

Entrepreneur

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UP to the challenge

by mark henricks

Entrepreneurs are famous for being loners—committed individualists who seek neither advice nor approval from anyone or anything but their own vision of what their enterprises could one day become. But perhaps that reputation should be revised, because it's easy to find entrepreneurs who are actually ready and willing to accept help in overcoming the obstacles to achieving their goals.

Entrepreneur asked three company founders in three different industries and at three different sales levels to name the primary obstacles preventing them from reaching the next level. Then these problems were posed to panels of experts consisting of business advisors, consultants and experienced entrepreneurs. The problems and some recommended solutions follow.

ARE YOU READY TO TAKE
THE NEXT BIG STEP?
MEET 3 ENTREPRENEURS
WHO GOT THE CHANCE OF A
LIFETIME TO PUSH PAST THEIR
PROBLEMS AND MAKE THEIR
BUSINESSES BOOM.

SmartsCo: Building Better Distribution

In three years, Julie Tucker has grown her startup business to nearly \$800,000 in annual sales and two employees, along with a raft of subcontracted designers and others. Last year, SmartsCo was a winner in the Make Mine a \$Million women-owned business awards sponsored by American Express and Count Me In, a nonprofit organization supporting female entrepreneurs. Along with recognition, the prize included loans of up to \$45,000 and a year of coaching. Now, the San Francisco entrepreneur says the main obstacle stand-

ing between her and \$1 million in sales is building better channels for distributing the themed trivia games she publishes. Currently, SmartsCo relies on independent sales reps to market its products to bookstores and gift retailers.

"It's like herding cats," Tucker, 37, says of the six sales-rep organizations—fielding a total of 40 reps—that she deals with. "You find them, you sign them up and get them trained in your

product, but they're never really working for you." Competition with reps' other product lines, lack of a large product line of her own and failure to land any big national retailer accounts are all problems Tucker cites with her sales-rep distribution approach.

Tucker is focused on the right problem, according to Carol Rehtmeyer, president of Rehtmeyer Inc., an Aurora, Illinois, toy development and manufacturing company. "The most important thing is distribution," she stresses. "You can create the most exciting product, but if you don't get it in front of the public, your product will die."

Rehtmeyer says Tucker will get more attention from reps and retailers if she improves the packaging, reduces the \$17 to \$25 price range, and considers boosting her product's value by adding samples of or coupons for related products. Co-marketing, such as a tie-in with Starbucks for her coffee-themed game, is another promising area.

SmartsCo needs a full-time employee to manage its network of sales reps, says Salt Lake City small-business consultant Kent Capener. Better yet, major account sales could be done in-house. Capener also recommends finding new retail distribution channels. The food, coffee, wine and beer games should be pitched to specialty store chains to be sold alongside the products the games are about.

SmartsCo's sex trivia game calls for a different approach. "We recommend SmartsCo considers selling this game to the public through direct-response television," Capener says. He suggests test-marketing on a limited scale, followed by a broader rollout if it proves successful.

Richard X. Zawitz, CEO of Tangle Inc., a South San Francisco, California, toymaker, wants Tucker to personally promote the company's products to retailers through industry trade shows. Commissioned sales reps can't be expected to bring an entrepreneur's knowledge and devotion to selling a company's product, he believes. "Sales is the key," he says. "To get sales, you have to go to gift shows."

Zawitz also recommends that Tucker look into new channels of distribution. On his list of possibilities are advertising specialties, business premiums and prizes, international markets and—again—co-marketing tie-ins with established retailers in the niches covered by the games.

Tucker says she already goes to several gift shows and has had some success with business premiums. The company has also hired a part-time person to oversee reps and try to reach national accounts. She resisted any suggestion that packaging or content required tweaking. "That's where our biggest strength is, based on what we hear from our retailers," she says. She hadn't thought of selling the adult-theme game through direct-response TV. The company has begun selling through its website, however, and Tucker speculates that a similar fulfillment mechanism would work with TV.

PoshTots: Attracting Top Talent

Karen Booth Adams has grown online children's furniture retailer PoshTots to \$6 million in sales and now faces the challenge of luring top-shelf software developers to Richmond, Virginia, if she is to reach the next rung on her growth ladder: \$10 million. "We need people with large e-commerce company expertise, and there aren't a lot of e-commerce companies here to pull resources from," says Adams, 36, who co-founded the company with Andrea Edmunds, 38, in 2000.

PoshTots' talent challenge is especially pressing because Adams plans to expand into web publishing. "There are lots of content-oriented companies in New York City and other [large] cities," she says. "But there aren't a lot of people with experience in online ad sales and e-content here."

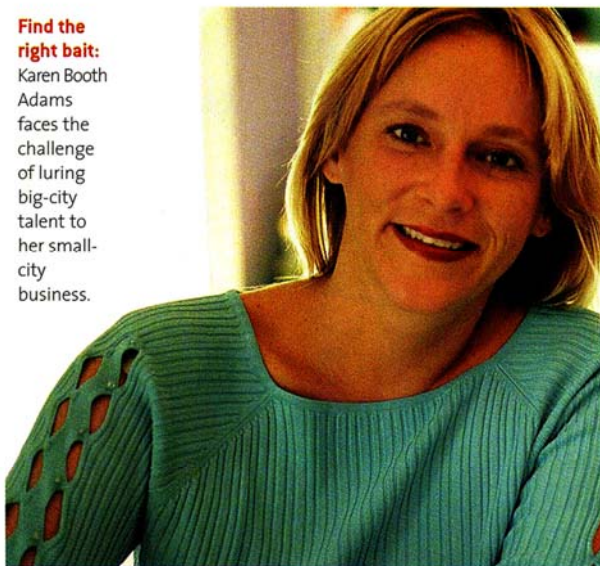
Experts and experienced entrepreneurs agree that PoshTots must look beyond Richmond for its talent, and that the keys to doing so effectively are within the company's grasp. Step one is to decide what it is about PoshTots' culture or history that would make a sought-after programmer want to work there, says Jeffrey Davis, chairman and founder of Needham, Massachusetts-based small-business consulting firm Mage LLC.

"All businesses that grow have a story," Davis says. "The more powerful the story, the more it draws people into the organization, because they feel a kinship between themselves and the organization." PoshTots should use its website to express that culture and lure employees as well as customers, he adds, noting that the website lacks information about what it's like to work there and doesn't have a "Careers" page listing employment opportunities.

Mark LeBlanc, a La Jolla, California, small-business consultant, says Adams should try to think about what type of skilled technologist might be lured to her company from a rival in a bigger tech center. In addition to job-related skills, LeBlanc says she should look for people who have attitudes that could make working in an environment such as Richmond highly attractive. For example, a big-city technologist who grew up in a small town might like the idea of a less expensive, slower-paced lifestyle. "When you're creating ads and postings, home in on the attitudes and environmental triggers," LeBlanc says. "That's how you attract the right people."

Find the right bait:

Karen Booth Adams faces the challenge of luring big-city talent to her small-city business.



In the mirror might be the best place to look for PoshTots' assets, says Steven Pribramsky, managing partner at Key West, Florida, accounting and business consulting firm Pribramsky & Zuelch. While he recommends hiring a professional recruiter, he says that whoever does the recruiting should be tasked only with identifying candidates—the rest should be left to Adams.

That's because, in an entrepreneurial company led by a dynamic CEO such as Adams, the co-founder's personality will inevitably put its stamp on the firm's culture. "Whoever comes to work for PoshTots is coming to work for her," Pribramsky says. "She's probably the best marketing piece in the place."

Adding a career page to PoshTots' site is on Adams' to-do list. She likes the idea of looking for new hires who match big-time skills with small-town origins. "A lot of times, if they are willing to move to Richmond, that is their background," she agrees. As for taking a personal hand in hiring, that's a foregone conclusion, given that Adams began her career as a recruiter: "I do all the final interviews with everybody we hire."

Hosted Solutions: Striving for Systematic Growth

Rich Lee, 40, has grown a managed and dedicated website-hosting company to 43 employees and \$13 million in revenue in just four years. The Cary, North Carolina, entrepreneur knows that taking Hosted Solutions Inc. to the next level will require different systems, skills and people.

Geographic expansion is imperative. "We are a strong regional player, focused mostly in the Southeast around Carolina and Virginia," Lee says. "Our clients are asking for another facility that is across the mountains or in a different time zone so they can do disaster recovery and data replication [at] a site that is not so close to the three we have now."

He's considering either growing organically or acquiring a smaller regional player, perhaps on the West Coast. But before he does that, he feels he needs to extract and codify the skills and practices his employees have developed so the company can replicate them in a distant location. He also wants to systemize his business so that everything from setting up a new client account to handling trouble tickets is standardized and, as much as possible, automated. "We're coming under a lot more scrutiny from our clients," he says. "They want to come in and see we have best practices in place."

Pribramsky recommends Lee consider assembling focus groups of a half-dozen or so of the best managers and line employees for a particular function, then brainstorm with them to develop rules so that what they do can be repeated across the company. "Those are going to be the gospel going forward," Pribramsky says.

As best practices are identified, a corporate scorecard summarizing important techniques, company values and key metrics will keep Lee and his employees rallied

ASKING FOR HELP

Few people are busier than the founders and heads of growing companies, but if you're an entrepreneur with a question, few people are more likely to take time to give you a well-informed answer. Successful entrepreneurs report that advice from seasoned businesspeople is critical, and these experts are often eager to help.

Any entrepreneur who has overcome the problems you face is a candidate, says Monica Doss, president of the Council for Entrepreneurial Development in Research Triangle Park, North Carolina. The entrepreneur can be in your own industry or a related one, as long as he or she isn't a direct competitor or allied with one as supplier, customer or investor, adds Doss, whose nonprofit organization helps small firms with networking, mentoring and other challenges.

Start with a request for lunch and nothing more, Doss advises. "Most entrepreneurs are not willing to sign on to a long-term mentoring relationship upfront," she says. "Once they've gotten interested, it happens. But they're wary on the front end." It helps if you can get an introduction or referral from a mutual friend or colleague. One entrepreneur Doss knows identifies businesspeople he wants advice from and then arranges to attend a speech or panel discussion they're participating in. He approaches them afterward to request a meeting.

At the first meeting, make sure there are no conflicts of interest. Next, focus on chemistry and whether the person is willing and able to give the advice you need. Should a relationship develop, Doss says, give back by referring job candidates, potential customers and investors to your mentor.



Even if you don't have much to offer your mentor, you'll find other entrepreneurs don't mind helping. Carol Rehtmeyer, president of toy development and manufacturing company Rehtmeyer Inc. in Aurora, Illinois, meets many entrepreneurs through her company, but was so interested in SmartsCo that she called CEO Julie Tucker to talk to her directly about the company's challenges. Says Rehtmeyer, "I just had to touch base with SmartsCo to help them with their pricing and product."

around the new way, says Andrew W. Marcou, director of strategic consulting for CBIZ, a Bethesda, Maryland, national accounting firm. "[The scorecard] will help him communicate with his internal management team and also to external people," says Marcou.

To acquire the expertise necessary to implement the systems, Susan Wilson Solovic, CEO of St. Louis-based online small-business TV network SBTv.com, recommends Lee consider hiring a senior executive with large-company experience. "There is a lot of good human capital available because large companies have downsized, and people with 20 or 25 years' experience doing this kind of work are looking for a job," she says.

The experts' advice resonates with Lee. In fact, he is already studying up on scorecards and preparing to interview a former large-company executive as a candidate for chief technology officer. The focus group was one idea he hadn't thought of, but likes: "That could be a great place to start getting stuff out of people's heads." ■

MARK HENRICKS is Entrepreneur's "Staff Smarts" columnist.

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