

## Businesses opening in tough times face anxiety, advantages

By KATIE ARCIERI, Staff Writer

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At a time when consumers are anxious about job security and a dried-up credit market is further stifling spending in an economic downturn, Tiffany Clay is launching a new diamond boutique in Annapolis.



And people are surprised.

"They're a little shocked and amazed that I'm doing this in this economy," she said.

But Ms. Clay said opening Augustine's Diamond Boutique on Maryland Avenue is an opportunity to work out the bugs before the economy turns around.

"I'll be able to start small and get really good at what I do," she said.

Augustine's Diamond Boutique is one of several local businesses pushing forward with ambitious grand openings and expansions against a backdrop of one of the worst economies in American history - consumers are dealing with sinking home values and higher unemployment.

Retailers are forced to contend with the national credit crunch and even stingier shoppers. This economic climate makes it tough enough for well-established companies to make money, said Crownsville business adviser Adam Santavicca. But firms opening now face even more challenges, he said.

"It's even more difficult with a new business because they have all these startup costs,"

he said.

He also said securing a loan is tougher because banks have tightened their lending standards amid the national financial crisis.

"If a business has opened up today it means they already had some cash to start the business and to buy inventory," he said.

Sheila Laderberg, a co-owner and founder of Punk's Backyard Grill, which is opening its first fast-casual restaurant at Westfield Annapolis mall in the January-February time frame, said her company lined up its equity investments a year ago, but noticed that lending restrictions got tight.

"The underwriting requirements and the guidelines got stiffer," she said. "We felt very fortunate that we had a bank that was supporting us, especially as a startup restaurant."

Despite the poor economy, Punk's has not cut staff members, portion sizes or the quality of its product, she said.

The restaurant concept is centered around re-creating the American backyard cookout with meals including shrimp skewers, slow-roasted pulled pork and burgers. The restaurant's prices - between \$11 and \$13 - allow Punk's to offer higher quality foods such as artisan sausages and all-natural ground beef, she said.

Labor costs aren't as high because the restaurant has a less formal atmosphere without waiters, she said. She added that the poor economy may actually help the restaurant run more conservatively.

"We just have to step up and make sure that we are watching every penny," Ms. Laderberg said. "Now there's really not the cushion that there was before in terms of managing your costs. It's even more critical that every bun that you order is delivered."

### **Opportunity knocks**

Asher Epstein, managing director of the University of Maryland's Dingman Center for Entrepreneurship, said there are advantages to opening a business in poor economic conditions, including placing an emphasis on becoming profitable within an expedited time frame and having fewer competitors.

"Generally speaking, there's opportunity anywhere, anytime and in any market," he said.

He said the "affordable luxury" market often does well during an economic downturn, he said.

Niland & Co. Jewelers, which opened at a new, larger location on Maryland Avenue this month, is catering to those who want to pamper themselves with unique jewelry. Whitney King, who co-owns Niland & Co., with jeweler Jeff Niland DeLude, said the new 980-square-foot store with three times the merchandise and space is a place where customers can create jewelry priced from \$50 to \$5,000 or more.

"It's more personal, it becomes an heirloom, a lifetime piece," she said.

Customers also can sell their jewelry toward credit for a new jewelry piece, she said. While other businesses must cut back during this economic climate, Ms. King said she's doing the opposite.

"We wouldn't be expanding if we weren't doing really well," he said.

Some businesses had commitments to expand long before the financial meltdown.

The owners of LaBelle Cezanne jewelry store said they had plans to move to a larger space two years ago.

"We were too far in to turn back," said John Baghdadlian, an owner of LaBelle, which relocated to a 3,500-square-foot showroom at 186 Main St. in June from a 2,000-square-foot space at 117 Main St.

The company is getting ready to remodel with new jewelry cases installed just in time for the holiday season, he said.

Mr. Baghdadlian also said that he had to cut staff from nine to six employees and buying "price effective" jewelry including an Italian line called Rebecca and a watch line called Breil. Mr. Baghdadlian, whose shop opened on Main Street in 1990, said he wouldn't have taken the risk to open the shop if he were just starting out.

"I think we would have a difficult time," he said.

But for Ms. Clay, opening a business now was the right time.

She said she worked as a gemologist at WR Chance, a jewelry store in Annapolis, for almost six years and built up her own clientele.

"I've worked very hard and I've established great relationships with people in town and I've established great relationships with manufacturers," she said.

In an effort to put a "sparkle under everyone's tree" this holiday season, Ms. Clay said she is stocking her roughly 1,600-square-foot shop, named after her grandmother, with items priced from \$20 up to \$8,000 and more. She said she recently sold a non-traditional diamond engagement ring for below \$400.

"Not everyone is going to have the budgets that they had during the early 2000s," she said. "I tried to have something with a great look for a great price."

In addition to jewelry, Ms. Clay said she also will be offering jewelry appraisals.

"That's one of my fortes," she said.

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