

Adapting to Global Competition

by John Avellanet

Planning on hiring that top computer scientist or engineer? Hoping to gain investors or grow your tech economy? If you're scouting the regional and national competition, it's well past time to look globally. In today's "flat world," your *real* competition lies abroad.

Commonplace technology, the internet, the convergence of regional economies and the harmonization of global regulations are driving the marketplace for people, ideas, products and profits out of the state and nation, and into the world at large. How can you adapt and flourish? We present three strategies that work.

Build Beginning-to-End Coalitions

With all the choices that clients, expert employees and new firms have today, if you plan on attracting...and retaining...your share of the best and the brightest, you need to look at building an informal network of resources.

Imagine you are a startup firm - now, which sounds more attractive: a regional initiative to offer tax incentives and a skilled workforce to draw upon, or, a region with the above plus built-in alliances with local teaching organizations, venture capitalists, consultants, research centers and information technology (IT) firms that understand both the realities of a startup and the needs of your industry at large?

New England answered that question with the *MassDevelopment* initiative. Biotech startups are provided with surrounding organizations to draw upon for interns, scientists, skilled workers, consultants and biotech-savvy IT firms. As a result, venture capital investments rose 44% in 2006 alone. And that put New England right in the lead of top regions in the world for innovation: New England, Singapore, California, India and China.

A broad, inclusive coalition - whether you are an association or a company - is crucial for attracting investors, top personnel and achieving sustainable profitability. Investments and top people are attracted to growth and innovation; growth and innovation increasingly come from distributed alliances. And, as noted in the recent book, *The Starfish and the Spider*, this type of decentralized coalition is increasingly a prerequisite for profitable growth.

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Outsource Effectively

One way to build that level of coalition is to outsource to potential coalition members. For instance, look at the activities you conduct today. Does it have to be done in-house? Can components of it be outsourced? Could you share some of the work with a potential coalition partner in return for

some of their previously internal work that fits more with your firm's expertise?

Take a lesson from product and service development innovators such as Black & Decker and Proctor & Gamble - outsource with the Japanese mentality that all of us are smarter than one of us, yet protect yourself against "groupthink" and the loss of intellectual property by spreading the outsourcing around to potential coalition partners.

IT projects are perfect for this type of componentization - picture your firm's developers working with a coalition partner's quality assurance expert: you'd have verifiable, independent quality reviews and you could just engage your partner during key components, not every day all throughout the project. For a complex project, add in another partner's project management expertise to act as project delivery assurance plus one or two interns from a local community or technical college to build your reputation.

And, if your project requires some level of regulatory compliance, you can draw upon an IT compliance expert at the beginning of the project to map out a strategy you can follow yourself, with a few spot check-ins along the way. You get the expertise you need, when you need it and where you need it.

The payment question can be answered simply: you need to determine how you'd like to tackle such outsourcing arrangements. You can simply pay for these types of partnerships, you can work out a mutually beneficial mix of payments, referrals and guaranteed long-term "partner priority, first-right of refusal" deals, or some other such type of win-win relationship. Your goal should be to develop a long-term relationship that allows you to draw upon specialized expertise when and where you need it, with that expert having a vested interest in your success.

For IT projects, this specialized component project outsourcing then allows you to provide your client far more objectivity, expertise and success than you would have been able to provide alone. In essence, for that project, you become a temporary network of expert colleagues your client gets to benefit from both then, and then further on down the road.

Reduce Costs Strategically

The third strategy to tackle is cost-cutting, not at the nickel-and-dime level, but at the strategic level.

Every business objective has a strategy behind it; supporting that strategy are a series of operational projects, from IT to HR to Compliance to Manufacturing. Any project that does not have a direct line-of-sight to enable a specific business


strategy is a candidate for the cutting room floor.

The discipline here comes from two areas - focusing only one or two degrees of separation, and being willing to cut “pet” projects. There are any number of published resources; start your coalition by asking your colleagues and association members for recommendations.

Final Thoughts

These three strategies will help you attract the best and brightest, provide better service, gain investments and economic growth and sustain profitability...without jeopardizing compliance, quality or competitiveness.

If you would like more help, consider asking a colleague from another firm, or an association member, to act as an independent advisor with an eye toward the global, strategic picture to help you objectively assess and revise your firm’s strategies and develop your potential. You will gain a better chance of long-term success.

Are you ready? 

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