



BOARDROOM ADVISORY GROUP, LLC

STRATEGY > PERFORMANCE > VALUE

Call “The A Team”

by **R. Thomas Stocker**

Back in the 80s there was a TV show called “The A Team”. The main characters were a group of four ex-special forces mercenary do-gooders wanted by the law. Each of them had a specialty making them invaluable to the team. They were always called in by some citizen who had nowhere to turn against the bad guys. They always faced impossible odds, but as you would expect, they created a great strategy and through flawless execution, they always prevailed. George Peppard, the leader of the group had a great line every episode; “I love it when a plan comes together”.

Our current environment isn’t unlike the odds the A Team’s customers faced. By calling the A Team, they used a variable labor model to obtain the expert help they needed to win. When they were done, the labor went away. As an owner you may be very familiar with this concept and utilize it mostly for the production part of your business. But are you calling in the A Team to fill the holes created as a result of the current economics?

In these times it is prudent to keep costs to a minimum. You’ve already reduced your workforce, may have removed your marginal resources and kept what you consider your best management team to get you through your current environment. But you may have caused larger problems as a result. For some the decision was made with knowledge that there would be some glaring holes in the overall structure, and as a result you would be purposely suspending your strategy until conditions improved.

Perhaps you’ve cut out your marketing strategist and moved those responsibilities to

yourself or your sales manager. Maybe you’ve lightened up your accounting, HR, operations or technology team. If your strategy is to glide in these areas until the economy turns and you can hire full time resources again, you may want to consider an alternative strategy.

Consider using the A Team; use variable labor in your management ranks, areas that are traditionally considered fixed costs, general and administrative. You can’t afford to suspend your strategy or stop marketing. Using outside consultants and advisors will allow you to get the best and brightest on your team for the amount of time you actually need to get the job done.

By using variable labor you can gain the specialization in multiple areas for the same or less costs than one or two people on your payroll. You will have that breadth of knowledge available to you that larger or better capitalized competitors have. You can control how much you spend on what you need and for how long.

A big advantage to this strategy is using these resources bring a fresh outside perspective and higher skill level to your organization. In effect their presence will raise everyone’s game, provide new ideas, faster execution and at less overall cost. You probably do this now if you have a relationship with your CPA firm, bank or law firm. Why would you consider going without specialists in any critical areas of your business?

You as a business owner are very smart and savvy. But you know what you know. You can’t possibly be an expert at everything,

and neither can your reduced team. If you removed your controller and gave those responsibilities to your accounts payable supervisor, you've now lost a significant amount of expertise you need. Likewise if you've removed your HR specialist and gave those duties to your accountant or controller, you've most likely lost a significant amount of expertise. These scenarios will fit whatever changes you've made within your organization.

A very important point here is you will, in fact, be increasing the internal risk factor of your company which will cost you in outside confidence and credibility. And without credibility, your ability to generate real value for your company will be extremely difficult. Utilizing outside advisors will reduce that risk substantially.

I have noticed an interesting dynamic in various advisor organizations' "risk reduction want lists". For several years, I found banks, M&A firms, and various other key business advisors had a fairly specific order of their criteria to define superior business value or lower business risk. Specifically, the top three were growth, historical performance and sometimes the business management team. This was fairly consistent in order and in rank, but lately that order has changed. The new order I hear fairly regularly starts with the business team, then history and growth in that order.

To comment on this or other topics important to private business owners, visit my company website at www.boardroomadvisorygroup.com.

About the author; Tom is a Principal of Boardroom Advisory Group, LLC, an owner advisory and consulting firm. Tom serves on the Board of Directors for the RI Economic Development Corp's Small Business Loan Fund Corporation (SBLFC), the finance arm of the RI EDC. He writes a monthly article for the RI EDC's Every Company Counts initiative. His articles focus on areas that can add significant value for business owners. Contact Tom directly at 401-451-9799 or tstocker@boardroomadvisorygroup.com.

Boardroom Advisory Group, LLC is a business advisory and consulting firm specializing in helping business owners resolve day-to-day systemic issues that interfere with cash flow and profitability attainment. The Firm works with both growing and underperforming small to mid-market private companies. The Firm's team of hands-on senior professionals find and implement solutions to improve top-line and bottom-line growth, increase cash flow, reduce costs, improve process, structure, and use world-class metrics to keep the business on track. The team also has extensive experience working with troubled companies through business restructures and recapitalization. Boardroom Advisory Group's core focus on developing strategies to drive and measure performance has resulted in a history of sustainable top and bottom line growth, healthy cash flow and increased company value for their clients. For more information about how we can help you build a more valuable business visit our website at www.boardroomadvisorygroup.com.

This is clearly a sign of the times. Lenders and investors have recognized that every business is now under some stress (although many businesses are doing fine) and risk reduction is clearly in the hands of the business leadership and key advisors. A subtle factor that many lenders or investors are very interested in is not knowing only the management team and their experience, but also who the key advisors and consultants involved with the business are. The lender or broker's personal knowledge of an advisor's capability can add a tremendous amount of credibility to that business.

Your business can't afford to go without guidance and expertise in areas critical to keeping your business healthy; it isn't fair to put employees into positions they aren't equipped to handle. It will cost you more now and in the long run. You will most likely generate subpar results longer and provide strategic advantage to your competition. Likewise you are increasing business risk and reducing your business's internal value.

It is critical to have the best resources when business is good. It is even more critical to have those same skills available when business is not as good. Without those skills, your strategy will be missing that critical ingredient to come together... execution.

©2008-09 Boardroom Advisory Group, LLC All Rights Reserved. No part of this document may be reproduced without the express permission of the author. All registered trademarks mentioned in this document are the property of their respective owners.

Additional articles written by Mr. Stocker include:

Call "The A Team"
You Know You are in Trouble if...
Start Forecasting Now!
I'm Out of Compliance. Now What?
Are You in a Foxhole?
Are You an Octopus?

What is Value?
Do You Have Contingency Plans?
Have You Thought About Your Future Lately?
Metrics Should Be Everywhere (Part I)
Metrics Should Be Everywhere (Part II)
It's All About Growth

These articles can be accessed at www.boardroomadvisorygroup.com/pages/pubs.php. You can also request to be added to his email list to receive his latest articles on a monthly basis on the Company website. Contact Tom at tstocker@boardroomadvisorygroup.com.

