

# Saving for a Rainy Day

*continued from page 8*

**SUE BURNETT RUNS** Burnett Staffing ([www.burnettstaffing.com](http://www.burnettstaffing.com)), her Houston-based job placement business, much like she manages her personal finances: debt-free. "I personally watch every expense," she says. "I look at everything."

Her prudence through the years has paid off. Her company, which has revenues totaling \$70 million and a staff of 95 full-time employees and 3,000 temporary employees in six Texas offices, carries no debt and has never had a year that it didn't make money. Burnett and her husband, Rusty, borrowed \$10,000 to start the company 33 years ago, but paid it back within the first year of operation. They've always had a line of credit available as a safety net, but have yet to use it.

"It's not that we think debt is bad, but you have to manage debt," says Rusty, executive vice president and chief financial officer. "Sue and I both believe that if you can't afford it, you don't buy it."

That has led to tough decisions, like delaying pay raises and even cutting jobs that weren't as vital as others.

Burnett Staffing has survived five recessions, two of which Rusty calls "depressions." During the tough times, the couple sold artwork and office furniture to raise money. The economy was so bleak that they didn't take a salary and lived off of savings.

During good years when net income was strong and growth was foreseeable, the Burnetts reinvested in the company, using

that time to upgrade technology and services while still keeping day-to-day spending low.

Perhaps one of Sue's most enduring money-saving tactics is her monthly review of the company's phone bills and company credit-card statements. It's a practice she

recommends to business owners who want to keep company expenses in check. "You need to understand that it's a long-term race, and you need to watch every part of your business," she says.

The Burnetts admit they have an advantage in that the staffing industry can be an economic indicator—and that can provide them with a fairly accurate forecast. In 2000, for example, the company experienced its best year yet. A fourth-quarter decline, however, alerted Sue. "I knew there was going to be a recession," she recalls.

She reacted by communicating the urgency to her employees, raising deductibles on employees' health insurance and looking for ways to cut expenses instead of jobs. Reacting appropriately during good times has paid off when the economy has slumped.

"One of the real secrets is not taking too much out of the company when times are good," Sue says. "And in bad times, you can make acquisitions of companies that weren't paying attention."



RUSTY AND SUE BURNETT PAID BACK THEIR INITIAL \$10,000 LOAN WITHIN THE FIRST YEAR OF BUSINESS.

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## GROWING A DEBT-FREE BUSINESS

To grow your business without borrowing money, the Burnetts suggest the following:

**LIVE WITHIN YOUR MEANS.** Don't spend money on purchases you can't afford and pay off as many bills as possible at the end of every month.

**PAY ATTENTION TO DETAILS.** Take time to scrutinize every expense. Costs of phone and credit card bills may be small compared to other expenses, but they can quickly add up. Look for small but significant areas where you can cut back.

**BUILD A SAFETY NET.** Develop some kind of backup to act as a buffer in case your finances fall apart or the economy plummets. A line of credit is good because it's there if you need it, but you don't have to pay interest on what you don't use.

**LOOK AHEAD.** Observe the economy and plan your financial strategy. Trim your budget before a recession hits. Be froggy during the good times to keep your business steady during the bad times.

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— SUE BURNETT, OWNER OF BURNETT STAFFING