

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

**S**mall 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

