phones — sometimes for days and weeks at a time. "That," said Joe, "was simply ridiculous."

"The Avaya IP Office system has been working well since day one, with virtually no downtime. The mobility options and the IP phones at home have made a big difference in our accessibility to clients—and that drives revenue for us."

— Joseph Manzelli, Fuoco Group

So for Manzelli and his colleagues, reliability was the #1 criterion for the phone system. “The Avaya IP Office system has been working well since day one, with virtually no downtime. This means our clients can always get through to us, and we to them.” Beyond that, Manzelli and his colleagues are breaking new ground in many aspects of customer service. “We find that it’s terrific to have just one number for clients to reach us in the office, on our cell phones, and at home.

The conference calling feature is great, because the set-up is easy and intuitive. Also, the mobility options and the IP phones at home have made a big difference in our accessibility to clients — and that drives revenue for us. We’ve always based our competitive advantage on superior client service, so having the communications edge is very important, especially when the whole economic situation is in turmoil.”

Like the retail and travel markets, health care services are also highly vulnerable in a deep recession. So when the administration of a medical practice with three locations in New York state realized that their out-of-date phone situation was failing to deliver good customer service and operational efficiencies, they faced a dilemma: patients could easily start turning away if communications remained inadequate; yet how much could the practice risk spending to build a better system, in a recession that was deepening every day?

The practice needed a massive upgrade in telecommunications to ensure that patients did not drop away because of communications failures; but with the economic uncertainty, it didn’t seem like they could look at installing a whole new system. However, their Avaya BusinessPartner made it attractive for them to install a new system and to realize cost savings in both the short and long term.

Since installing Avaya IP Office the practice has tripled the incoming call capacity, and Automated Attendant routes calls through a very clear menu that helps callers reach the right person quickly. They have a high level of customization in the routing and in their call handling processes, which is delivering the kind of service they need to keep the practice in a growth curve, even during a recession.

Section 2: Shaving Costs

How communications can help boost the bottom line

Although many businesses can take gigantic leaps in the quality of their customer service with the right phone system, the recession-busting potential of great telecommunications doesn’t stop there. Cutting costs in several areas is another advantage that small businesses often gain from a state-of-the-art telephone solution.

Travel Republic’s Chris Waite stated, “With Avaya IP Office, the system itself is the big savings. It is a great value, and as a small business system it’s in an entirely different league from anything else we looked at. We save a great deal in service and maintenance costs because we can perform almost all of the functions that are needed with in-house staff, rather than having to call in consultants. We also found that adding lines is so cost effective, we would have to pay 10 times as much with another supplier.”

“The costs savings that we achieve with Avaya IP Office are a significant part of our overall cost reduction efforts.”

— Chris Waite, Travel Republic

Waite commented that in the travel business, margins are usually low, so it is more important than ever to hold down costs. The firm believes that the costs savings they achieve with Avaya IP Office are a significant part of their overall cost reduction efforts.

Many small businesses are surprised to find that upgrading an older telecommunications system can cost the same or more than installing a new one with state-of-the-art capabilities and almost unlimited growth potential. It is often possible to calculate ROI over the short and long term, and these savings can be significant. For example, the anticipated ROI for the multi-location medical practice in New York is \$49,000 over 5 years, and \$195,000 over 10 years.

The anticipated ROI on the deployment of IP Office throughout a multi-location medical practice in New York state is \$49,000 over 5 years, and \$195,000 over 10 years.

Immediate monthly savings are also seen by many companies. Sheri Gurock at Magic Beans is thrilled not to be paying for individual line costs and long distance calls among the company's various facilities, as is Fuoco Group, whose small satellite office is in Florida.



ASV Euro Car Parts Pty Ltd, headquartered in Sydney, Australia, has seen a 25% savings on interoffice call costs for its branches in Melbourne, Brisbane, Adelaide, and Perth since installing Avaya IP Office in 2008. The firm is also able to leverage its staff expertise across all branches. This eliminates the need to staff-up during times of high call volume at a particular site.

A multi-location insurance agency has seen productivity increases that have enabled them to operate effectively with almost 20% fewer employees than in the past.

Other firms see tremendous cost savings when they are able to **reallocate or reduce staff** required to run the business. One example driven directly by recession impact is a multi-location Michigan insurance agency that wanted to balance their workload across their several offices, to accommodate the downturn of business in some parts of the state and increased business in other locations. The firm consolidated all the individual phone systems into one centrally administered Avaya solution, so their customer calls can be answered immediately by an agent with the appropriate expertise, regardless of location. This company has seen productivity increases that have enabled them to operate effectively with almost 20% fewer employees than in the past.

Some of the most outstanding savings emerge when small businesses take advantage of the **mobility and work-at-home potential** of IP-based communications. For example, a leading full-service **market research firm** focused on the IT market has successfully moved over 60% of its staff to home offices, enabling the company to relocate to smaller facilities — reducing their real estate leasing costs by over 80% (\$2,000 per month vs. \$11,000). Being free of huge real estate expenses helps the firm accommodate the hills and valleys of their business flow, and has proven particularly valuable during the current recession. Additional savings are realized through in-house management of the system and reduced conferencing costs.

Section 3: Maximizing What You Have

...so employees can be productive wherever they work

Supporting employees with tools to do their jobs efficiently and effectively frequently results in streamlined processes that increase productivity, improve quality, and drive revenue growth. Many small businesses today are seeing time savings and the productivity that results as key elements in their approach to managing current economic conditions.

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Fuoco Group's Manzelli noticed that the “small” timesavers add up to big time savings over a day, week, or month. “It’s surprising how much time you can save with the right phone system. From basic features such as speed dialing, caller ID, and headsets that facilitate multitasking to the advanced ones such as the presence functions in

PC mode, which indicate whether an individual is on the phone or otherwise unavailable, you can streamline your calling functions so that virtually no time is wasted. Add to this the time I save using the mobility and home office features to take calls from customers and colleagues right away — rather than taking time to review and return messages later on — and I’d estimate that I ‘get back’ at least two or three days a month, which represents a productivity increase of at least 10% or more.”

Joe Manzelli of Fuoco Group estimates that the streamlined functionality and mobility options associated with IP Office help him ‘get back’ at least two or three days a month, which represents a productivity increase of at least 10% or more.

The staff at Fuoco Group is already looking toward expanding the functionality. “We want to integrate the data system so that screen pops can be activated and we’ll see a customer’s profile before picking up a call,” Manzelli said. “We also want to develop the time/billing capabilities of the system. All these things will make it easier for us to rise above the problems that are inherent in a recession.”

Magic Beans relies heavily on telecommunications to keep things moving briskly during tough times. “Since we’ve expanded our hours to give people more time to shop, the people in our company have to work very hard to keep up the pace. The connectivity that we’ve achieved throughout the company saves us time in so many ways. For example, when calls reach us directly, there are fewer voicemails to listen to and respond to. Also, a well-engineered phone menu saves us from repeating the same information over and over, and I think it is a valuable timesaver for our customers, too.”

Vacation schedules and other staffing variables make it necessary to move staff around at times, and the phone system facilitates this. “With IP Office, employees are not bound to one station. They can easily log in at any phone and become immediately effective. We also have a wireless headset at the warehouse, which enables the individual who’s responsible for checking product availability to multitask successfully.”

Connectivity among the sites and from remote locations is critical to the three-person management team, who take a hands-on approach to every function in the business. The work-at-home strategy, enabled by secure IP phones that bring full functionality to the home office, has been an important part of the success that Magic Beans continues to experience. Sheri has been able to stay close to the business after both of her pregnancies, and together she and her husband have been able to establish the right work-life balance for their family. Their personal vision, reflected on their business cards, is as strong as ever. Sheri’s reads “Founder/Buyer/Mom,” and Eli’s reads “Founder/Visionary/Dad.”

The New York medical practice has leveraged the capabilities of Avaya IP Office to create customized efficiency measures for the doctors and staff. When physicians call into the office, they bypass the auto attendant on a special doctors' hotline. Their calls go directly to their practice group, ring at several stations, and never go into voicemail. Similarly, when physicians contact patients, the return number indicated is a special callback line. When a call comes in on this line, staff members know that a patient is returning a doctor's call.

At **Travel Republic** productivity and quality assurance go hand-in-hand. Supervisors are pleased with the IP Office call center application because it provides them with clear visibility into every aspect of the center's operation in an easy-to-manage on-screen format, and this helps them to enhance agent productivity. The firm recently achieved an average 20% reduction in agents' call handling time.

Section 4: Wrap-Up

What About Your Business?

A lot of soul-searching can go into choosing the right communications strategies for your business. But the right choices can result in some very dramatic effects — and they could be exactly what your business needs to make the difference between merely surviving (or worse) and thriving in the current economic marketplace.

Comments like these are hard to ignore:

“Our Avaya IP Office system is the best investment our firm has ever made. It's so far superior to what we had before, there is simply no comparison. We believe it will be a key factor in helping us survive the current deep recession, and that it will be capable of taking us anywhere we want to go communications-wise in years to come.”
Joseph P. Manzelli Jr., CPA, CITP, Partner and Director of Operations at Fuoco Group LLP

“I can't imagine how we could even begin to run our business without our Avaya communications system. It's totally integral to everything that we do.” Sheri Gurock, Founder/Buyer/Mom, Magic Beans

Learn more about what Avaya can do to help you say No! to the downturn economy... through cost savings, productivity increases, improved customer service, management flexibility, and a host of other benefits. See www.avaya.com or call your Avaya Authorized BusinessPartner today.

Appendix: Solutions for the Small Business

All of the small businesses featured in this white paper are benefitting from Avaya IP Office — a highly modular IP telephone system designed to meet the needs of home offices, standalone businesses, and networked branch and head offices for small and medium enterprises. The award-winning IP Office gives growing companies a complete solution for telephony, messaging, networking, conferencing, customer management, and unified communications. It is a solution that can help businesses reduce costs, increase productivity, and improve customer service.

Many customers have commented that they were surprised and pleased to discover that IP Office provides them with “big-company” capabilities and system reliability at a price that is compatible with small business budgets. In fact, Avaya IP Office delivers full voice functionality with a comprehensive set of features. It includes a robust set of tools for administration, a call-tracking system, and monitoring and diagnostics. Users are able to manage their own calls through a simple GUI (Phone Manager). Phone Manager functionality can be enhanced through simple licensing to support IP Softphones.

About Avaya

Avaya is a global leader in enterprise communications systems. The company provides unified communications, contact centers, and related services directly and through its channel partners to leading businesses and organizations around the world. Enterprises of all sizes depend on Avaya for state-of-the-art communications that improve efficiency, collaboration, customer service and competitiveness. For more information please visit www.avaya.com.

The Avaya logo consists of the word "AVAYA" in a bold, red, sans-serif font. The letters are closely spaced, and the 'A's are particularly prominent.

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