



OPINION



5 Secrets to Staying Power

Outliving the latest software business trends and surviving to meet your customers' needs takes discipline - and patience. Here's how.

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Running a software company today can be confusing. On the one hand, Wall Street applauds consolidation. On the other hand, venture capitalists and analysts reward startups jumping on current trend bandwagons - software as a service, open source, offshoring. What's a well-intended executive to do?

Focus. Tune out the rhetoric and focus on your customers. That's what we've done and our software company turned 20 this year.

Sound simple? It's not. It takes a lot of hard work and patience but the experience of driving a company through the ups and downs of the technology market is rewarding in many ways. I've got five tips for enhancing your company's longevity.

1. Pick a Mission & Stay True to It

The main reason for ChannelNet's success is that the company's vision and mission have not changed in 20 years. When I launched the company, I had gathered a wealth of experience from sales and marketing positions at GE and 3M. These companies sell complex products and have different types of customers: consumers, sales channel partners and corporate customers. The sales process for a complex product involves numerous face to face sales calls, sales training and many levels of sales communications. This costly and lengthy sales process begged for automation and so we began to use the personal computer - the only end user technology around 20 years ago - to augment the interaction customers had with the sales channel. The only thing that has changed in 20 years is the technology which we use to deliver our solutions. We never abandoned our original target customers or our corporate objectives.

2. Let Your Customers Drive the Business

Too many software companies start out by staring at their own navel: "How do **we** want this product to work?" In my opinion this is the wrong approach. You must start outside - with your targeted customers - to figure out what kind of solution they need. We let our customers and market knowledge of their situations drive us. We conduct in market research; we're in the field with our clients doing mystery shopping and shadowing top sales reps to find out what they really need to be successful. During the Dotcom era, entrepreneurial companies were focused on B-to-B, then B-to-C, then supply chain - they were all over the map. Even though these companies were on top of the latest fad or trend, most aren't around anymore. You can't build a business on fads and constant changes in direction.

3. View Technology as an Enabler - Not a Means to an End

The market wants a solution to a problem. Even though lots of software companies say they've got a solution, what they've got is a product that in some instances does not work as advertised. Another part of the problem comes from potential customers



sending out RFPs with lists of functionality that they score us against. Software companies end up putting check marks against this list of functionality. The trouble is that clients will rarely use the vast majority of the features you sell them. There are a lot of software companies trying to market software products as "magic bullets." Most buyers are still choking on the magic bullets they bought and couldn't get to work during the dotcom era. Success has to do with having the domain expertise, conducting thorough process reengineering and then providing support that goes beyond the software. You have to help your customer institutionalize the solution.

4. Take What the Pundits Say with a Grain of Salt

Today, lots of pundits are preaching the beauty and importance of multi-channel marketing. But it hasn't always been that way. During the dotcom era, the only marketers who were going to make it were the e-commerce sites - brick-and-mortar stores would die - or so the pundits said. For many complex purchases, consumers still wanted a physical location to visit, still needed a sales agent. We ignored the rhetoric and watched the market rise and fall with the various trends. But we also recognized that applying technology to customer interactions and experiences would increase the speed of purchase decisions and make customers happier. In essence, our domain expertise was superior. If you know your customers better than the pundits, you will always lead the market.

5. Have Patience & Trust Your Instincts

Building a lasting enterprise is a long and difficult ride. I can't tell you how many board meetings I sat through where my advisors told me that the path I was pursuing was not viable. I was spending millions on a product they felt the market wasn't ready for. Yet I held strong to my convictions. An important part of that was the fact that I had survived two recessions and many market ups and downs in my career. I knew I could make decisions with a level of instinct that is not necessarily present in a younger entrepreneur, who gets second guessed in many instances by investors. It takes a lot of strength to follow your instincts when everyone around you is questioning your direction. But I knew my marketplace - and that experience is worth a thousand MBAs.

Sometimes I wonder how many real entrepreneurs are out there anymore. A lot of innovation seems packaged - either a VC pulling together a management team or a university pushing a technology into the business world. In my opinion a real genuine entrepreneur should not raise money out of the gate. What they really need are customers and experience running the business on its merits. Once they get market momentum then they should look at bringing in financial backing. The freedom this enables is worth millions.

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