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The Bulletproof Burnetts

During the past 100 years, there have been 11 to 15 recessions in the U.S., depending on who's interpreting the data. For small and mid-sized companies, how they handle an economic downturn can be a make-or-break proposition. One Houston business owner who has made it through five swings of the business-cycle pendulum is Sue Burnett, founder and President of Burnett

Staffing Specialists. With her partner—husband Rusty Burnett, the company's Executive Vice President and CFO—Burnett has seen her company's sales rise and fall with the economic tide for some three decades. Through it all, however, Burnett Staffing Specialists has remained profitable and continued to grow. Her experience offers valuable lessons for other small business owners struggling with the challenges of today's rocky economy.

Rooted in Recession

Burnett actually started her company when the economy was in the midst of the 1974-75 recession, a fact she was unaware of until years later when she was reading an article in a business magazine. "Being young and naive was probably a good thing," she says. "In any case, I was not afraid of taking a risk."

In fact, she started out by launching her business with \$10,000 in borrowed capital and five full-time employees whom she trained herself. She repaid that loan and still managed to turn a profit in her first year.

Burnett Staffing Specialists has been through four more recessions since then and fared equally well. That's been by design, not by accident. It's not rocket science, but Burnett has relied on a four-pronged strategy to weather recessions in 1982, 1986, 1991 and the most recent one, and her company has stayed in the black through all of them.

Today, Burnett Staffing Specialists is a \$46 million company with 85 employees. It has six offices in Houston, two in Austin and one each in El Paso, San Antonio and Dallas (where it does business as Choice Staffing).

"The most important thing that has helped us weather economic downturns is that we have always operated debt-free," Burnett says. "That is very important because if you owe money in down times, that is when companies get in trouble."

The company also makes a concerted effort to reduce overhead when recessionary times loom. Burnett says she recognized early in 2001 which way the economic wind was blowing and started cutting expenses wherever possible. She opted not to renew a couple of building leases when they came due, for example.

The third leg of Burnett's recession-beating strategy is a simple one: sell your way out of hard times. "We don't just sit back and wait for things to get better," she says. "The sales function is always a top priority for our business, of course, but in a tough economy we really try to kick it up a notch."

Looking for Opportunities

Finally, Burnett makes it a point to keep a sharp eye peeled for opportunities in recessionary times. The company, originally called Burnett Personnel Services, was primarily a permanent placement firm with a temp division when it started out, and it had grown to about 100 employees by the early 1980s. Then the 1982 recession hit.

"That just devastated the permanent placement business in Houston," Burnett recalls. "So we decided to take our temp division and focus on growing that part of the operation. It helped us get through the recession, we started growing again, and we were a \$5 million company by 1985."

The 1986 recession hit the Houston market particularly hard. Burnett Staffing lost half its income and got socked with a lot of write-offs because so many of its clients went bankrupt. However, the company relied on the same formula to make it through, and once again it was successful.

Remaining debt-free, keeping a tight rein on costs and selling hard have helped Burnett Staffing through the most recent downturn. Burnett has also tapped the fourth prong of her recession-survival formula, finding a way to grow through acquisition in troubled times. Over the years, Burnett Staffing has expanded both through internal growth and through acquisition. It made its first acquisition in 1996, purchasing a staffing firm in El Paso, and Burnett likes to point out that the entire staff of the acquired firm is still with her today. It opened offices in Dallas in 1999, adopting the name Choice Staffing for that part of the operation because another company was already using the Burnett name in that market. Burnett's most recent acquisition was the 2002 purchase of TDY Temporaries, with offices in San Antonio, Austin and Dallas.

While expanding through acquisition in a weak economy might not be feasible for every small business, recessions do present opportunities that most companies can take advantage of, Burnett suggests. Not surprisingly, she sees some great ones in the personnel arena.

Staffing Opportunities

"This is a golden opportunity for business owners to evaluate their staff, lay off the non-performers and hire some very high-quality people," she says. "The job market was so tight a few years back that businesses were sometimes forced to hire people who were not quite right for the job. Now is the time to upgrade your staff."

She also offers two caveats business owners should keep in mind during this buyer's market for high-quality workers. One is to be careful about hiring candidates who appear vastly overqualified or are taking a big pay cut from their last position. They are the most likely to leave abruptly when the economy turns around.

The other is to do in-depth reference and criminal background checks. "I think most business owners would be stunned to find out how many candidates cannot pass a criminal background check or who have references that don't check out," Burnett says.

You can also "test-drive" employees for certain positions. "We have a temp-to-hire program that is just perfect for this," Burnett notes. "That is an excellent way for companies to try out new workers before they hire them."

The *Houston Business Journal* ranks Burnett Staffing Specialists as the city's third-largest placement service, third-largest temporary service and seventh-largest woman-owned business of any type. In addition, Sue Burnett has been honored with numerous business and civic awards. Among the most notable are:

- 2002 Woman Business Entrepreneur of the Year (Women's Business Enterprise Alliance),
- 2000 Women of Excellence (one of six named by Women's Enterprise magazine) and
- 1999 Philanthropy Community Champion Award (sponsored by the *Houston Business Journal* and The Williams Cos.).

Sue and her husband and partner, Rusty Burnett, were named 1998 Entrepreneurs of the Year by Ernst & Young. They also received the Blue Chip Enterprise Award from Mass Mutual and the U.S. Chamber of Commerce in 1997.