

In this issue, **Nicola James**, Managing Partner, Thomas Brooke International, shows how one small coatings company understood the value of investing in key people in its organisation

Investing in people brings success – a true story in the coatings industry

Small businesses in the coatings industry face many challenges and risks but also offer tremendous opportunity for entrepreneurially minded people. Having helped many small companies grow to be larger and more profitable, through strategic talent acquisition, I have seen some things that work consistently and some that don't (consistently). While the example below is from a small company client, the principles apply in larger companies also, just on a broader functional level. But small companies are great to illustrate how the things actually work in the most fundamental way.

Das and his father Puneet own a small industrial coatings company. It is presently growing by leaps and bounds even in a challenging market. They put key pieces in place in the right order and guess what, it worked. This is their method.

First of all, they took the risk to start a business in the first place, based on seeing opportunities that the big companies weren't interested in, that were either too specialised or below the volume level they wanted. Those crumbs that fell from the table of the major global players represented an entire line of business for Das and Puneet. They started with a couple of key opportunities and hired a chemist to formulate a product to meet the need of a customer who couldn't find a solution. That led to another opportunity and another problem solved.

After creating loyal customers in those initial small accounts, they continued to expand by finding other companies with similar products, which often had similar coating problems they were well-positioned to solve. Puneet and Das both sold directly to those accounts and bought some used manufacturing equipment to increase their production capability. It was hand-to-mouth for several years without a lot of capital to invest; but they both learned invaluable lessons about the real needs in the market and continued to build a reputation for solving problems the other companies couldn't or weren't interested in.



The next step was to hire a sales person with experience in their general market to develop new business and open up accounts in a territory Das and Puneet were not able to cover directly. With some solid products and a good idea of the ideal customer profile, they were able to help that new sales person succeed. That led to another salesperson in another territory. But by the time they had a handful of salespeople, the business infrastructure – or lack of it – was straining at the seams from the increased volume of activity. The different sales people had no formal way to know if they were competing with each other or calling on the same accounts. There was a lack of process about getting requests to the lab so the chemist was feeling severely pressured, even with a couple of technicians to help; and turnaround times for samples and tests started to lengthen. Growth was good but tensions started to mount and cash flow swings were increasingly hard to manage, as the need to supply more customers didn't always fit with payment schedules. Das and Puneet were working all hours and feeling they couldn't get past this stage to grow further with so many irons in the fire requiring their direct involvement.

Many small businesses in all industries fail to grow past this stage for many reasons, including undercapitalisation and cash flow difficulties. This was a pivotal time period and their subsequent decisions were the springboard for the future. Das and Puneet made the decision to invest in a dedicated and experienced head of sales and marketing. With a vision for what their company could be, they hired someone

with the credentials to run a bigger and more complex organisation. They made the decision carefully and brought on board Pradeep who had worked for a mid-sized company in the industry but was interested in the challenge of building a high performing sales organisation from the ground up. This was the highest paid hire Das and Puneet had ever contemplated and, in fact, Pradeep had a higher salary than Das initially. But Pradeep delivered what he was hired for.

■ ACCOUNTABILITY AND STRUCTURE IN SALES TEAM

Pradeep's first move was to get the sales team aligned and working together, not competing; and he created a sales process that brought accountability and structure. Pradeep also made the business case that investing in new technology infrastructure, such as a CRM with sales lead tracking, video conferencing capabilities, etc would improve the company's image and capabilities to enable them to go after bigger accounts as a team that they could not previously have captured. Pradeep directly managed the implementation in a very hands-on fashion and created a successful sales process that also provided meaningful goals, motivation and accountability to the individual sales people. This greatly increased their productivity and efficiency and soon the ROI on hiring Pradeep became evident. The sales team was now turning up good solid leads with good margins and knew what business to go after.

The next challenge was the lab. The original chemist was a great formulator but overwhelmed by the work. Hiring another chemist and another technician didn't solve the problem – nobody really wanted to take the lead on managing a repeatable product development process and both chemists just wanted to focus on individual formulation opportunities, which led to significant bottlenecks in the turnaround process. They had some spectacular successes but inconsistent process to

manage volume and a lack of new product development strategy still created pain points and limited growth.

Das, Puneet and Pradeep recognised that the next investment had to be a strategic partner for Pradeep on the technical side: someone who would work with him to develop a new product strategy and also handle the management of the lab, which would need to grow to accommodate the additional business. Das and Puneet clearly recognised that it was better economics to have the chemists in the lab with time on their hands, than sales people in the field waiting for the lab to turn around samples for them.

STRATEGIC INVESTMENT

So, they hired Deena, another ex-bigger-company head of R&D who had plenty of experience running a team of people and strategically developing new products through the collaborative, creative formulation work of her team, rather than relying on one person to be the formulation genius. It was important for Deena to understand the limited resources she would have initially. Unlike her previous employer with deep pockets for capital projects, Puneet and Das were still on a very limited

investment in the business to hire her. Deena was able to identify several key process improvements within the lab right away and together with Pradeep also created a consistent process for how sales leads were qualified and handled in the lab, to make sure they were efficient with resources. Once the process was basically running well, Deena hired a couple of junior technicians to free up the formulators for critical development work.

With the operations and sales stabilised, Pradeep and Deena worked together to create a product development roadmap, identifying key target market segments and technologies they believed the company could be successful and differentiated from the competition. They put together technical sales training for the sales team and increased the interaction of sales and the lab on new business opportunities.

About a year after Deena's arrival, things were moving forward more consistently. There was less firefighting, more organisation, more structured NPD process at a tactical level and more ability to be proactive in going after new opportunities. One of the strategically valuable market opportunities identified now became viable because the processes and systems, from sales through to the lab and manufacturing, were in place.

After a thorough market and competitive analysis, the decision was made to hire a market specialist. This segment had a long sales cycle and depended heavily on relationships; so there were some barriers to entry but ones that Das and Puneet could now afford the time and resources to overcome. They were able to find and hire David, who had years of experience in the market segment and a great reputation. David was willing to join the company because he saw the work that Pradeep and Deena had done to create a solid foundation for growth and recognised that Das and Puneet were truly committed to investing in the business. This greatly reduced his perceived risk in moving to a small company and gave him a confidence level that they would support his efforts.

Once again Das and Puneet made a significant investment in specialised talent, this time in Priya, their first PhD coatings chemist, with deep experience in exactly the technologies they needed. Priya could not only formulate high performance coatings for the immediate need, she had experience with developing resin systems allowing her to manipulate the properties at a much higher level to attain the needed performance. She was also very good with customers and soon became a great asset that David brought in early on in the sales process with key prospects. And on top of that, her PhD and industry experience enabled Priya to develop technologies for markets the company had not been capable of addressing before.

This method has subsequently enabled Das and Puneet to successfully go after several other niche markets and differentiated technologies and their success and the strong team they have built has progressively helped them grow further, boosting not only their reputation with customers but also their employer brand, making it easier for them to attract the best talent on an ongoing basis, at all levels.

Notably, they understood the value of investing in key people in their organisation. They were willing to take the long view and offer strong opportunities, both monetarily and also in terms of span of control. They did not need or want to micromanage; and this was essential for Pradeep and Deena to be able to succeed in attaining the goals for which they were hired.

Das and Puneet embody many of the qualities I have described in past columns: they recognised and invested in talent, acted decisively and leveraged the different personalities of their key team members to create a strong engine for growth.



capital budget. But Deena brought solid business and financial skills, as well as best practices from her experience with the large company. And it was very important to Deena to see that Pradeep had been successful and the company had made the investments where needed to assure his success. Pradeep's presence was a key factor in Deena's assessment of the opportunity vs the risk of joining Das and Puneet's company. She had also been involved with Operations in the past, so Das and Puneet hired her to oversee both functions with an initial emphasis on getting the lab organised for profitable growth.

Like Pradeep, Deena was also a highly paid employee; but again, it was a strategic

■ SPECIALISED TALENT

David immediately began opening new opportunities for testing and the team discovered that there was a bigger and deeper total market than they had first been aware of but that it required more specialised technical capability to formulate high performance solutions for some tricky issues. They now had open doors but needed a specialist who could enable them to continue to be the innovators for which they had developed the reputation.

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