

# 16 Ways 9/11 Changed the Way We Do Business

The world changed when those buildings fell—the way we work, get around, communicate, dream. And then, slowly but surely, it was back to the business of making a living. Some of the changes would prove ephemeral, others permanent.

We asked an array of professionals—from manufacturers to marketing consultants, from Arkansas to Minnesota—to identify the tangible consequences 9/11 had on the world of business. We weren't looking for broad; sweeping statements about the impact of the terrorist attacks (you'll have had your fill of such fulmination by the time you read this). Instead, we pushed for specific observations regarding the areas these people know best.

Not all the news is bad. Some of it—such as the growth in employee assistance programs and a renewed healthy regard for rainy-day funds—is rather encouraging. In some cases, our subjects offered tangible guidance on navigating the post-9/11 economy.

Taken together, the collection of responses provides rich perspective on commerce in the aftermath of that tragic day a decade ago.

## **It Has Helped Us Compete**

*Rich Carrigan, Chief Executive, United Displaycraft, Chicago, Il., maker of point of purchase displays*

As a domestic manufacturer, who also imports from China, 9/11 has actually helped us to be more competitive. Starting in roughly 2003, new regulations went into place regarding how containers are checked as they arrive at our shores. Result: The cost of shipping a container has gone up, and the time (which was getting shorter) has also gone up. That's bad if you are a pure importer, but good for us since we still make roughly 80% of our product here in Chicago.

## **Employee Assistance Programs Have Expanded**

*Burton Goldfield, President and Chief Executive, TriNet, San Leandro, Calif., provider of HR solutions for small businesses*

On the human relations front, Employee Assistance Programs have seen a resurgence. Services include assessments, short-term face-to-face counseling and doctor referrals. EAPs are available 24/7 via a hotline and most often work on a one-on-one basis. EAPs offer guidance on a range of other issues, including health and nutrition, substance abuse/addiction, relationships, emotional well-being, legal and financial issues, personal growth, physical fitness, pregnancy, personal safety, and stress/anger management. As a result of 9/11, they've adapted to include critical incidence response that allows service to hundreds at a time after a major event. The power of this shift is dramatic. EAPs are free, completely confidential and available not only to the employee but to their families as well. Some advice: If your company offers an EAP, don't be afraid to remind employees that it's there.

## **It Reminded Us That Doing Well Also Means Doing Good**

*Paul Jankowski, Owner, Access Brand Strategies, Brentwood, Tenn., a marketing consultancy*

On September 11, 2001, our country acted like a family. Since then we've had our corporate scandals, foreign wars and political infighting. However, the positive effects can be felt 10 years later through a discernible rise in corporate community involvement. Companies are encouraging employees to contribute time to causes that are important to them. Just one of many examples: Ronald Shaich, Executive Chairman of Panera Bread, who said "bring your humanity to work." His vision was to directly impact the one in four children in the US struggling with hunger (beyond the \$150 million Panera donates to various causes). The goal: to develop a sustainable, pay-what-you-can community cafe concept called Panera Cares. It now operates in Clayton, Mo., Dearborn, Mich., and Portland, Ore.

## **It Gave A Wake-Up Call To Entrepreneurs**

*Martin Zwillig, Founder & Chief Executive, Startup Professionals, Phoenix, Ariz., mentor and advisor to startups*

Even for professionals who didn't lose family, friends and co-workers on September 11, 2001, that day prompted soul-searching about the value of sticking with high-paying, seemingly secure jobs, compared to following their dream and being more in control of their own destiny. The result was an immediate surge in entrepreneurship and startups across the country. Of course, most found out that startups are tough, so we haven't seen any improvement in the failure rate, which still seems to indicate that 50% are gone within the first five years. Despite the challenges, I see an increased respect for the role of the entrepreneur in our culture, one that has put entrepreneurs almost on a pedestal, as the pioneers of change in the world, up from second-class citizens who couldn't qualify for high-paying roles in corporate America. Maybe 9/11 was the wake-up call we needed to get American business thinking back to its roots.

## **It Confirmed That Cash Is King**

*Gene Marks, President, The Marks Group, Bala Cynwyd, Pa., a technology consulting firm*

When the World Trade Towers fell, they took the world economy with them. How did I survive when customers went into hiding? Luckily—very luckily—I had some cash in the bank. I could pay my bills, keep things running, and ride out the aftermath. The truth is that even the powerful American machine can be brought to a standstill with a single incident in a single city. Which is why I'm keeping more cash on hand than ever before—even if it's earning a little less interest these days. And I'm not the only one.

## **It Re-energized The Energy Debate (Sort Of)**

*Glen Tullman, Chief Executive, Allscripts, Chicago, IL, maker of software for the health-care industry.*

Since 9/11 we've made air travel, our office buildings and our ports less susceptible to those who may bring us harm. But there's hard medicine we've yet to take: using less oil and getting more energy from sources we can control. A larger gasoline tax—say, establishing an inflation-adjusted price floor of \$4 at the pump—would help. The average price of a gallon of gas was \$1.66 on September 11, 2001; it's nearly \$4 now. Certainty of high gas prices will spur investment in technologies that subvert oil as a fuel. Yet most financiers won't bet big on solar energy, biofuel or wind farms—that's because they know that the minute any green-energy project puts a dent in demand for oil as an energy source, the price of crude will zoom straight back downward again and drive up demand. Big government is good at few things, but providing bedrock reassurance to innovators is one of them. Measures like a gas tax would work best if they were part of a national energy plan that Americans could understand. Washington hasn't given us one. Yet.

## **We Got Back To Basics**

*Marc Compeau, Director, Reh Center for Entrepreneurship, Clarkson University, Potsdam, NY*

Work, family and fun have long fought for space on life's goal lists. The 9/11 aftermath brought some rebalancing—and an urge for simplicity. Upstate New York has seen a rebirth of many downtowns, filled with energetic and innovative entrepreneurs comforted by the notion that no terrorist cares about downtown Saratoga Springs. “We have seen many more visitors who don't just wish they could live a simpler life, but actually open a store front and make a go of it,” says Erin Draper, Director of the Adirondack Business Center in Saranac Lake, NY. “The migration of urban entrepreneurs has really transformed many of the small towns we work with.” Susan Hirschfeld, a fashion consultant for several major retailers, is one of those who sought simple. “I was always running, so tired all the time but never taking a break long enough to

realize it,” she says. So Hirschfeld moved to Lake Placid, NY, where she launched her own line of snowboard clothing, Hardway Apparel: “I don’t have anywhere near the disposable income I had but I have traded that cash for peace,” she adds. “Life is so simple—and so fulfilling.”

### **Even The Brave Are More Risk-Averse**

*Steve Berglas, Founder, EgoDoc, Ltd., Pacific Palisades, CA, coaching services for successful entrepreneurs and executives*

The business builders I coach now are much more risk-averse relative to those I worked with pre- 9/11. I see neither idealism nor passion in these people, just a CYA (“cover your ass”) attitude. The most salient symptom, not surprisingly, is hoarding wealth. Entrepreneurs were once noteworthy for their need to promote social change. Now many spend a lot more time with their estate-planning attorneys.

### **Fulfilling Orders Got Even More Expensive**

*Abhijeet Purkayastha, President, The Grippster Company and Tejada Leather, Fayetteville, Ark., manufacturers of home-safety products and leather goods*

We are a small company that makes products in India and ships to clients globally. Post 9/11, there has been a lot more regulation enforced by Customs and Border Protection. We have to ship fully loaded containers, so if we can’t fill one, we share it with another company; that lack of control introduces risk, especially as federal agents have ramped up their search efforts. Even if there are ultimately no problems with the contents, we have to swallow the related surcharges for searches. Also, our shipments have to arrive within a specific delivery window, or we get penalized by the retailer, which can charge between 20% and 35% of the purchase order. Before 9/11, Customs would set aside two or three of our shipments a year, out of three to six shipments a month. Post-9/11, the searches are occurring a lot more.

## **It Demonstrated That The Best Brands Are Bulletproof**

*Les Berglass, Chief Executive, [Berglass+Associates](#), New York, NY, an executive search firm*

About 70% of the executives we place are relocations. Most people don't like to move. The 9/11 attacks made recruiting to New York City even more difficult—people were actually afraid to come here. That fear dissipated in less than a year. In fact, in the past ten years there's been a “rebirth” of Manhattan, from the High Line to Harlem.

## **It Pounded Nails Into The Venture Capital Coffin**

*Dileep Rao, Ph.D., President, [InterFinance Corporation](#), Golden Valley, Minn., a small business finance consultant*

Venture capitalists were already nursing a massive hangover from the dotcom collapse when the terrorists struck. For most, the aughts were a lost decade. (For more, see **[18 Zombie Venture Capital Firms](#)**.) Cheap debt filled the void—until that bubble burst. Now the trend is toward asset-based lending—as in, lending against assets such as accounts receivable. (For more on this, and other forms of alternative financing, read **[Where To Find Capital Now](#)**.) For more on availability of credit, and on the small business landscape in general, check out the **[State Of Small Business](#)**.

## **We've Become More Exposed**

*Dan Schawbel, Managing Partner, [Millennial Branding](#), Boston, a marketing consultancy*

Increased security measures taken at airports, combined with the emergence of technologies like Skype and social networking, have made us rely less on being physically present and forced us to rethink the way we interact professionally. This shift has had consequences on how we cultivate our personal brands. We've become more exposed; first impressions are made online, before clasping a hand.

## **It's The Same Old Song**

*Kern Lewis, President, [GrowthFocus](#), Castro Valley, Calif., a marketing consultant for small businesses and start-up ventures*

In terms of how we market products and services, fundamentally little has changed. Buyers may have temporarily taken a more cautious approach to life, and marketers reacted to that with a shift in positioning and product innovation. And there certainly was, and still is, a knee-jerk tendency to drape much of what we do in good ol' red, white and blue. But I'd chalk that up to a greater force: the eternal impulse to feed—and profit from—whatever cultural trends are attracting dollars at a given time and place.

## **It Created A Barrier To Innovation**

*Rebecca O. Bagley, President and CEO, [NorTech](#), Cleveland, OH, a regional technology-based economic development organization*

Policies created because of 9/11 added significant challenges to get even the most educated immigrants to America. This stance will have a negative economic impact. Immigrants are vital to the U.S. economy, especially with regard to entrepreneurship. Immigrants are nine times more likely to be self-employed compared to native-born Americans, according to the Migration Institute. We're not just talking about traditional industries: Many of our best scientists and engineers are immigrants. The National Venture Capital Association estimates that, since 1990, venture-backed firms owned by immigrants have created more than 400,000 jobs and represent a combined market capitalization of roughly \$500 billion. (For more see [Best Cities For Minority Entrepreneurs](#).)

## **We Prepare For Anything**

*Celeste Gudas, Founder and Chief Executive, [24 Seven](#), New York, NY, a talent-recruiting firm for the fashion, media and marketing industries*

We launched our company in 2000 in the south end of Manhattan's SoHo neighborhood. When the Trade Towers fell, we were forced to

evacuate our offices and not return for three weeks, forcing us to run operations remotely. We now have systems and processes to keep our 200 recruiters and our hundreds of freelancers connected, informed and able to work regardless of location. For instance, our payroll system is now active in three different offices, so in the event of an emergency or closure, we can continue to pay our employees and freelancers. We also implemented a three-tiered level of data recovery—local tapes, off-site tapes and storing all information in the cloud—to ensure that we’re up and running as soon as possible after an emergency. (Cost: just \$100 a month.) Recent events, such as the East Coast earthquake and hurricane threats, continue to remind us that disasters can happen anywhere, 24-7.

### **It Distracted Us From The Real Problem**

*Brett Nelson, Executive Editor, Forbes*

Humans want what they want when they want it. That blind, bones-deep desire for immediate gratification drives us to great achievement. (In this sense Gordon Gekko got it right: Greed is good.) But unchecked, that desire also creates asset bubbles, from real estate to technology stocks. It is why Bernie Madoff managed to destroy \$18 billion in wealth; why our Social Security program is in jeopardy of insolvency; and why, with each passing day, China and our other lenders control more and more of our destiny.

The events of September 11, ghastly as they were, weren’t enough to dull that desire, to reconfigure our primordial coding. Chris Carey, owner of an eponymous consultancy to small businesses and a very perspicacious fellow, put it this way recently:

“The terrorist attacks created a common bond for us. We had a common enemy, we presented a common front against terror, we were collectively going to kick some butt for our loss. This feeling of camaraderie and common purpose spilled over into business. It gave us a common language and rallying point. We were all working together to defeat a foe, and we were bonded by our cause.



“I don’t know whether it was the recession, or just time, but the opportunity seems lost. The wars in Iraq and Afghanistan have gone on too long. We didn’t experience the sense of closure we had hoped for in the capture of Saddam Hussein and the killing of Osama bin Laden. Our government is fractured, our economy in shambles, thousands of our children have been killed in places most Americans couldn’t find on a map, and too many of us are unemployed.

“We missed an opportunity which could have drawn us together. The power of the moment was lost and we are left with long lines at the airport and politicians squabbling over who gets to speak at the memorial event.”

I hope we’ve learned something more. I do.

### **Assignment**

As you plan to start your own business with your class, reflect on how 9/11 affect existing or new business ventures. Think: How would you be affected as an individual and as a business owner? What loses or gains might you have? What would be included in your business survival plan? How would you retain existing and gain new customers? What would your business do to contribute to those in need? **Write a 1.5-2pg. essay answering these questions.**

This assignment is **worth 100 points** and will be collected on **Friday, September 12, 2014.**