

Los Angeles Times

TUESDAY, APRIL 14, 2009 • LATIMES.COM/BUSINESS

57.81 ▼ 25.57 | S&P 500 858.73 ▲ 2.17 | NASDAQ 1,653.31 ▲ 0.77 | GOLD \$884.70 ▲ 12.50 | OIL \$50.09 ▼ 2.39 | EURO \$1.339 ▲ 0.021 | U.S. T-BILL (6-mo.) 0.37% ▼ 0.01 | U.S. T-NOTE (10-yr.)

SMALL BUSINESS



Photographs by MARK BOSTER Los Angeles Times

TEAMWORK: Neal Harris sought out rival fragrance firm owner Lorane Wasserman for help with a new product for a customer's book about a dog that could "see" colors using his sense of smell. They continue to work together.

Cooperating with rivals made scents

Three small fragrance firms show that joining forces can be mutually rewarding.

RONALD D. WHITE

As he pursued a new line of work for his small fragrance firm, Neal Harris realized something startling: His competitors might be able to do the job better.

Instead of giving up, Harris hooked up with his rivals to make a new product for a customer's book about a dog that could "see" colors using his sense of smell. Harris provided the fragrances, one temporary partner provided the material that carried the scents, and a third small business helped with packaging.

"Our areas of expertise and competency were complementary, and together we could work to help each other in some of our business," said Harris, whose Los Angeles company, Scentevents, sells fragrances as a marketing tool to enhance movie premieres, parties and products. "Together we are accomplishing more than we could ever imagined."

Tough times call for tough choices, including turning to the competition for help.

Experts say such alliances are far less formal than contractual obligations that might require these companies to work together on every project. They join forces only when it makes sense to do so. In the process, each participant saves money on personnel, product development, shipping costs and legal trauma.

"I call it 'co-opetition,'" said Jim Blasingame, a small-business expert and host of a national radio show called "The Small Business Advocate." "It's a highly intelligent survival strategy, and they wind up helping each other get more business. They're also providing customers with a better product than they could provide as individual companies."

Collaborative strategies are much more



SMELL OF SUCCESS: Harris works with a new scent product.

prevalent in times like these, when companies can ill afford to waste money putting together expensive, time-consuming proposals for business that might ultimately go to someone else.

"If you can get by and win business without having to use up all of your cash, it's much better," said William F. Lyte, a business development expert and a co-founder of Technoplex Group in San Pedro. "It's a better use of their existing resources."

Harris hopes his three-employee company [See Alliance, Page B7]

Rival scent firms have a nose for cooperation

[Alliance, from Page B1] will bring in about \$1.5 million in revenue this year, slightly better than last year. Working with his usual competitors has brought additional resources, nearby warehouse space, technology and expertise that would have squeezed profits if he had to do it himself.

"I would have had to hire five more people to duplicate what we are managing to do with these strategic alliances," Harris said.

But it isn't just the savings that are important. It's also the added brain power, which is why experts say small businesses should be eager to collaborate. None of the businesses in Harris' group has more than a dozen regular employees, which means that the bosses tend to work in a certain amount of isolation.

Successful small-business collaborations tend to evolve around a central figure that everyone knows and trusts, which can be difficult to come by in tough economic times. The business relationships that can result, experts say, allow people to put their egos aside and focus on the merits of one another's work and how it might be combined with their own to make a better product.

"This is what you might call the opposite of greed," Blasingame said. "It won't work for everyone. It takes people who are comfortable in their own skin, who realize that collaboration can maximize their business, not minimize it."

In the color-smelling-dog



MARK BOSTER, Los Angeles Times

MAKING A STINK: Lorane Wasserman's firm makes fragrances such as compost, dead rats and raw sewage.

collaboration, the central figure was Harris.

"When you are a small-business man, a lot of times you are alone," said Lee Cuthbert, whose IntelliScents business in San Francisco has collaborated with Harris on a number of projects, including the book deal.

"It's nice to have someone to commiserate with, get advice from," said Cuthbert, who contributed his patented Scent Pak to hold fragrances in the book. Harris also sought out Lorane Wasserman, owner of Essential Resources of Torrance, another fragrance business. She advised how to shrink the project to book size.

The two have worked together in other ways.

Last year, costs soared for the petroleum-based polymer beads that Wasserman used to dispense her fragrances, which run the gamut from the good (for Disney's Soarin' Over Cali-

fornia ride) to the bad to the ugly — smells such as decay, compost, dead rat and raw sewage for customers that include Fear Fest Co., Halls of Terror and Xtreme Fear Haunted Attractions. ("It may smell ugly, but someone has to do it," Wasserman quips, "and the sweet smell of money is what counts.")

"My materials costs nearly doubled," Wasserman said.

As Wasserman's costs were getting out of hand, Harris had an idea. He was already using a

ring of ceramic material as a scent diffuser. They broke up a few and Wasserman tried using the shards in the same way that she had been using the polymer beads.

The costs are cheap and, unlike oil-based polymers, the pricing is dependably steady. Now, Wasserman trumpets the use of ceramic as a green, non-petroleum-based product made in the U.S.

"It really works well. It's eco-friendly and a lot lighter," said Wasserman, who plans to phase out her use of the polymer beads altogether.

In Wasserman's business, Harris got the warehouse and local production expertise his business badly needed. And when Harris has a customer order that needs to be filled, instead of shipping it back to him and having him ship it out again, Wasserman ships directly to Harris' customers.

"These alliances have been a good help. We are getting orders. I am showing Neal's ideas to my customers, and they are ordering them," Wasserman said.

"It's like this domino effect. It is boosting sales."

ron.white@latimes.com