

SUCCESS ON A SHOESTRING

By Richard Clark, a reader and
CEO of APTARE in Campbell, Calif.

Illustration by Ted McGrath

A couple of weeks ago, I was with the CEO of a company that resells our data management software and he asked me, "Rick, how did you start your company without venture capital funding?" As the founder of a Silicon Valley technology company, I often get asked this question. Venture capital and venture funding are synonymous with innovation in the Valley, but there are a few of us who have done it on our own, without the help of venture capital. I've been reflecting of late on how our company has grown from two to over 50 employees from its inception 15 years ago and doubled revenues every year for the past four.

Looking at the economy now buffeted by factors such as the war, the price of oil, the subprime mortgage crisis, interest rates, and the election year, I realize there are several key things we did that have allowed us not only to handle economic shocks but also to keep growing. So here are some tips for tough times.

FIND A TEAM WITH THE RIGHT DNA

Establish the DNA of your company and then hire people that fit into that DNA. It's critical to find the right people to blend into the culture. At the end of the day, the company's DNA needs to flow through the entire organization. I always say that computers don't write the software that we are developing, people do.

We really look to keep that core DNA alive within our company. We expect everyone to use their creativity to bring solutions to the table, whether they're from engineering, marketing, or customer support. Everyone should have the liberty to be creative in their job every day. We have an



advisory board that we meet with regularly to talk through our goals, and we meet with other entrepreneurs to feed off their ideas.

Because we are a small business, we cannot afford to lose time, energy, or capital on hiring and rehiring. We are selective about making sure we have the right person for the right job. They may be the most unlikely of candidates. We had a graphic artist—someone far removed from enterprise software technology—develop our user interface, and it was one of the best decisions we ever made. What separated him from other candidates was how passionate he was. When someone loves his job, the organization benefits.

STAY HOME AND WORK ON YOUR PRODUCT

As a small organization enduring tough economic conditions, you have to find creative ways to accomplish your business goals on a reasonable budget. Entrepreneurs need to make selective choices on where, when, and how they travel for business.

People are shocked to



APTARE CEO CLARK: "Real handshakes have been replaced by virtual ones"

learn that for some of the largest deals we closed, we never saw the customer face to face. It may sound unusual, but I've met only a small percentage of our customers in person. Ten years ago, if we wanted to give a product demonstration to a large corporation, we had to do it at 10 different offices. Now, through Web conferencing, we can bring everyone together and do one presentation. Real handshakes have been replaced with virtual ones, and they're just as effective. We can then pour travel costs into what's core to the business.

Reducing travel is one way to find extra funds to develop products in the "must-have" category rather than "nice to have." For software companies, nirvana is when your product becomes the heartbeat of your customer's organization. Annual software support and maintenance fees are no longer discretionary, but become "must-have" items. Having survived the dot-com bust, we learned the hard way that to thrive meant we must create software in the must-have category.

NEVER LOSE SIGHT OF WHAT YOU DO BEST

I believe that most successful entrepreneurs don't just take risks—they seize opportunities. We're a data storage management company, but we didn't start out that way. When I founded the company, the Internet was just a glimmer on the computer screen, the data was just a trickle compared with the flood it is today, and Sarbanes-Oxley was nine years away. Today, those factors have all contributed to a "perfect storm" that has

fueled our success.

Our core competency was in software, and we just kept building on that. When Web 2.0 came along, we thought: How can we capitalize on this collaborative technology? We entered the storage world with no preconceptions, and it allowed us to think outside of the box. If we had started out in the storage world, discovered the Web, and then figured out how to write software, there's no way our product would have been flexible enough for us to develop what we have today.

THE CUSTOMER IS STILL ALWAYS RIGHT

We still believe in letting our customers drive our priorities. We figure out their major pain points and tailor our solution to fit those requirements. Our customers are a critical part of our innovation process. The solutions we develop in the areas of health care, energy, education, and finance start with that one discussion about what we can do to help them solve their pain points. That allows us to focus our priorities so we don't waste time, money, and energy on extraneous stuff.

BUSINESSWEEK.COM

Continue the conversation online: For reader comments, how companies can act like startups, and a video with executive coaches, go to businessweek.com/business_at_work



"I enjoy spending time in many countries, especially in the developing world. There is tremendous optimism and excitement about their future. You can't learn about these diverse cultures and immense opportunities by staying in your corporate

headquarters." **SAMUEL PALMISANO, CHAIRMAN, PRESIDENT, AND CEO, IBM**