

Bloomberg Businessweek

Business

From Bed Bugs to Mini-Brownies, Businesses Adapt to Change

By Karen Klein - June 27, 2012 at 3:20 PM EDT

New Yorkers who worry about home infestations probably know Roscoe, the bed bug-hunting Beagle who's been featured in cable television commercials since 2010 and has his own website. But they may not know that bed bug services are just the latest incarnation for Roscoe's owners, Bell Environmental Services, a Fairfield, N.J., company that has been around for half a century.

Over the years, the 65-employee business has gone from rooting out termites in homes to trapping mice in department stores, from working for pharmaceutical labs and hospitals to getting rid of messy birds on buildings, and then back to residential work sniffing out bed bugs with dogs like Roscoe.

Change is a way of life for small businesses such as Bell Environmental, says 71-year-old founder Phil Waldorf, who started the company in 1963 with a \$200 investment. Waldorf's first big upheaval happened in 1972, when the U.S. Environmental Protection Agency banned the pesticide DDT. "We had primarily used DDT for rodent control, and everyone in the industry worried about how they'd make it," he says. "We just got mouse traps and started getting contracts for commercial facilities. Instead of spraying once a month, we went in once a week to empty the traps and it quadrupled our business."

That evolve-or-die spirit has proven particularly important during the recession and slow recovery of recent years. A survey of 750 small business owners in May showed that 53 percent had reinvented their businesses in the past two years, says Maria Veltre, managing director of Citi Small Business, a division of Citigroup, which commissioned the research.

The older the businesses and their chief executives, the more likely they were to report they had recently overhauled the business model, Veltre says. Most CEOs reported they had changed their products or service offerings, updated their technology and staffing, or beefed up sales and marketing. Reducing prices, taking less profit, and relocating were less popular means of change mentioned by survey respondents.

"Small business owners are especially adept at reinvention," Veltre said. "Change is never easy, but neither is starting and running a business. The small business owners I meet

with think about their business 24 hours a day and constantly figure out how to do things differently, with less expense and better than their competition.”

Many times, change is forced on small companies. Bell has had to respond to changing environmental regulations and consumer concern about toxic chemicals by swapping out many pesticides for substances such as silica gel or carbon dioxide.



Small companies must adapt to shifting markets and fickle customers *Courtesy ABT Electronics*

Shifting neighborhood dynamics, recession, and other concerns also prompt changes at long-time businesses. Patricia Holding, president of Fat Witch Bakery in New York’s Chelsea Market, introduced a mini-brownie into her line of gourmet goodies two years ago in response to price- and diet-conscious customers. “Expensive brownies are not recession-proof,” Holding says. Her 1 3/4-inch “Baby Witch” brownies are 40 percent cheaper and contain less than half the calories of her standard brownies.

The 19-employee business, founded in 1998, is always evolving, Holding says. Though much of Fat Witch’s business has moved online, Holding still works in the store and occasionally takes phone orders to get a sense of what her customers are saying. “They’re going to tell you things, but not always in an obvious way,” she says.

Listening to customers and responding quickly has kept Abt Electronics growing since 1936, when Jewel Abt and her husband David opened a radio shop in Chicago. Today, the

1,100-employee consumer electronics and appliance store is owned and operated by third-generation family members who continue to experiment, says co-president Jon Abt.

“We’re always changing our physical layout, adding new products to sell, phasing things out as they go away, and adding new categories as they come to fruition,” he says. Abt has a wood shop on site to build its own displays so it can quickly outfit floor space for new products.

The company is not afraid to try a new category and scrap it if sales don’t measure up. In the early 1980s, the company sold video games but “got burned when the industry went kaput,” Abt recalls. “We got stuck with a lot of product and we’ve never sold software since then.”

There are misses, but there are also hits. Outsiders laughed when Abt ventured into e-commerce in 1998; critics said consumers would never adopt online purchasing for big-ticket items, he recalls. But shipping from the middle of the country has proven economically feasible, giving the company a national footprint.

This summer, the store will launch a bedding department in response to customer demand. “We’ve always listened to our customers. They trust us and they want to buy from us, so if they ask for it, we want to carry it,” Abt says.

<https://www.bloomberg.com/news/articles/2012-06-27/from-bed-bugs-to-mini-brownies-businesses-adapt-to-change?>