



Beginnings ...
entrepreneur
Toby O'Brien.
Photo: Angela Brkic

For some companies, less is much more

Being small makes it easier for a business to keep in touch with its roots, writes **Anne Fawcett**.

FROM SMALL THINGS, big things grow. Just ask Toby O'Brien.

The entrepreneur says big business can learn valuable lessons from gutsy small businesses that operate on a shoestring.

O'Brien and business partner Michael Hutchens chose a risky career path after leaving merchant banker Salomon Smith Barney to pursue their own venture and establish BPM Financial Modelling.

The move paid off, with BPM growing from a two-man team to a multimillion-dollar global organisation – but O'Brien hasn't forgotten the company's humble roots and still thinks like a small-business owner with big ambitions.

□ Cash is king. "For big businesses, cash tends to become conceptual in nature – but for entrepreneurial businesses cash is very real," O'Brien says.

BPM regularly analyses short-term, monthly cashflow. "We expect our clients to pay our invoices on time in the same way that our clients expect us to deliver our products and services on time; there is great value in nurturing clients who respect this basic relationship."

□ Plan for a rainy day. Small businesses, especially at the start, take time to become sustainable. Many businesses engage in extensive worst-case scenario planning – such as not making any sales for a month or six. "Big businesses are less prepared to deal with such scenarios, as in normal economic

circumstances they would be considered unlikely to occur," O'Brien says.

"That's hurting a lot of them right now because they're not quite geared up to deal with the catastrophic downside.

"We're always looking at our current liquid capital divided by our monthly operating expenses, which gives us a number of months over which we could sustain ourselves without income if we needed to."

□ Keep the door open. O'Brien says big businesses waste hundreds of staff-hours setting up and reporting on internal meetings. "We have a weekly team meeting every Monday morning and that's it," he says. Other internal meetings are held over lunch or in the corridor. "In larger organisations, the amount of time taken to manage calendars

businesses, everyone from myself to the most junior analyst down is a subject matter expert. "Because we know our products and services inside out, we come up with innovative ways to sell them – that can be harder in an organisation with 1000 or even 40,000 employees."

□ Don't rest on your laurels. "We're frequently up against big-brand names but our comeback is that not everyone got the best service from those companies. Companies recognise that a small business will be dedicated to the service they ultimately get."

□ Milk the downtime. "Just before Christmas, news hit the media of a potential merger between AWB and ABB. One of our analysts built a merger model, entering in data that

'We're frequently up against big-brand names.' Toby O'Brien, BPM Financial Modelling

becomes excessive when you can just walk into someone's office and kill the issue."

□ Target the big fish first. O'Brien disagrees with getting a few easy runs on the board. "If you target nameplate clients first, it gives you bigger marketing value when you approach the next big client. When you can tell a client that you've worked for TXU on purchasing two multibillion-dollar assets, they're a lot more interested than if you tell them you've worked for a client they've never heard of."

□ Concentrate your expertise. "In smaller

was publicly available, and provided a 10-year forecast. He sent the model to both companies ... off the back of that, we are now working with one of those companies."

□ Challenge your people. According to O'Brien, people generally want to pursue better opportunities and greater responsibility. "We try to give each staff member new and challenging opportunities they can pursue and allow staff to step up to take on responsibilities they think they can manage."