

An Interpreneur's Journey: The birth of a "new economy" business

Bill checks Ron Sedgwick's References

Bill went back to the shop and put together a short interview guide that he could use on his calls to check Ron Sedgwick's references. He wanted to ask things like how long have you been working with Ron. What's he been like to work with? Did you establish specific goals up front? Were the goals accomplished? Is he still working for you? If not, would you hire him again? And so on.

Around 3 pm, Ron heard a chirp from his computer indicating a new email. Sure enough, there was Ron's list of references, as promised. Bill didn't waste any time -- he printed the page and looked at the first name on the list, which was Leonard Jones. Ron had noted that Leonard was the owner and president of a small, wood products manufacturing company.

He dialed the number and a woman answered, "Thank you for calling Sierra Wood Products, Leonard Jones' office."

Bill said, "Hello, my name is Bill Partridge, is Mr. Jones in?"

She replied, "No sir. He's in a meeting at the moment. Would you like to leave a message?"

Bill responded, "Yes, Ron Sedgwick gave me Leonard's name as a reference and I'd like to talk to him about Ron's work with your company."

The secretary's voice immediately warmed and she replied, "Oh, yes, Mr. Sedgwick has been working with the company for a couple of years. I'm sure Mr. Jones will be happy to talk with you about him. He should be out of his meeting shortly."

Bill thanked her and hung up. About half an hour later, his phone rang. He picked up and the caller said, "Hi Bill, this is Len Jones getting back to you. I understand Ron Sedgwick gave you my name as a reference."

Bill thanked him for getting back to him so quickly, and then proceeded to go through his list of questions. Leonard had only good things to say about Ron. He'd been working with the company for about two years and had made a huge contribution. Leonard told him how he'd purchased the company about 5 years earlier and had spent the next three years trying unsuccessfully to build sales and profits. He'd hired Ron at the suggestion of his attorney. Ron did a quick review of the company's operations and financial statements, and then had the marketing people do a research study and competitive analysis. After that, Ron had led a strategy meeting with Len's top managers where they spent an entire day reviewing what they'd been doing in the past, evaluating new market opportunities, and defining some new market strategies. The outcome was a new business plan for the company, which they'd begun executing immediately. Within a year they were operating well in the black and growing at a rate of about 15% per year. Ron was still an advisor to the company and Len called him frequently when he had questions or needed a sounding board.

Bill told Len a little about his company, and how he too needed help with sales and profitability. Len listened carefully, and then said he had little doubt that Ron was the right person for the job. Bill thanked him for his time.

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It was nearly 5 pm, so Bill decided to hold off calling the second name until the following morning.

Ron's second reference was Philip Renquist, the owner of a distribution company specializing in electronic components. When Bill called, he too had very positive things to say about Sedgwick's involvement with his company. He said he'd been working with Ron for about 10 months and then described an approach that was very similar to the one Ron had used with Len. When asked about results, Phil admitted things were improving a little more slowly than he had hoped. The company was still struggling, though he was quick to add he didn't blame Ron for this; the recession was just lasting a lot longer than anyone expected, particularly in the sectors served by his company. As a result, they weren't hitting the numbers in their plan though they were still seeing positive growth and staying profitable, which as Phil pointed out, was a lot more than he could say for his competitors. He enjoyed working with Ron and expected him to play a role in the company for some time to come.

Bill's final call was to John Piazza, a contractor specializing in residential soundproofing. John's company, Aladdin Soundproofing, installed sound-deadening insulation and soundproof doors and windows, and his story was particularly interesting. Most of John's customers were homeowners who lived in neighborhoods adjacent to the area's major airports. It was an interesting niche because the local airport authorities paid to have the work done; it was one way they mitigated the environmental impact of noise due to increasing jet traffic. The problem John encountered was that all this work went through a public bid process, and contract awards were a matter of public record. This meant all the competitors, and there were quite a few, could see what everyone else was bidding. And as a result, a bidding war had erupted with everyone trying to undercut the others. It had finally reached the point where no one was making any money, and that's when John had hired Ron.

John explained, "I hired Ron about a year and a half ago to see if he could help us find a way to survive in this cut-throat market. He had us do an in-depth customer survey and market analysis, and we discovered two very interesting things. First, though customers were happy to have the work done, they were unhappy about all the dust and having to live with their homes torn up for several weeks. Second, and this was really the biggest thing, we discovered that the legislation governing this soundproofing program didn't require homeowners to go with the lowest bidder -- they could choose anyone they wanted. It was then we realized we didn't have to compete solely on the basis of price. If we could minimize the negatives for the homeowner, they'd probably select us even if our bids were higher than the competition. That's when we hit on our strategy to be the customer service leader in our market.

"Our employees now drive shiny, well-maintained vans and wear crisp white uniforms. They seal off their work areas with plastic to minimize the dust and disruption in other areas in the house. At the end of each day, they thoroughly clean up the job site so that homeowners aren't stepping around piles of construction debris. And at the end of the job, we send candy, flowers and a card to apologize for any inconvenience and to thank them for allowing us to do the work.

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“We started the program about a year ago, and it didn’t take long for word to spread. Now, even though our price is probably 20 percent higher than the competition, we still win over 60 percent of the bids, and we’re quite profitable. My competitors are gradually catching on to the service angle, but they have to play catch-up and they’re looking pretty lame in process. Needless to say, I’m very happy with Ron’s work, and I consider him to be one of my closest business advisors.”

Bill thanked John for being so open and candid about his business. It was a fascinating story and Bill wondered if there weren’t some lessons in it for him.

In any event, if he had had any doubts about Sedgwick before, they were gone now. Obviously Ron had handpicked his references, but these guys were extremely enthusiastic about his work. Even Phil, who’d yet to see the results he hoped for, had only positive things to say. And when he’d asked each what they liked least about working with Ron, they all had to stop and think. John had the only a meaningful comment, saying, “You’d better listen to his advice or have a damn good reason if you don’t. Otherwise, he can get pretty ornery. When he brings out that line about being ‘old and cranky,’ look out, because you’re about to find out what he means!”