

The Recession Mistake That Cost My Business \$1.5 Million – and the Decision That Put Us Back on Top

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There is some chatter about what's going to happen with the economy based on all of the recent changes. I personally think we're heading for a boom and not a recession, but I understand that some are nervous about what may happen.

I thought this would be a good time to share my own experience on this topic. I've been in business for 27 years, and we're currently doing over \$110 million in revenue. I have almost 400 salaries to pay every week and have no investors or raised capital to fall back on. We have to make the revenue every week, no exception.

I have led this company through two recessions and found something interesting about my own business that may apply to yours as well.

Hear me out: a strong economy is great, but a rough economy calls for a similar roadmap. So, don't stop your marketing or expansion plans in anticipation of what may happen.

Let me explain...

In 2008, I made a mistake that cost my business, PostcardMania, over \$1.5 million.

In 2020, I made certain not to repeat that mistake, and we

actually ended up growing revenue 10% that year.

Today, our financials are healthier than ever. We went from averaging 5% annual revenue growth in the decade pre-2020 to averaging 17% annual growth post-2020, a 239% increase in growth rate.

I credit a lot of our recent growth to making better decisions when 2020 got tough. As a result of these experiences, I now feel ready to meet any economic climate, and I want that for you and your business as well.

So, here's my experience and advice on what you can do to feel ready regardless of what may come.

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During the Great Recession of 2008, I reduced my marketing, and it cost me millions

For years, banks approved high-risk mortgages to under-qualified home buyers. When enough of those homeowners defaulted on their loans, it cascaded into a housing market bust and banking emergency. The event triggered one of the worst recessions in U.S. history.

At the time, my business heavily relied on clients in the real estate and mortgage industries – 46% of our revenue came from these clients.

One of my financial advisors suggested that I reduce my marketing to preserve cash. I went against my better judgment and followed this advice. The following year was our worst financially. While we only lost about \$150,000 in 2008, those losses ballooned to \$1.5 million in 2009 because of the damage

we did to our marketing.

By 2010, I raised our budget back up to pre-crash levels and even a bit more to quickly correct the problem. As a result, 2010 ended up setting a new all-time-high revenue record for us.

Related: What I Learned From Spending \$5.9 Million on Marketing Last Year

I corrected my mistake by marketing more and marketing smarter

When I corrected course and increased our marketing, I also diversified it. I dove deeply into our company data to analyze where our leads and revenue were coming from – or as deeply as I could.

As a small business owner who started out with zero funding, I didn't have many tools to figure this out, and worse, I hadn't properly hammered home the importance of tracking to my staff. You would be shocked at how many clients' industries were categorized as "unknown" when we clearly knew their industry – we had designed postcards for them!

We turned to those postcard designs to tell us which industries were buying the most from us and bringing in the most revenue. We found that, while we had previously been pretty reliant on the real estate and mortgage industries, there were dozens of different types of businesses that were buying direct mail from us that we had never actively targeted.

So, to correct my big recession mistake, I not only increased my marketing, but I also started targeting new industries that were proven to be buyers. With these two adjustments, our numbers rebounded and finally improved.

I swore to myself that I would never cut my marketing again – and this was put to the test 12 years later.

Related: [Don't Slash Your Marketing Budget to Shreds in a Recession – Use These 3 Cost-Cutting Measures Instead.](#)

In 2020, I kept my marketing stable, won leads from the competition and finished the year 10% up

The Great Recession was pretty scary, but the pandemic of 2020 was even scarier in some ways. Businesses were closing left and right because of the shutdowns, so many of them stopped purchasing from us, too. Our weekly revenue plummeted by an average of 41%.

The knee-jerk reaction was still to stop spending, but I had learned my lesson, and I knew those cost cuts were NOT going to come from my marketing budget. We drew funds from our savings to keep payroll and marketing going.

It was a terrifying six weeks. More money was going out every week than we had coming in, and our reserves were being steadily depleted.

But we not only survived – we flourished!

In the six months following, our leads shot up 9.24%, an additional 186 leads a week without doing anything differently. While everyone else around me gave in and cut back, we stayed strong and kept going, and that allowed our marketing to be more effective than ever. It led directly to more leads and revenue for us.

Before the shutdowns, we averaged \$1.25 million a week, and after, we averaged \$1.3 million. After all was said and done,

PostcardMania's annual revenue was up 10% that year despite the chaos.

It wasn't easy, and sacrifices were made, but it was worth it because today we are so much further ahead than many of our competitors who did the opposite.

So, what am I doing right now to be recession-proof? I'm investing heavily in my marketing and continuing to expand the parts of our marketing that drive top-line growth. If you're concerned about the economic climate, I highly suggest you look into your marketing and client data now so you can make informed marketing decisions to ensure you have the momentum necessary to overcome any recession.

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