



FSB's Anne Fisher helps small-business owners get answers to their questions.

## SHOULD WE KEEP RUNNING THE SAME AD?

Dear *FSB*: Our firm designs high-end residential interiors. We advertise in an upscale real estate magazine, and wonder whether it is better to run the same ad repeatedly, so customers recognize it, or to rotate various ads? We want to grow the business.

CATHY ELDRIDGE  
Co-Owner  
*Style & Inspiration*  
Zionsville, Pa.

DEAR CATHY: "If an ad gets results, there's no reason to change it," says Jeremy Knauff, CEO of Wildfire Marketing in Tampa. "Business owners often tire of their own advertising because they see it all the time." A long-

standing ad-industry rule of thumb holds that consumers, who are constantly bombarded with advertisers' messages, must see an ad at least seven times before it has any impact, says Knauff.

To step up your ad campaign without altering your current formula too much, Knauff suggests simultaneously running the same ad in a different publication, and experimenting with variations there: "If your ad now shows a modern interior, try a more traditional one, or change just the headline." Then, to gauge which gets the best response, include a differ-

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[FSB\\_MAIL@TIMEINC.COM](mailto:FSB_MAIL@TIMEINC.COM).

ent phone number or URL (directing consumers to another page on your website) in each one. "By tracking how many calls or page views you get from each individual ad, you can easily see where to spend more and where to reduce," he says. "Big companies do this all the time, but small-business owners usually don't think of it—a shame, because any cost is minimal and you receive extremely valuable information."

Patience is a virtue, Knauff adds. He says the biggest mistake most entrepreneurs make is to run an ad and then give up after seeing no immediate results. A far better strategy: "Figure out what you can consistently afford over a period of three to six months—whether it's print, radio, direct mail, or some combination—and then get your message out there consistently over time, so it has a chance to sink in."

## LETTERS

### FREE SOFTWARE?

Online, readers of Ask FSB were quick to point out that open-source e-commerce software won't necessarily give you a free ride.

**MANY PEOPLE THINK YOU** download the software, configure it, and boom—you're off. They forget that once the site is up and running, maintenance is required. Who will handle it—and deal with functionality upgrades?

While there are many support services available, finding these resources can be a pain. Take all this into consideration when choosing between buying software and using open-source alternatives.

**ARSEN PEREYMER**  
*Chief Technology Officer*  
*eCompetitors.com*  
*New York City*



## WILL A BANKRUPTCY RUIN MY CREDIT?

**Dear FSB:** I own an independent record label that I started two years ago. It's growing quickly, and I'd like to get a bank loan to help me expand. But I have a bankruptcy on my personal credit record. Will this make it impossible for me to get bank credit for my business?

**DAYZON JOHNSON**  
*CEO*

*Ice Cold Music*  
*Clarksville, Tenn.*

**DEAR DAYZON:** Not necessarily. "Bankruptcy used to be the financial equivalent of a scarlet letter," notes Jim Lynch, CEO of Leaders Bank in Oak Brook, Ill., which lends almost exclusively to entrepreneurs. "These days we're more willing to listen." He notes that a recent Harvard study shows that catastrophic medical expenses are the top reason for personal bankruptcies in the U.S. "These could befall anyone, so a bank is unlikely to hold them against you. But if the bankruptcy was simply a result of poor judgment"—an ill-advised shopping spree, for instance—"I'd probably take a pass."

David Waltzer, a New York City bankruptcy attorney, says that a bankruptcy is "like a loud noise—a big jolt with echoes that fade in time." He says that many people erroneously believe that bankruptcy will ruin their credit forever. "By law, the maximum time that a bankruptcy can stay on your credit record is ten years, but the credit agencies will often expunge it long before then," he says. "If your income is steady, you've kept your debt low, and you're paying your bills on time, banks may be willing to lend to you." So why not apply?

If banks balk, consider alternative financing sources. "If the business is growing and you can show two years of solid financials, a small equity investor may be willing to overlook a past personal credit problem," says Rick Singer, CEO of RaiseCapital.com. Singer's firm in Port Washington, N.Y., is among a growing number of companies that connect small-business owners and investors. Gobignetwork.com and fundinguniverse.com are two other options. "Disclose your credit problem, but wait until a potential investor has gotten to know your business and shown interest in it." Of course, you would need to give up some equity to attract outside investors. But for a well-timed capital infusion, it might be worthwhile.

Adriana Gardella, a lawyer and an *FSB* editor, helps unravel the legal issues that vex business owners.

## HOW CAN I GET PAID?

Dear *FSB*: I provided software consulting services for a large corporation, which has failed to pay me the \$28,000 I am owed. The corporation claims it can't pay me until it receives funds from its client. Our contract includes no term limiting my right to payment in this way. How can I ensure that my invoices are paid without hiring a pricey lawyer?

AMARNATH NANDURI

Owner  
Shubisoft  
Herndon, Va.

DEAR AMARNATH: It sounds as though your corporate client is giving you the runaround. "They're forcing you to come and get them," says Robert Villa, a St. Charles, Ill., attorney who handles business disputes. So how should you do it?

First, create a paper trail. If you haven't already, write to the company objecting to its position on the debt. Follow up with a phone call, and memorialize the conversation. Next, send a formal demand letter. Tell the company you will be charging late fees (specify an amount) and that it will be liable for any expenses you incur due to its breach. This tactic will put your slow payer on notice that you are preparing for litigation, says Newark attorney Evans Anyanwu.

And if it comes to that, you need not spend a fortune in legal fees. Villa recommends that you retain a collections law firm. These outfits have minimal overhead and specialize in debt collection. Best of all, they get paid only if you collect. Your local bar association should have a list of collection attorneys (lawyers often use them to collect their own delinquent fees). Typically, says Villa, you'll hand over 25% to 33% of your recovery to such a firm. Another option? Some traditional commercial litigators may be willing to work with you on a contingency basis, or may cut their fees if you agree to give them a portion of your recovery. □

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