

# 7 Things Young Companies Should Never Buy Retail

*Guide for small companies and start-up in stretching super scarce procurement dollars*

As we move into the winter months, and the economy is slowing coming out of its "economic winter," one only need look around to see that one person's recession is another's great buying opportunity. That is especially true if you are in planning and buying mode for your start-up.

Few times in recent memory have been as kind to buyers of all kinds of goods and services as right now--especially if you are starting a new business. So what can you get at a great price? A lot actually. Especially when it comes to office space, marketing and-- in certain some industries--entire infrastructures (particularly in the restaurant business).

That said here are some things to look for on the cheap to make your initial business investment lower than you may anticipate.

1. **Office space.** This depends on where you live, but right now, it's generally a buyer's market for commercial space; that includes everything from retail to warehousing, and restaurants to real estate. Deals abound. Some brokers are even offering lease to own options and other interesting incentives to fill empty space. Make sure you understand any lease agreement and make sure you have a good attorney to review it with and for you. And remember that if you're in retail, part of your lease is your marketing cost, because your location is imperative for your success.
2. **Furniture and filing systems.** Search Craigslist, keep an eye out at auctions or troll local garage sales for office furniture or filing cabinets. Whenever you pay retail for these items, you are definitely overpaying because furniture quickly goes in and out of style and filing systems literally sit and take up floor space, which--like it or not--you pay for as part of your overhead.
3. **Phones.** Phone systems are another expense you should look to cut as much as you can, because the mark-up on new retail phone system is high. There's nothing wrong with a good, gently-used phone system. You can find the hardware fairly easily, and you can always find a good, independent contractor to set up the system for you and your specific needs. The result is you being able to bypass becoming a high-profit center for your phone company, at a cost too hard to for you to recoup in a short period of time.
4. **Inventory.** Want to "test market" seasonal fashion or clothing? Interested in overstocked inventory from another part of the world? A little bit of leg work and research can uncover incredible deals in a variety of niches and categories. Do your research up front, go in low to a large number of vendors and you will eventually find a great deal.
5. **Shop fittings or office accessories.** Much like furniture and filing systems, any of your internal shop fittings and accessories can be found at or below cost via the internet, at auctions, business sales and the like. Again, gently used fittings--especially in retail--can add that special touch to the look and

feel of your space but should never be purchased at a retail price. Same for the accessories and knick-knacks you think you may need when you go to the office supply store. Don't be tempted. You can find for a fraction of the cost elsewhere.

6. **Capital equipment.** Whether its backhoes, large trucks or heavy equipment, all are for sale nowadays, at prices almost too good to be true. For decades business people have been looking for bargain prices on these types of assets; and many new and long-time restaurateurs have outfitted and renovated new, existing and expanded operations with equipment they have picked up online, at auctions, at sales and competitors who fell victim to the downturn. If you are in a capital intensive industry, you will find great prices on buildings and real estate, and on equipment. Be sure the market you are going into has a demand for your product or service because turning around and unloading those assets at a higher price than you paid for them will be difficult for the foreseeable future.
7. **Advertising.** We've touched on this before but there have been few periods in the past two or three decades where advertising and media coverage can be obtained at rock bottom prices; with loads of incentives and added-value. Again, there's no need to pay market rate for any sort of ad space, and limit your yellow page spend to no more than 5 percent of any budget. Long a price insensitive medium, phone book publishers are, in most cases, willing to offer very good deal for your marketing investment dollar.

Now that we looked at some things you should never pay full price for, is there anything you should ever buy new?

Actually, yes, and that would be your computer and network equipment. It's rare to find a great "gently used" system to meet your needs, and prices are more than comparable for remarkably fast and versatile new systems with everything you need.

You needn't worry about the integrity of the hardware or any of the software, and you can customize a new system or network specifically for the demands and capacity of your business.

Regardless of what is on your new business wish list, don't go overboard on purchases--retail, wholesale or otherwise.

Remember, every dollar out needs to be brought back in at some point to start generating good returns. So be mindful, extremely cost-conscious and even frugal in your startup mode. Doing so will pay valuable and more profitable dividends for you at a quicker rate than those competitors who go overboard at the start.

*Source: Brad Sugars of Entrepreneur.com*