

ASK FSB

ent phone number or URL (directing consumers to another page on your website) in each one. "By tracking how many calls or page views you get from each individual ad, you can easily see where to spend more and where to reduce," he says. "Big companies do this all the time, but small-business owners usually don't think of it—a shame, because any cost is minimal, and you receive extremely valuable information."

Patience is a virtue, Knauff adds. He says the biggest mistake most entrepreneurs make is to run an ad and then give up after seeing no immediate results. A far better strategy: "Figure out what you can consistently afford over a period of three to six months—whether it's print, radio, direct mail, or some combination—and then get your message out there consistently over time, so it has a chance to sink in."

LETTERS

FREE SOFTWARE?

Online, readers of Ask FSB were quick to point out that open-source e-commerce software won't necessarily give you a free ride.

MANY PEOPLE THINK YOU download the software, configure it, and boom—you're off. They forget that once the site is up and running, maintenance is required. Who will handle it—and deal with functionality upgrades?

While there are many support services available, finding those resources can be a pain. Take all this into consideration when choosing between buying software and using open-source alternatives.

ARSEN PEREYMER
Chief Technology Officer
eCompetitors.com
New York City



WILL A BANKRUPTCY RUIN MY CREDIT?

Dear FSB: I own an independent record label that I started two years ago. It's growing quickly, and I'd like to get a bank loan to help me expand. But I have a bankruptcy on my personal credit record. Will this make it impossible for me to get bank credit for my business?

DAYZON JOHNSON
CEO

Ice Cold Music
Clarksville, Tenn.

DEAR DAYZON: Not necessarily. "Bankruptcy used to be the financial equivalent of a scarlet letter," notes Jim Lynch, CEO of Leaders Bank in Oak Brook, Ill., which lends almost exclusively to entrepreneurs. "These days we're more willing to listen." He notes that a recent Harvard study shows that catastrophic medical expenses are the top reason for personal bankruptcies in the U.S. "These could befall anyone, so a bank is unlikely to hold them against you. But if the bankruptcy resulted from poor judgment"—an ill-advised shopping spree, for instance—"I'd probably take a pass."

David Waltzer, a New York City bankruptcy attorney, says that a bankruptcy is "like a loud noise—a big jolt with echoes that fade in time." He says that many people erroneously believe bankruptcy will ruin their credit forever. "By law, the maximum time that a bankruptcy can stay on your credit record is ten years, but the credit agencies will often expunge it long before then," he says. "If your income is steady, you've kept your debt low, and you're paying your bills on time, banks may be willing to lend to you." So why not apply?

If banks balk, consider alternative financing sources. "If the business is growing and you can show two years of solid financials, a small equity investor may be willing to overlook a past personal credit problem," says Rick Singer, CEO of RaiseCapital.com. Singer's firm in Port Washington, N.Y., is among a growing number of companies that connect small-business owners and investors. Gobignetwork.com and fundinguniverse.com are two other options. "Disclose your credit problem, but wait until a potential investor has gotten to know your business and shown interest in it," he says. Of course, you would need to give up some equity to attract outside investors. But for a well-timed capital infusion, it might be worthwhile.