
Self-evaluation key to keeping business on track

Tri-City Herald, December 27, 1998

Too many small businesses start out strong, but fade out after a few years. How do you keep your business thriving and competitive? Long-standing Mid-Columbia business owners and advisors share their advice.

- **Have a clear vision of where you want to be.** Brothers Carl and John Cadwell have seen Cadwell Laboratories, Inc. explode in market share since its inception in 1979. The Kennewick-based company has 80 employees and sells 500 neurological diagnostic instruments annually in 26 countries. Two of Cadwell Laboratories' instruments, for electromyography and digital EEGs, now rank two and three in sales, respectively, in the United States. Carl Cadwell said the company has reached a new level after 20 years, which he called the "a-ha" phase. He described this as the ability to go beyond meeting expressed market needs. "It's where you anticipate products or features that customers have not asked for yet. When they see the new item, they say, a-ha - that's what I wanted," he said.
- **Stick with your core expertise.** Lured by the potential of additional profits, many established business expand into products or services that are not right for them. Lori Williams, business counselor at Washington State University Tri-Cities Business LINKS, said owners should constantly ask themselves, "What business am I in and where do I want to go?" She said this means recognizing your strengths and knowing what others do better. "About ten years ago, we tried to expand into a certain line of equipment that was far afield for us," Carl Cadwell said. The company sold only a few instruments before a much lower-priced competitor came out, and the company lost money. "We didn't fully understand that market or our niche in it," Cadwell said. Over time, the company has focused more specifically on its core competency. "We've gone from building the entire instruments to making only the 'guts' of the machines-- amplifiers and stimulators," Cadwell said.
- **Plan to grow.** "To expand, an established business must do the same thing a new one does," said Blake Escudier of the Kennewick-based Small Business Development Center. "Identify your markets and ways to reach more people." The Tri-City company Just Roses exemplifies this principle. The company began selling the fragrant blooms in 1989 in its Kennewick store, then expanded to Richland, Pasco, Walla Walla and Yakima. "We saw that our concept was easy to duplicate, and we began franchising in 1991," said owner Lisa Wormington. So far, three franchises with 13 locations are thriving in Washington, Oregon and Idaho. "With three or four stores per region of up to 250,000 people, we get good economies of scale," said Wormington. If you're seeking a bank loan to expand, be prepared to document how you will increase profits, according to Jeff Davis, senior vice president of Community First Bank in Kennewick. "We usually ask for projected balance sheets, income statements and cash flow for at least the coming year," he said.
- **Keep up with your industry.** "If you don't understand and control your market, someone else will come in and do it better," warned Escudier. "When your environment changes, you must change with it." Such flexibility is

especially important in rapidly changing industries such as health care. The Pasco business In-Home Medical is one example. Started in 1988, the company sets up health care environments in peoples' homes, provides medical products and teaches family members how to care for the ill or disabled person. The 13-person company serves clients in Washington and Oregon. "When managed care began transforming the medical industry, we began going after the large contracts with insurance companies and state agencies," said co-owner Billie Lape. The company has added to its clout by receiving accreditation by the Joint Commissions of Hospital Organizations. It also teams with small businesses to win contracts.

- **Seek more value for your customers.** Don't assume that your customers are satisfied; ask them for feedback. At In-Home Medical, the entire staff meets quickly every morning to discuss any problems from the previous day's interaction with customers. The company also uses regular customer surveys. "We're always seeking better home health care products for our clients," Lape said. "I'm constantly sending staff all over the country for product knowledge and training in product use." Lisa Wormington of Just Roses said that she continually seeks better deals from growers that she can pass along to her customers. For Cadwell Laboratories' medical instruments, customers have benefited from improvements in packaging, pricing, service and delivery - as well as technical innovations.
- **Keep educating yourself.** A new local resource is the Advanced Business Management program, offered by WSU-Tri-Cities Business LINKS in April. According to Lori Williams, the program is for established business owners who are serious about improving their business operations while increasing profits. Classes will provide practical information that owners can use immediately, including identifying new markets, streamlining inventory control, improving personnel management and expanding the business. The program includes individual counseling and the opportunity to network with other businesses. For more information, contact Lori Williams at 372-7613.