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For start-ups, recession was especially challenging

GRETCHEN METZ, Staff Writer

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Staff photos by Larry McDevitt, Amy Dragoo and Kali Wallace Clockwise from top left, a solar charger for portable electronics is displayed in Alternative Energy's offices; various nursing modesty products from Diapers Naturally are shown; Kitchen Kuffs are shown in action; and Leigh Ann Barnes' designer bags are shown.



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Barbara Doran started her KitchenKuffs business just as the economy started to tank.

Jenny Manthey's start-up, Diapers Naturally, got under way a few months later.

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Bill Finch left a job in corporate communications to found Alternative Energy in the soft economy because he felt the time was right for his concept.

And Leigh Ann Barnes used her down time from her public relations business brought on by the recession to start a boutique line of designer handbags.

Doran, Manthey, Finch and Barnes, among other Chester County entrepreneurs, were featured in business profile stories in the Daily Local News as the recession dragged on and worsened.

For some, the recession gave them pause but they rolled the dice anyway. For others, the sour economy was a motivator.

Alternative Energy started about the time the economy softened in 2008, but owner Finch decided to take the "dive."



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Finch, whose company sells such products as solar-powered lighting and portable power, energy-efficient LED lighting, electrical monitoring devices, water conservation products and a range of green gadgets, felt recession or no recession, 2008-2009 was the time to launch his product line.



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Finch reasoned that with energy rate caps coming off Jan. 1, 2011 and with consumers tightening their belts in a down economy, it was a good time to sell items that save homeowners and businesses money, as well as being green.



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"There's been a lot of positive recognition for the products and not just for 'greenies,'" said Finch, who left a secure job in corporate communications at an information technology company to be his own boss.



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As such, Finch is no stranger to unexpected twists in the business sector.

"I've weathered many corporate storms," he said.

While starting a business in a recession might be considered a curious decision, it turns out it is not unusual for entrepreneurs to forge ahead despite the odds, according to a study released last week.

Recession, boom times, high or low taxes, education and availability of money don't seem to affect how many Americans start a business in any given year, according to a report from the Ewing Marion Kauffman Foundation.

The number of U.S. business startups is remarkably stable in good times and bad, reports the Kansas City, Mo. nonprofit think tank.

But just because it is not unusual doesn't mean it's easy.

Both KitchenKuffs' Doran and Barnes, the designer of a new line of purses, have public relations businesses that took a hit during the recession.

While that meant both had more time to investigate and launch a new enterprise in their down time, the women said without a healthy revenue stream, options were limited.

"I used my primary business, advertising, to fund my new business," said Doran of East Goshen, who invented KitchenKuffs, an elastic "cuff" that keeps long-sleeved sweatshirts and sweaters out of dishwater.

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But in 2009, as the economy fell into a recession and her advertising business slowing to a halt, Doran had to get more creative, she explained.

"It was not the time to make a push," Doran said.

So Doran used the flagging economy as a motivator and spent the few dollars she had to find new resources, such as a manufacturer located closer to home. Her goal was to bring down her price point.

Instead of a manufacturer in China, she now has a manufacturer in Northeast Philadelphia. Now, instead of inventory on shelves in her basement, she has faster manufacturing turnaround and more flexibility.

And her price point went from \$15 to \$12.

Doran used craft fairs to market her product and found business a tad better this holiday season than 2008. But without funding for advertising and marketing, Doran said, "nobody knew me."

To get her name out without reaching into her purse, Kuffco LLC's patent-pending KitchenKuffs will be featured on March 1 on www.yakaboutit.com, a launching pad for new inventions.

Yak About It showcases innovative products. Through daily and weekly voting processes, visitors to the site help determine the fate of the products competing for the title of "Most Yakable."

Barnes, likewise, found her public relations business, Apropos PR & Protocol, slowed in the flagging 2008-09 economy when a "huge" account lost its advertising funding.

Barnes decided to put her newfound time to good use and looked into a patent application for a new line of boutique purses she was toying with starting.

At the time, she said, she really wasn't ready to dig in and start a business but then things changed.

A marketing executive and trusted friend saw her purses and encouraged her, as did the owner of a boutique, another longtime friend.

"During a recession, innovation comes about," Barnes said. "I began to think, 'What if?'"

Barnes said at first she was reticent to spend money since there was no cash flow from her other profession.

But eventually, she decided if she moved "slowly and cautiously" she could get started with her product. As she moved forward, "doors opened," she said.

In June, Barnes launched her line of designer reversible leather clutches and totes at the Inn Keepers Kitchen in Birmingham. The Inn and Dilworthtown Inn is owned by her husband, Jim Barnes, and business partner Bob Rafetto.

Since her launch, her bags sold out at Nicole Miller boutiques in Center City and Manayunk five times, she said.

Diapers Naturally's Manthey runs her business out of her house in East Fallowfield to keep overhead costs low.

With that in mind, in 2009 she decided it was "OK to start off slow, see what happens."

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Manthey, whose company sells the latest design in cloth, or reusable, diapers used her savings to buy her inventory, thus avoiding debt.

The entrepreneur believes her company grew in 2009 because it is recession-friendly, positioned for parents who want to save money by not buying hundreds of pricy disposable diapers.

Manthey has recently expanded her product line to include reusable training pants now that her son is 2½, and can be her product tester.

Manthey has some advice for anyone brave enough to start a business in the teeth of a recession.

"Be patient," she said. "Do not expect it to take off right away. Plan for several years out for it to take off."

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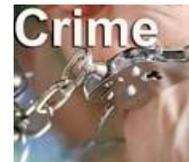
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