In this entrepreneurial section: home cooking heats up, through-the-roof revenues, daily sales coaching

How to Hit the $10 Million Mark

You'll need more of everything—capital, strategic planning, marketing and creativity • by Cynthia Hanson

TEN MILLION DOLLARS IN TEN YEARS—IT SOUNDS LIKE A SCHOOLGIRL'S FANTASY. Is it really possible to grow your small business into such a big one in just a short decade?

One thing's clear: it ain't easy. And it's also not going to happen without a lot of work. "Growth is not inevitable," says Jennifer Starr, PhD, visiting research scholar at the Center for Research on Women at Wellesley College and a management consultant specializing in entrepreneurship. "What got you to $1 million won't get you to $10 million. You must be willing to reinvent the company—and yourself."

"Reaching $10 million is an enormous achievement for any entrepreneur," says Ralph Subbiondo, partner in the Entrepreneurial Services Group at Ernst & Young LLP in New York. "Most men and women never see revenues in that range because they're undercapitalized, and because they lack the ability to manage large operations."

But despite the difficulties, there are women who've managed to do it. Here, they share their methods.

1 **GO AFTER THE BIG FISH.** It seems like a herculean task for a small business with limited experience and capital to target billion-dollar clients. But to crack the $10 million barrier, you'll need multimillion-dollar projects. "It's very rare that you can make money serving small clients," Subbiondo says. "Once you're established, why go after $100,000 deals

J.W. STEWART

when, with slightly more effort, you can target $500,000 accounts?" While it's true that small customers are easier to reel in and more willing to tolerate mistakes (and corrections) from neophytes, they also provide only low-to-moderate fees and less autonomy (small clients tend to micro-manage subcontractors). Big clients are certainly harder to catch and replace if they slip away in a merger, Subbiondo says, but the advantages to working with them include higher fees, greater autonomy, internal referrals and instant cachet.

Luckily for Jo-Anne Dressendofer, a big fish landed right in her lap. In 1988, Dressendofer was working as a computer consultant, when AT&T Corp., her employer's chief client, offered her company a $400,000 project: to develop and produce a 500-page promotional sales tool. When her company turned it down, Dressendofer accepted the assignment herself and launched IMEDIA, Inc., a high-tech marketing agency in Morristown, New Jersey.

"I jumped right in," says Dressendofer, whose 50-member staff provides marketing, technical publishing, product announcements and software-development services. "After two weeks, I got scared I wouldn't be able to pull it off." But she did. And as a result, Dressendofer landed more assignments from AT&T Corp., including some by referral to other departments. Within a year, IMEDIA's sales hit $1.2 million, and by 1995, annual revenues reached $10 million. Dressendofer expects sales in excess of $11 million in 1996, thanks to accounts with Matsushita Consumer Electronics Company, Toshiba American Consumer Products, Inc. and Sybase, Inc., among others.

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Dressendofer, 35, winner of Ernst & Young's 1994 New Jersey Entrepreneur of the Year Award says, "My experience also showed that big companies are ripe for small firms that will take on impossible tasks and work under abnormal time constraints."

For many entrepreneurs, pursuing multimillion-dollar contracts can be an ego-bruising, protracted exercise. But with each almost-closed deal, you'll gain valuable information about the organization's goals and culture that you can parlay to your advantage later on. For example, Dressendofer used "insider" knowledge to reposition IMEDIA's services and secure a $1 million contract with multimedia giant Lucent Technologies. "While I was trying to sell [Lucent] high-tech marketing services, executives mentioned that they wanted to set up a sophisticated demonstration of their capabilities at the Atlanta Olympics," Dressendofer says. "In subsequent meetings, they complained about not being able to find a firm that could produce the right demo. Using our knowledge of Lucent's media services and its marketplace image, we suggested using virtual reality—and they bought it. Being on the inside allowed us to say the right things, solve their problem and get their business."

2 TRAIN ALL EMPLOYEES TO SELL. Your employees should effectively promote the company to potential customers no matter where they meet, whether at a trade show, Little League game or Caribbean resort. That means everyone from the receptionist to the controller needs basic sales skills and a working knowledge of the product or service.

Jane Winter, 43, president of LesConcierges, a corporate concierge firm in San Francisco, has found a link between employee training and increased sales. In 1995, Winter decided to grow the business from $2 million in revenues to $65 million by 2000. "Obviously, we needed new clients," says Winter, whose nine-year-old company specializes in conference and event planning, gift buying and ticket procurement. "But we couldn't rely on the sales force to do it. Everyone had to be focused on growing the company."

To make sure her 83 employees boned up on sales and customer service, Winter authorized mandatory training that included semiannual skills assessments, individual coaching, and seminars led by outside trainers.

For Winter, investing about $200,000 a year in training is but a small price for the enormous payoff: Sales jumped from $4 million in 1995 to $10.5 million this year, thanks to non-sales employees who generated ten new contracts worth over $6 million.

"We don't expect employees to develop proposals or close deals," explains the former hospitality consultant. "But we expect them to present the company in a positive light and provide enough information to create further interest. If you don't have front-line employees scouting opportunities, they might just pass you by."

That's how LesConcierges expanded its business with Sun Microsystems, Inc., and landed a $250,000 account with Silicon Graphics, Inc. "Last year, we were picking up Sun employees' dry cleaning and making dinner reservations—typical services for a corporate concierge program," Winter says. "Now, we organize Sun's internal meetings. As she was handling the day-to-day duties of the account, our concierge saw need for expanded service. And when she met SGI executives who were visiting Sun's corporate office, she created an interest in our company."

3 **TAKE OUT A LOAN.** Fact of entrepreneurial life: Financing drives business and fuels growth. Even though sales may be increasing, you probably don't have enough cash on hand to purchase raw materials or labor required to manufacture your product or deliver your service to an expanded target market. But financing can make the difference. "Leveraging your business should be part of your long-term strategic plan," says Katherine Miller, regional vice president of GE Capital Small Business Finance Corporation in St. Louis.

"Non-sales employees generated contracts worth more than $6 million."

Still, many female entrepreneurs don't seek financing—and not only because the application process is enormously complicated. It seems women tend to avoid any financial obligation.

"Many women are psychologically opposed to borrowing money," says Judith Briles, PhD, author of *Money Sense* (Moody, 1995) and *GenderTraps: Conquering Confrontaphobia, Toxic Bosses and Other Landmines in the Workplace* (McGraw-Hill, 1996). "They're afraid they won't be able to pay it back. Instead of getting nervous about failing," Briles says, "women entrepreneurs should ask themselves this question: 'If my business had an infusion of $100,000, what positive things could I create from it? Could I distribute more product? Could I develop a more effective marketing campaign?'"

Tammy Flor, president of the San Diego, California-based Laurel Engineering, Inc., an $18 million design, manufacturing and construction firm that services the mining industry, knew exactly what she wanted to do with a loan. For 18 months, Flor tried to secure financing so her company could enter the lucrative international market. She planned to use the money to purchase raw materials, such as steel, mechanical components, and labor.

"Every loan officer said, 'Your asset base is not sufficient,'" recalls Flor, 35, who launched Laurel Engineering with her father in 1983. But she wouldn't take 'no' for an answer. After researching alternative lending sources, Flor pleaded her case to World Trade Finance, a Los Angeles lender that works with the California Export Finance Office. In 1992, CEFO granted Laurel a $300,000 loan to complete a $3 million project in Chile. "We didn't have the funds to cash-flow the project and continue operating the business," says Flor, who was recently named the SBA's National Exporter of the Year. "Having the loan made the job go smoothly. Clients don't want hassles—they want jobs that are finished on time and on budget."

By doing just that, Flor established credibility in South America and received referrals to other multimillion-dollar projects. Within a year, gross sales more than doubled, from $3.5 million in 1991 to $10 million in 1992. Flor got another CEFO loan to fund an $8 million project in Uzbekistan, and in 1994 she landed an $800,000 export loan from the SBA.

4 STAY ON TOP OF THE NUMBERS. As you climb toward $10 million, there's a tendency to get sloppy with the books. "You're lulled into a false sense of security when money comes in more quickly," says Subbiondo. "If you're not careful, costs can get out of control and then profit margins will shrink." For your own protection, Subbiondo recommends watching the numbers at all times—and not relying on in-house accountants.

For Kimberle Levin, chief executive officer of the $15 million JVC Technologies, a systems integration firm in Plymouth Meeting, Pennsylvania, keeping track of finances meant saving her company from disaster. Even though she reviews a daily cash report that outlines JVC's credit status, bank balance, accounts receivable, billings, budget and expenditures, the system is only as good as the numbers it's fed. That's why Levin developed a thorough understanding of JVC's accounting system—and why she compares bank statements against her own records. "If you don't watch your pennies, nobody else will," says Levin, 33, a former executive secretary who co-founded JVC in 1986. "Besides, if disaster ever strikes, you'll need this information to react effectively."

Levin speaks from experience. After hitting $9.8 million in gross sales in 1994, JVC kicked off 1995 with enough contracts to top $14.7 million by year's end. But in May of 1995, JVC posted its first loss in three years. When losses continued into June, Levin fired the sales manager and immediately pulled the bank statements. "I saw charges for returned checks and my first thought was, 'Someone's stealing money,'" says Levin, winner of the Eastern Technology Council's 1995 Enterprise Award for CEO of the Year Under Age 40. "Then, I saw that we were paying vendors but the checks were bouncing because the account wasn't funded properly. As it turned out, the controller wasn't billing clients. And he was feeding wrong numbers into the system to hide the problems."

Levin gave the controller

one month to correct the problems. When he rebelled, she fired him and his entire staff. Next, Levin and her business partner drastically reduced their own salaries so they could hire a consultant to restructure the accounting department and rescue JVC from the brink of bankruptcy. By late 1995, JVC had new accounting staff, steady cash flow and, much to Levin's relief, record revenues of $11.2 million. "You don't have to be a financial wizard," she says, "but you must know enough about the process to recognize problems and correct them quickly."

5 HIRE MANAGERS FROM $20-MILLION-PLUS COMPANIES. To facilitate dramatic growth, hire people for key senior positions who held similar jobs at large companies. Reason? Their access to resources, knowledge of procedures, professional alliances and unique perspective can help you surpass the status quo, according to Patty DeDominic, founder of PDQ Personnel Services in Los Angeles.

In 1988, when PDQ's revenues plateaued at $8 million after eight years, DeDominic hired an experienced general manager who helped her improve her skills to forecast business, deploy staff effectively and accept her role as the company visionary. PDQ, a temporary and permanent staffing agency, achieved $10 million in annual sales during the manager's tenure. "He helped me recognize that I needed to change how I oper-

A MONEY-MAKING CALENDAR

On January 8, you will learn the hazards of saying "I think" to a prospective buyer. On April 27 you will discover the art of closing a deal. On September 15 you will find out how to strengthen the bond between your company and your clients.

What sounds like so much soothsaying is actually *365 Sales Tips for Winning Business Year-in-a Box Calendar*, a practical daily calendar that can pump up your company's sales strength throughout 1997. Each day features a concise bit of practical, proven sales advice in one of the ten categories—including Negotiating, Creative Thinking, Closing, Presenting and Relationship Building.

365 Sales Tips, the brainchild of **NAFE** member Anne Miller, president of New-York based sales-training company Chiron Associates, Inc., can be purchased for $9.99 by calling 800-366-6543.

ated if I wanted to take the business to the next level," says DeDominic, 45, formerly a manager at Avon Products, Inc. "The CEO should articulate and keep goals at the forefront, not play a major role in managing each project. It's up to the middle managers to develop strategies and the employees to apply tactics to attain those goals."

DeDominic's strategic hiring and revised management style paid off: PDQ is expected to top $20 million in 1996—just six years after reaching the first $10 million. Now, as she strives to hit $50 million by 1998 and $100 million by 2000, DeDominic continues to hire managers with proven track records at prominent, fast-growing companies. For example, PDQ's new chief operating officer comes from a computer services firm where sales exploded—from $50 million to $150 million—over six years. DeDominic says the COO brings expertise in strategic planning, systems management and leadership development—areas that are crucial to meeting PDQ's short- and long-term goals.

"Through downsizing and mergers, there are plenty of highly qualified people who would be happy to be a big fish in your small pond," she says. "Truth is, my experience—first as a low-level manager for a $50 million company and then as a middle manager for a $2 billion company—didn't prepare me to run a $1 million company. PDQ would have grown faster sooner if I'd surrounded myself with people who had the knowledge to take the business to the next level." □

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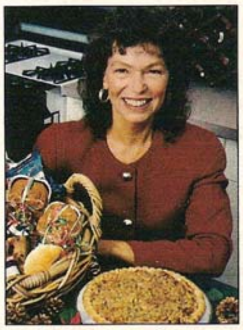

NAFE member Gretchen Cryer

Five years ago, actress/singer Gretchen Cryer took a role unlike any she'd played before: She became the primary caregiver for her elderly parents, invalids who lived 1,000 miles away from her. Flying back and forth to accommodate her parents' needs left Cryer feeling stretched thin. So she started cooking up two weeks' worth of "comfort food" in her home kitchen and sending it to them. "The care packages had a real psychological as well as nutritional lift," says Cryer. "It made them feel cared for and nurtured."

Prompted by her mother's suggestion, Cryer explored the possibility of starting a mail-order catering business. After a year of research and fund-raising, she started Food From Home, located in Hudson, New York, which prepares home style meals and ships them via UPS anywhere in the US. For about $80, customers receive seven full dinners, such as Chicken Pot Pie, Vegetable Lasagna, and Roast Turkey Breast. Meals selected from four weekly menus are shipped frozen within three days of the order.

Cryer raised $610,000 in start-up fees through private investorships and loans from the US Small Business Association, Housing and Urban Development, and a local bank. The funds covered the initial costs of ovens, freezers and other cooking equipment; a phone system; printing and mailing costs for 5,000 catalogues; one-year salaries for her two staff members; a plot of commercially zoned land and the 4,400-square-foot USDA-approved kitchen and offices there.

Although successful with funding and promotions, Cryer's venture was not a piece of cake. Her lack of experience, combined with the fact that Food From Home was an innovation in take-out meals, made running the business laborious and inefficient. While gross revenues rose from $80,000 in 1991 to $1.3 million in 1995, the company hasn't yet turned a profit. As a result, Cryer has been unable to afford high-tech items, which would decrease labor and increase output (until last June, phone operators still took orders by hand), or more adequate space not only for her 40 staff members but also for the freezer and equipment necessary for storing and preparing food for nearly 40,000 customers.

"I knew that the only way that we would ever become profitable was if I bit the bullet and got venture capital." Which she did. With $1.5 million in venture capital this year, Cryer was able to purchase a new computer system and run an ad in *Vanity Fair*. She expects that these moves, along with an expanded menu, will push Food From Home's gross up to $10 million in 1997. That's enough to make anyone sing for their supper. Call Food From Home at 800-235-7070. Brooke Hansen

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