Volume	7	Governance
Chapter	01	Help From My Friends
Section	02	Gathering Those Around You
Key Word Tags	Outsourcing	

THE INSIDE TABLE

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Quick Summary: There are many indirect or support functions that need to be added sooner rather than later.

Abstract:

Just as you need outside individuals and groups with specific domain expertise to help your company be successful, you also need some internal, not so obvious, expertise as well. Many of the functions that are required are often ignored "for know" with all efforts focused on initial revenue. These other resources are often thought of as "costs" that cannot be afforded now. The reality is that ignoring adding these people to the company's Inside Table can result in the failure of the company.

Perhaps this article should be in Volume 4, "*Managing a Company*" since it is focused on internal company resources – who to add to the company's "inside" employee table. It has been included in the Governance volume because of the close relationship between some of the functions performed "inside" the company that impact the area of governance, mentors, and advisors. This article does not discuss the basic employee functions and personnel that are required for a company. Those requirements will vary considerably from one company to the next and from one stage to the next. Some companies will have to invest more heavily in software and hardware product development, while others need to invest more heavily in a large sales team, or others will have to focus on customer order fulfillment and customer service.

That are, however, a few roles that need to be addressed by all companies that are often missed or delayed that can have significant impacts of the success and even the survival of the company. These roles are the focus of this "inside table" discussion.

A common trap that entrepreneurs and new company CEOs fall into is thinking that the roles outlined below are important – "but not now" – when funds are tight and the role in question does not require a full time, dedicated person. This approach is partially correct; the role may, indeed, not require a fulltime position but, should be addressed now. In the last few years, an attractive and effective solution to this problem has evolved and become a mainstream alternative. It involves the use of "fractional" subject matter experts. This approach is similar to and overlaps with functional outsourcing or the use of part-time employees. In fact, the three terms are often used interchangeably.

The ever-changing job market with the reduction of mid-level and senior-level positions has significantly increased the resource pool of highly qualified candidates that are interested in part-time work out of necessity or convenience. The group of "stay at home moms or dads" is an excellent example of available

talent. These individuals, for a variety of reasons, are interested in part-time work while they spend quality time with their families. Many of these individuals have a wealth of experience that can offer immediate help to a smaller, younger company. An excellent example are part-time CFOs. Their role is markedly different than a bookkeeper or even a Controller. Both functions are very important. A bookkeeper, perhaps the CEO using a QuickBooks ™, can effectively monitor expenses, cut checks, send invoices, and monitor payments. All of these tasks are vital to a company's operations. A CFO, on the other hand, can provide future guidance regarding the company's most likely financial state by monitoring and predicting cash flow, revenue, and future expenses. By operating above the day-to-day tactically focused activities, they can provide senior management with a higher-level perspective that is often lost. Experienced CFOs are rarely surprised – they have seen it all before. They are not "burden" with the optimistic vision held by the entrepreneur or CEO. Their practical focus on the future will provide a much-needed balance. The very nature of their focus does not require continuous involvement with the day-to-day operation of the company; hence part-time or fractional participation is effective.

Another similar role can be filled by a Quality Manager. Of course, everyone in the organization is concerned about quality, but few focus on in until an issue arises. Many companies think of the responsibility for customer satisfaction lies with either the sales organization or within customer service. Although both groups play a very important role in meeting the requirements of Principle Four: "Delight Each Customer," a much more all-encompassing approach is required. A Quality Manage, similar to a CFO, thinks about Quality strategically and can help institute quality processes and programs when they are needed – beforehand – not as after-the-fact reactive responses. A Quality Manager's job is quite different than the Software Quality Assurance or "Final Test" function often added to a company after the development staff expands to three or more individuals. A Quality Manager focuses on the overall customer experience from product development, product sourcing, order fulfillment, customer implementation, and customer service and support. An experienced Quality Manager, working part-time, can provide the guidance provided in all of these areas – again, before defects or lack of customer satisfaction occurs.

Legal counsel, covered in the previous article, is also a function that does not require fulltime involvement until a company has grown to a significant size. Even then, the legal profession has many specialties, that require specific domain expertise that is unlikely to found in any one individual. Patent and trademark issues, mergers and acquisitions advice, term sheet and investor negotiations, and contract negotiations are all specialties that a company may need from time-to-time. Although online legal service companies have become available and may be able to help with certain general tasks, the lack of working with an individual consistently makes their effectiveness questionable. A consistent, part-time attorney, perhaps part of a larger practice, will get to know the company, their business, and personalities and can provide more tailored services.

Information Technology and Marketing companies probably represent the most common outsourced functions used by companies of all sizes at all stages. Although many of these firms will boast about their across-the-board capabilities, selecting firms that have experience in your market and with companies of your size and financial position is important.

Probably the most important seat at the Inside Table is left vacant for far too long. Arguably that position is more important to the success of the company than any other position – including the CEO! It is the Product Manager position. Every company, but especially new companies, are faced with many choices about what features and functions to include in their offering, what markets to pursue, what partners to work with, how to address competitive threats, as well as a host of other alternative paths that they could pursue. The quote by David Allen: "You can do anything, but not everything." sums up the challenge faced by every company. The article, 3.040302, "*The Could Versus Should Trap*," describes the issue that an effective Product Manager addresses. From that article, [The Product Manager is] *the objective arbitrator when* [the Could versus Should issue] *arises. Their criteria are simple: they need to objectively determine what is in the best interest of the business to meet the identified company goals <u>now</u> while consciously not unduly eliminating options in the future. The key part of this criterion is "now." As has been pointed out in other articles in this series and is the First Principle of this entire series, staying in business must be the single most important consideration that a company can make.* Most new companies do not fill the PM position, instead relying on the CEO, and the heads of development and sales to make the Could versus Should decisions. Unfortunately, each group has their own biases that often results in false starts, the lack of focus, changing priorities, and almost invariably, running out of money or patience of their investors. A PM, if they are doing their job correctly is probably the most resented person in the organization because of their "We could but shouldn't" stand on the newest and greatest opportunity that seems to appear almost daily.

Two other seats that should be occupied at the Inside Table are those of the System Quality Assurance Manager and the Customer Service Manager. Unfortunately, many companies fill these positions with competent but not fully empowered individuals. As an example, the person with System Quality Assurance responsibility may report to the Development manager whose primary focus is on releasing a product or upgrade on time. Knowing that their bosses goal is to release the product the SQA person may not feel empowered enough to delay acceptance due to defects or lack of support capabilities. A similar situation often arises with Customer Service personnel.

Finally, an absolutely critical role is that of the internal development manager responsible for coordinating the efforts of outsourced product development teams. The results of outsourced development are almost binary: It is either quite successful or is a dismal failure. Interesting, the result is usually independent of the team doing the work itself. Rather, the result is a function of the involvement and effectiveness of the inside development coordinator and the written, complete requirements document given to the team. The fallacy is that requirements can be written and then "thrown over the wall" to the outsource team. The reality is that developers make small, incremental decisions every day, often every hour! Near constant feedback and the sharing of those decisions is critical. Rely on Agile development or multiple small releases will help this situation but only if the inside development manager is constantly immersed in the underlying product details. Re-works, patches, and do-overs, seldom solve fundamental issues. Articles in Chapter 6.02, "Development," and especially article 6.02024, "*PM Always Occurs*," discuss this issue in more detail.

To the entrepreneur or young company, filling all of the seats at the Inside Table as suggested above may seem to be cost prohibitive. This approach seems to be contrary to the current in vogue recommendation of focusing all energies on the development and release of the Minimum Viable Product. The reality is that if the market rejects the MVP, the company may have to re-start or re-focus. However, if the MVP is successful, a quick false sense of security can occur. Companies do not survive for very long and will never succeed unless the Inside Table is occupied by the right people, at the right time, with the right skillsets. Develop a plan accordingly with a combination of part-time and full time specialists. Your advisors and certainly your Board of Directors will expect you to do so.