

Investment counselor Steve Peasley offers some sage advice for managing the recession.

By Jerry Hicks

These are busy days for Steve Peasley, the Dana Point investment counselor who talks money, both on radio and local television. With the economy down and some businesses feeling budget pinches and customer loss, Peasley keeps on the go by providing advice on how to keep your head above the gurgle line until the economy picks up – and that won't be until the backside of 2009, most experts are now saying.

Peasley has spent the last 33 years working in many areas of business, including securities and finance, and he knows a thing or two about money matters. So, here's some free advice from this economic overseer: Don't let fear guide you in the bad times. And when the good times get here, do a better job preparing for the bad times. Don't let greed control your decisions, either.

“The growth rate has shrunk from 5 percent to 1 percent; gas prices are sky high; housing is down,” Peasley says. “It's a time to do some serious thinking about your company, but not a time to panic.”

In fact, Peasley suggests, when the economy is down just might be a good time to take a look at how things are going and think about long-term changes.

“A lot of people know their business, but they simply don't know how to manage their money,” he says. “Be nimble. When business is down, that's the time to have an expert take a look at your business model. Maybe you need to restructure, so you can see potential growth down the road.”

Here are a few more tips from Peasley:

- Be careful with outsourcing: “Yes, outsource all you can ... data entry, information technology, mailings, the backroom stuff. But never outsource anything that is face to face with your clients. If you do, they could be gone forever. Always keep your clients close to the vest.”

- Staffing: “Don't lose your core staff, but find ways to do more business with less staff. Learn how to use part-time staff. A good way to judge your business is (by) how many sales per employee. Set up that kind of system, and you can discover if you are understaffed or overstaffed. But if you lose your core staff, you just can't grow that way.”

- About those staff layoffs: “Offer unpaid sabbaticals. You might just find that some employees will think, hey, this is a good time to take you up on it. Let them know you want them back. Maybe you keep your staff, but no raises or bonuses this year. They will understand.”

- Advertising: “Too many think this is the time to reduce advertising. Wrong. Increase advertising with the economy down. Find new sources, such as creative use of the Internet. A lot of businesses fail to understand how to get their name out there without paying for it at all.”

- Future plans: “When the economy is down, that's a good time to get advice on what has been working – and what has not been working. Sometimes you keep something in your system just because it's worked before. But you just have to be terribly diligent in making restructuring changes when needed. Too many in business are what I call dinosaurs. They refuse to change; refuse to realize how the Internet changes things. It's remarkable what you can save with just the click of a mouse.”

Bottom line, Peasley says, is to get used to this new environment: “Economic recovery will be slow.”

Peasley, a partner in KPP Financial Inc., can be heard Thursday at 6 a.m. on his “InvestTalk” show on KDOC-TV, at 7 a.m. Saturday on local radio KABC 790 AM and at 4 p.m. Monday through Friday on KYCY in San Francisco.