

Boston Business Journal

Volume Nineteen, Number Forty Seven

December 31, 1999-January 6, 2000

©2000 Boston Business Journal, Inc.

Entrepreneurs use outsourcing to compete

BY ALLISON CONNOLLY
JOURNAL STAFF

People may be starting their own businesses in growing numbers, but they lack the resources that their established counterparts have cultivated, forcing small-business owners to find creative solutions to common problems.

Among the solutions: outsourcing jobs like human resources and forming alliances with other small-business entrepreneurs.

"No business ever has enough resources, no matter what size they are. But the problem is particularly acute for small businesses," said James Blaschke, managing partner and chief executive officer of Framingham-based Archer Consulting Inc., a relationship management consulting firm.

While Internet startups are often backed by venture capital firms, traditional service-oriented or manufacturing-based small businesses typically do not have access to that kind of money. Often, small businesses are so strapped that they do not have the capital to hire employees.

"If you come up with a problem and you work by yourself, who do you call?" Blaschke said.

Blaschke and other consultants advise small-business owners to tap resources that do not cost them anything but time and commitment. One way to start is by forming an advisory council of helpful and powerful people, who can share their expertise and open doors for you at the drop of their name.

"It helps them appear larger than life, and gets a buzz going," Blaschke said.

Building up your contacts

By calling on people with different backgrounds, they can help you flesh out your business, from marketing to production.

They can also get you clients.

When Nicola Williams was starting her public relations and marketing firm, Cambridge-based Williams Agency, she got her first clients through referrals. She has retained those contacts as she builds her business, but also makes sure that she offers her contacts the same help.

"You could call me an entrepreneur who helps other entrepreneurs," said Williams, who teaches classes for entrepreneurs at Cambridge Business Development Center and the Minority Business Assistance Center at the University of Massachusetts at Boston.

The alliance strategy

Blaschke tells his smaller clients to keep a "nifty 50" list of contacts to call for advice or leads. Call one every day, he said, and also see what you can do for them. And keep calling them.

"The relationships you are building need attention," said Blaschke. "You can't just call them when you need them."

Networking is good, but Dorothy Langer said business owners need to take it to a deeper level. The Boston-based consultant and president of Langer and Co. said entrepreneurs should form strategic alliances that

pool resources with other companies while leveraging their combined market power.

"All the major companies do it," Langer said.

Outsourcing is an option

When a small-business owner cannot afford to hire an employee to do a certain task, the owner should outsource the work, said Langer. For example, there are companies that specialize in payroll or human resources and cater to small businesses. Some companies will manufacture products for small-business owners, so they do not have to spend money up front on building a manufacturing facility. While outsourcing is not free, it is less expensive than trying to do it all on your own, said Langer.

Strategic alliances also work for advertising and marketing. Many Internet companies co-brand with one another to maximize their advertising dollars. However, dot-com companies are usually well-funded, and those that are not have no hopes of competing with those brands that are, said Langer.

Yet traditional small-business owners still can take a lesson from the Internet companies, said Langer, and join forces with fellow entrepreneurs.

It's OK to tap organizations and meet people, said Langer, but most of all, seek the right people.

Blaschke agreed.

"If I had known this in school, I would have started then," Blaschke said. "It takes time to realize how important connections are."