

Zero to \$100 million: Growth tips from the trenches

Finding new clients requires new skills. Here's how to expand beyond your comfort zones.



From OLG

We have a small business with a number of federal government contracts. We would like to expand to the commercial arena, but have not been able to find a service or method that would provide market differentiation (other than offering lower costs than our bigger and better-known competitors). Would acquiring a firm offering a compatible "niche" be the best move for expansion? In terms of growing federal and perhaps state government sales, would hiring a "consultant" be wise? I am interested in hearing from business owners who have tried both methods. Thanks!



By Maya Payne Smart, CNNMoney.com contributing writer

With federal stimulus dollars gushing down the pipeline, some government contractors are looking no further for their next catch. That's a mistake, because the government contracting boom of 2009 is unlikely to continue in future years.

Bob Venero grew his IT company from zero to \$100 million in sales.

It's important to diversify into the private sector, says Eric Dobyne, a regional director for the U.S. Department of Commerce Minority Business Development Agency. "If your sales force is really focused on government and federal work, you may have to hire from outside," Dobyne says. "I wouldn't say you need a consultant, but dedicate staff to that market. It needs to be a part of your business strategy and you need to have resources dedicated to make the transition."

But be prepared to wait for results. The corporate sales cycle is generally shorter than government ones, but it still takes time to build relationships with clients. Bob Venero, president and CEO of **Future Tech Enterprise, Inc.**, grew his Holbrook, N.Y., IT company from zero to \$100 million in revenue organically. "In 12 years of business, we've looked at acquiring nine companies but never did," he says. "They were overpriced, because someone wanted to retire or the wheels were falling off the bus. It wasn't worth the debt or risk to acquire them."



COURTESY: BOB VENERO

Venero says consultants can help you win government contracts, but you need to beef up your own sales force to thrive in the commercial arena. "Understand that corporate America is more political than government America," he says. "Relationships with individuals become the most important

component to success. With government contracts, you start to collect orders. There's no real relationship built, because it's a piece of paper versus a person."

Robert Wallace, the president and CEO of Bith Group Technologies Inc., a Baltimore, Md., technology company, also says an insider offers the fastest route from point A to point B. For example, if you want to do more business with a specific government agency, recruit from within. "Find somebody who was in the space or who is in there now and will be leaving soon, and have that person join your team in marketing or business development to go back into that market and sell," he advises.

Marcus Carey expanded his company beyond the government sector through persistent networking and outreach.

If staffing up isn't in the budget, you'll need to take the lead. Marcus Carey is the owner of Saecur, a Hanover, Md., information security firm that subcontracts for the U.S. Department of Health and Human Services. He decided to be the front man for his company's move into the commercial sector. "You have to hit the conference circuit, put on podcasts and just generally give the industry or community good content, good information, stuff that they can use," Carey says. "It lifts your profile. If you give people what they want, you end up getting what you want."

His information security "community service" includes a blog, monthly briefings at Capitol College, and participation at DojoCon, an information security conference. The outreach helps his company build brand recognition among prospects. Carey relies on virtual assistants in the U.S. and India help keep his costs down: They identify speaking opportunities, draft proposals and even court sponsors for his community events.

Carey is confident he's expanding in the right direction. "The government contracting market is the most stable, but your margins are really tight because there's so much competition and people are lowballing each other," Carey says. "The commercial profit margin is way, way better."



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