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Michigan firms buck recession, plan expansion

*JENNIFER YOUSSEF**The Detroit News*

Some Michigan-based companies are ignoring the incessant chatter about recession and high unemployment and proceeding with expansion plans.

The middle of a recession can be an ideal time for small businesses and franchises to expand, said Ed Deeb, president and CEO of the Michigan Business and Professional Association. Business owners can get a deal on real estate and have a large pool of employees from which to hire, while many laid-off workers see an opportunity to open franchises.

"Now is a great time to get in (the business world)," Deeb said. "It's a better opportunity today than it was three years ago or in the next two years, when rent could be higher and there won't be as many workers available."

Pam and Todd Turkin of Farmington Hills opened their first cupcake shop, Just Baked, in Livonia in January and opened another one at Twelve Oaks Mall in Novi in September. They plan to open two more locations next year.

"Knock on wood, we've been very successful," Pam Turkin said.

The couple wants to expand their company now while they can snag a good price for rent and have a large pool of workers from which to hire. Pam Turkin said she gets calls every week from lessors who want them to move to their property.

"We believe lessors are willing to look at small businesses," she said. "There's more negotiating room at this point."

Other Michigan-based companies also are finding the time ripe for expansion, even though the state is in the worst economic shape in decades.

Biggy Coffee had one store in East Lansing in 1995, and today there are 106 shops in six states, most in Michigan.

All of them are owned by franchisees, many of whom own multiple stores, co-founder and CEO Bob Fish said. Entrepreneurs are opening new stores and expanding now, with expectations that the economy will eventually turn around, he said.

"Everyone knows that business cycles up and down, and right now we're in a valley," Fish said. "Down cycles can be a good time for entrepreneurs to get experience running a business and build up their clientele for better times."

The founders of Southfield-based Zoup!, a restaurant that specializes in soup, are embarking on a statewide and regional expansion plan as the concept catches on and consumers are demanding more healthy fast food choices. The company has grown from one store in Southfield in 1998 to 21 stores across the country of which six are company-owned; 13 stores are in Michigan.

Co-founder and managing partner Eric Ersher said franchises are quickly opening up as more diners seek

comfort foods and healthy dishes, and workers who took early retirements or buyouts want to own a business. Real estate is cheap and the time is right to begin a business venture, he said.

"I think we've seen the bottom," Ersher said. "The paralysis of uncertainty seems to have diminished, and that's a catalyst for continued growth."

jyoussef@detroitnews.com">jyoussef@detroitnews.com (313)222-2300

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