

Entrepreneurs to pump rebates into businesses

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Jim Bondurant plans to spend his federal tax rebate check on legal services. Natalie Beck will use her portion of the economic stimulus package on marketing.

While consumers are expected to use their federal tax rebates to pay off personal credit cards or make new purchases, small-business owners and entrepreneurs will pump the money into their companies.

"I'm putting it back into the business in some way or another," said Beck, CEO of Beck



Beck

Marketing Services in Scottsdale. She said she will use the rebate money to do "targeted marketing" and advertising to promote the communications business she launched in 2007.

The federal economic stimulus package will give consumers

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some extra cash in the hope of boosting an economy saddled by a slow housing market, the subprime mortgage-induced credit crunch, depressed retail sales, and sagging financial markets and consumer confidence.

The Internal Revenue Service will send out checks in May. Married couples will get as much as \$1,200, while singles will get up to \$600. A \$300-per-child extra credit also is part of the rebate approved earlier this month by Congress and President Bush.

That money is chump change for large multinational corporations such as Exxon-Mobil Corp. The oil giant turned a \$41 billion profit in 2007, which amounts to a profit

of about \$1,300 per second.

But for small companies and home-based startups, the stimulus money can help them market their business, launch a new product or cover other costs. Every little bit helps, small-business owners say.

"I will spend the rebate on legal fees associated with operating my business," said Bondurant. His Cave Creek company, C3 Staffing & Investigations, provides technical staffing as well as security and investigation services to businesses.

Bondurant said the nature of his business requires hiring attorneys to review documents and contracts.

"Just recently, I had a law firm review two of my agreements totaling four pages



JIM POULIN | PHOENIX BUSINESS JOURNAL
Entrepreneur Jim Bondurant plans to spend his company's tax rebate on legal services.

in length. Several law firms I contacted quoted rates of \$400 per hour," he said. "I am happy that we, along with others, will be receiving a tax rebate. However, you can see how that rebate can be spent fairly quickly."

David Garfinkel, a business consultant and CEO of San Francisco-based Overnight Marketing, said small-business owners need to be wary of cutting costs too much during economic slowdowns.

He said economic turbulence often prompts cuts in inventory, marketing, advertising and staffing. He said businesses

always should be prudent — but, instead of paring down, they should better focus their marketing and sales efforts and find ways to show value to their customers.

"You should be putting more focus on marketing," Garfinkel said.

Beck also wants her Scottsdale-based marketing business to be more focused and fruitful.

"That doesn't mean advertise in every paper, magazine, radio or television station right now, but rather thoughtful marketing that reaches your key customer base with trackable and measurable results," she said.

Consumers are expected to put their rebate money more toward mounting credit card debt than toward new purchases.

Forty-seven percent of consumers surveyed by financial services firm Commerce Clearing House Inc. and Harris Interactive said they would spend the rebate money to curb their credit card debt. Thirty-two percent said they would save the money, while 21 percent will spend it, according to the survey of 2,020 U.S. adults conducted Jan. 30 and Feb. 1.

The average American household carries credit card debt of about \$9,700, according to CardData LLC, a Florida-based research firm. CardData found that 13 percent of U.S. credit card holders have balances of more than \$25,000.

"I hope people use it to pay down debt. I hope they don't go out and buy frivolous things," said Mary Foretich, senior manager at the Mesa office of Lohman Co. PLLC, an accounting firm.

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