

Scaling Your Business

In today's capital-constrained environment, scaling your business demands a capital-efficient strategy. Knowing where to spend your cold, hard cash to unleash profitable growth is critical. One smart investment for growth companies is to hire highly skilled outside consultants to help shore up an organization. Although not inexpensive, the right talent can enable a company to focus its attention on core areas while driving profitable growth.

Maneuvering through the consultant maze to determine where, when and with whom to pull the trigger can be tricky. However, Mike Mathieu, founder and former-CEO of All Star Directories, and current Chairman of Front Seat, a civic software company, has successfully navigated the process.

Mike Mathieu was an unlikely convert to outsourcing. Blessed with a comfortable level of legal and marketing savvy, Mike did it all on his own—for a while. "When I needed a lawyer early on I was fine with referencing my *Law for Dummies* handbook," he joked, with a serious undertone. However, even with a sharp internal team, Mike realized that unleashing the power curve required acquiescing to external experts. The move paid off. After founding All Star Directories in 2001, Mike and his team secured a highly profitable sale in 2006. At a recent Northwest Entrepreneur breakfast meeting Mike explained how outsourcing consultants in three key areas helped propel the hockey stick growth.

Legal-ease

Mike's worn and torn *Law for Dummies* handbook only took the company so far. When legal issues grew more complex, the company used a phased approach

based on needs to hiring legal expertise. The philosophy included gauging the impact of the legal risks and spending accordingly. For example, licensing agreements were handled within the company, but a boutique legal firm was hired when an acquisition opportunity arose. The firm provided the extra safety and trained pros needed and was still cost-effective because they were small and generalists. As the company grew, so did its legal needs. For example, when

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it came time to negotiate the company sale, a move up the legal food chain to a more specialized firm was in order. This helped to equalize the legal experience that the acquiring company brought to the table.

Referrals and networking were key strategies to creating a short list of the right legal partners at each phase. However, selecting the right firm proved difficult because all the firms sounded great. Ultimately, decisions were made based on deep understanding the company's legal needs and matching them with the expertise available.

Don't Delay for HR

As with legal, hiring human resource (HR) talent evolved as needs dictated. However, Mike cautions, "Our number one problem with HR and recruiting was that we were too cheap for too long." Part of delay in outsourcing HR was due to the fact that recruiting in the early days, with ads on Craigslist and in the UW newspaper, worked great. As the company's need for specialized talent grew, recruiting broadened to online ads.

However, this shot gun-style approach made it harder to find qualified candidates.

Within the company growth challenges also took root. Without a formal HR function, chaos sprouted. The early, loose entrepreneurial days gave way to employees wanting structure, such as more formal work policies for vacation time, sick leave and work schedules.

The solution came when the company hired an HR consultant that offered both general and specialized talent. The outsourced approach provided cost savings and needed HR structure. More importantly, the company also learned the importance of the legal aspects of HR. It also became clear when to use an HR generalist vs. specialist. For example, an HR generalist can shore up organizational development, equity and pay issues, plus compliance processes. Conversely, an HR specialist should be hired to design the compensation and benefits plans, and for recruiting.

Marketing Matters

Marketing is a very diverse and broad discipline so it's critical when hiring consultants to know what type of marketing resources are needed. For example, do you need marketing research? Interactive skills? PR? It's also important to know how you want a marketing consultant to work with your team. Do you want someone on site that is involved in the day-to-day? Someone working on a specific, short term project? Or do you need someone completely independent?

There are also huge ranges in pricing so it's important to consider the cost-benefit vs. trade-offs, and to match your needs to the talent. For example, is the work just

something that needs to get done? Or, is it critical to making a great impression and growing business?

Marketing is about solving problems. Having the machine in place to solve problems shouldn't be overlooked. This requires the ability to be forward thinking. Before hiring anyone it's important to know where your business needs to go. For example, before All Star Directories was sold, the company ramped up from one full time marketer to 25. Having a scaleable marketing department was critical to the sale.

When building a business using outsourced talent you get what you pay for. It's important to be pound-wise and not penny foolish. Also, be honest about

what you're good at. Outsourcing is a great way to shore up critical or weak areas. Lastly, be forward thinking. If you know where your next problem will be, outsourcing can help with getting the team in place to be ready for it. Finally, everything in business comes down to relationships. With outsourcing it's important to build your relationships *before* you need them.

These "Executive Insights" are based on monthly presentations provided by leading entrepreneurs at the Northwest Entrepreneur Network (NWEN.org), a non-profit organization dedicated to helping entrepreneurs succeed. The column is written by Cheryl Isen, founder of Isen & Company, a strategic marketing and public relations firm that helps

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