

How These Businesses Grew Through the Recession

By Toddi Gutner | [Business on Main](#)



Quick-to-market products, exceptional customer service and a proven track record can spur growth — even in troubled economic times.

While the economic downturn has been devastating for many businesses, there are some small companies that have actually used these tough times as a source of opportunity. We spoke to several business owners to discover how they not only survived through the recession, but also thrived.

Strategic partnerships and quick-to-market products at **Footzyrolls**

Jenifer Caplan, co-owner and creator (with Sarah Caplan)

“Footzyrolls are foldable footwear that fit in women’s handbags. We made \$1 million our first full year of sales from September 2009 to September 2010 — and about the same amount our second year. Two months ago, we launched a new line called Footzyfolds. [For the upcoming year] we anticipate sales of approximately \$1.5 million to \$2 million.

“The growth from year one to year two has been minimal in terms of sales, but we’ve started forming relationships with major retailers that take time to cultivate. We just got into a chain store with over 100 locations and we are now working with DSW, Zappos, Fred Segal and Bloomingdale’s, among others.

“Our products have a very moderate price point, from \$20 to \$35, but we still introduced a lower-end price point of \$9.99 and reduced our core everyday price point to \$19. We’ve also found other distribution channels — not just stores. We form relationships overseas with international distributors and partner with other companies to leverage their brands (for example, including Footzyrolls as a gift with purchase from Judith Leiber). We also sell to party planners, corporations and retailers in the golf and tennis market.

“Our company has used technology to streamline processes and alleviate the need for an additional office person. Because we’re self-financed and don’t have any outside [production] partners, we’re able to move very fast with product introduction.”

Focusing on customer satisfaction at **Innovative Office Solutions**

Jennifer Smith, CEO

“Innovative Office Solutions is a 10-year-old Minnesota-based dealer of over 100,000 products — including school supplies, office furniture, and facility and maintenance supplies.

“Our sales have grown 102 percent over the last three years and we anticipate revenues of \$42 million in 2011. Our last couple years have been our strongest. We started in June of 2001, which was a very hard time — but by starting then, we learned to be as efficient as possible.

“By 2008, we had absolutely no fluff to cut. We saw our competitors cutting staff and we decided to do the opposite — we’ve added 30 percent to our workforce since 2009. Our customers wanted service, so we beefed it up as opposed to taking it away. We focused on technology, people and training.

“We really paid attention to our customers — we actually have quarterly or annual business reviews for our customers. We make sure we’re taking care of all of their needs and showing them savings. [For example], customers have been a lot more conscious about the green movement — so we consolidate vendors [to reduce the number of truck trips necessary].

“Also, we took a couple of key areas — educational furniture and facility supplies — and enhanced them by bringing in category specialists. Our current customers were spending less per employee [after the downturn], but I added new categories that they could buy from me as an add-on sale. If a customer currently bought just office products and furniture, and then we went in and sold a program on facility supplies or a managed print program — that’s how to grow.”

Using data to drive client savings at **Quantum Health Inc.**

Kara Trott, CEO

“Quantum Health Inc. offers benefit solutions to larger companies, reorganizing their benefits packages and providing all the customer

service.

“Launched in 1999 and profitable since 2001, our business model reduces the cost of claims by about 8 percent and increases engagement of employees with their health care. We did \$10 million in revenue in 2009, about \$12.6 million in 2010, almost \$20 million this year, and [will do] about \$34 million to \$36 million in 2012. We get paid on the number of members, which has doubled compared to where we were a year ago. Also, we had 80-odd employees at the beginning of 2010, and now we are at 280 or so — we’ve never had to do a layoff.

“We have a very different business model than our competition. Most of our clients can’t reduce health care benefits [on their own], so they’re looking for sustainable solutions to lower costs. We invested in independent actuaries and took these results to our clients — we focused on getting validation that we were delivering our value propositions. We felt it was very important to do analysis that shows we deliver what we say we’ll deliver.

“Having independent validation is a key component to people believing we can save them money. Our clients were [then] also able to give individual testimonials — ‘We’re getting 8 percent savings and our competitors are getting 1 percent savings.’ We’ve focused on having that credible data. We also benefited from health care reform being a fragmented and difficult process to begin with, and not being the comprehensive solution some people thought it might be.”

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