Entrepreneur®

INFORMATION & ADVICE ON STARTING A BUSINESS & FRANCHISING

Be Your Own Boss™

START-UP CASE STUDY

Above and Beyond

Former secretary Suzanne Ravenall breaks new ground with a pioneering company Beyond Outsourcing.

PAGE 78

CONTENTS

Above and Beyond

A former secretary breaks new ground with a pioneering outsourcing company. By Juliet Koeman

Vital Stats

PLAYER:
Suzanne Ravenall
AGE: 39
YEAR CO ESTABLISHED:
1997
STAFF IN YEAR 1: 7
STAFF TODAY:
Around 300

Suzanne Ravenall, founder and CEO of Beyond Outsourcing, is living proof that tenacity and hunger can pave the way to success. Relating a story of one of her earliest interview experiences, she says: "I was working as a secretary at the time but managed, after applying for about 50 or 60 different sales jobs, to get an interview for one. Unfortunately I broke my leg the week before but somehow managed to get to London and hobble up I don't know how many flights of stairs to arrive at the interview sweating like crazy. When they asked us to introduce ourselves, everyone stood up and said they were a sales consultant or an area sales manager and I stood up and said 'I'm a secretary'. I realised I was hopelessly under-qualified but I stayed because I wanted to take away great learning experiences from the process."

Ravenall made it to the second round, however, and if she had any self-doubts she certainly didn't show them. When asked if she had any questions about the job she didn't miss a beat. "I just asked them how much they were going to pay me," she smiles.

Living up to early potential

No doubt what the interviewers saw that day when they offered her the job as area sales manager for the world's largest ferry company was the promise of almost unlimited potential, and whatever their expectations, Ravenall's ballsy determination to be something better must have far exceeded them. She grabbed every opportunity that the job offered.

"I just wanted to learn, learn, learn and I moved my way around the organisation, trying to get into as many disciplines as I could. I preyed on lazy people and would offer to help them with whatever task they had to do. Then I'd take it home and read a book about it and have a million goes at it before I eventually got it right, and then take it back to them the next day. Of course when you do things like that, people ask for more help so I got exposure to all parts of the business. I basically used it as a university programme," she explains.

Spotting the opportunity

After only six months in the organisation, Ravenall was promoted to trainer, a position that somewhat bemused her. "I thought that was really interesting. Here I was, with a secretarial qualification and I was being asked to train highly qualified graduates to do a job," she relates. The thought planted a seed that eventually grew into a business idea. "The more I researched it the more I realised that people who go to university learn a whole lot of great theoretical things, but they never learn how to do. Everyone was going on about how we needed to attract MBA graduates but I realised that if the business continued to bring in only thinkers and not doers, it was going to end up with an execution problem. And I knew that technology was only going to speed things up, creating greater competition and increased pressure to get the job done. I got really excited about it because I realised there was a massive gap in the market," she continues.

When she moved on to a field marketing position in a different company, she got her first taste of outsourcing and a couple more pieces of her idea fell into place. "Outsourcing was relatively new at the time. Companies' expectations of what the sector could deliver were really quite low and outsourcing companies responded to these low expectations, merely hiring and paying their outsourced staff and leaving the management and training to clients. I realised there was an opportunity to take the model to another level, to partner with clients strategically and for outsourcing companies to take on a lot more responsibility," she says.

Making the move

This is precisely what she did when she started IDCS, the company that was to later become Beyond Outsourcing. "When I came to South Africa it was on contract. I had been involved in the cellular industry in the UK so I conducted some research on it while I was over here," Ravenall relates of her move to local shores. "The contract was with one of the large cellular companies at the time and it presented an opportunity to start the business I had in mind, so I just grabbed it. I was only supposed to be here for eight months and I certainly wasn't supposed to start a company!" she continues, adding, "I just fell in love with South Africa and people's progressive thinking, their willingness to try new things."

Breaking new ground

The business would come to rely on attracting clients with this outlook that Ravenall calls 'early adopters'. "It was a real challenge early on because what I wanted to implement was probably seven years ahead of its time. People thought I was nuts – that things were never going to get so bad that their businesses would have an execution problem. They told me I was seeing something that didn't exist and that would never happen," she says of the early market conditions in which the company needed to survive.

"Our first year was one of the coldest winters in Johannesburg and we were sitting in a freezing office with no heat, wrapped up in jackets, interviewing people at metal tables covered with pink tablecloths and telling them this was going to be the greatest company ever. I'm sure half of them were sitting there thinking 'Yeah, right!'"

Although she firmly believed these perceptions were incorrect, Ravenall was smart enough to sell companies something they could understand and relate to. "What we did early on was to sell people field marketing services – it was what they understood. But while we were doing that, we worked on building products, or toolkits, that would meet what I knew the future demands would be. These toolkits needed to be generic enough for implementation in any business in any industry. The idea was to develop them and sell them to the market as and when it became receptive to them," she explains.

The 'build it and they will come' approach was certainly a risky one, but it paid off in the end. "Over time, the market did change in the way I believed it would and when it was ready, we re-branded what we did and launched the toolkits we had already developed to clients," says Ravenall.

Following one direction

Unlike many start-ups which grow organically, Beyond Outsourcing's growth path was therefore mapped out from day one and Ravenall believes that part of the reason the business is so successful is that she was always 100% clear about the direction it needed to be facing. "In the early days, we weren't hectic about making lots of money and we didn't do a big sales push. We thought of ourselves as manufacturers – we were building something that was a first of its kind and we had to do it slowly. At that time sales probably made up 10% of the business's focus and toolkit building 90%. But when market conditions were right, we turned the business and sales became 90% of our focus. At the same time, we importantly kept a foot in product development, but it took 10% of our energy. So we always knew exactly where we needed to focus and where our money was going to be invested. We were never unsure of our direction," she explains.

TIMELINE

1997 Suzanne Ravenall launches company as IDCS with a single contract client and 7 staff members

1998 First toolkit is developed in Customer Relationship Management

1998 First building purchased

1999 Second building purchased

1999 Second toolkit is developed in Back Office Administration

2000 Third building purchased

2001 Third toolkit developed in Training

2002 Fourth Toolkit developed in HRM

2003 IDCS changes its name to Beyond Outsourcing

2005 Amalgamated consulting business with Linden Consulting bringing further toolkits to the table

2006 Divisions, which were originally launched as separate companies, are amalgamated

2007 Staff complement reaches 300

2007 Staff trust & black empowerment transaction completed

Overcoming challenges

As any business owner knows, however, having a clear strategic direction does not prevent unforeseen challenges and Beyond Outsourcing has ~~had~~ its fair share. Although the business started with a contract in hand, finance presented an early hurdle. Because Ravenall had started a business on a temporary work permit, none of the banks would open an account for the company. "I went to every single bank and in the end a guy from FNB in Athlone agreed to help us. I don't think he was supposed to because we were up in Jo'burg but he believed in me and took a chance on us," she relates. This didn't solve all her problems. "A loan I expected to be granted fell through and I was sitting with a whole lot of furniture I had bought and no way of paying for it," she recalls. "Our first year was one of the coldest winters in Johannesburg and we were sitting in a freezing office with no heat, wrapped up in jackets, interviewing people at metal tables covered with pink tablecloths and telling them this was going to be the greatest company ever. I'm sure half of them were sitting there thinking 'Yeah, right!'" she laughs.

By pouring every bit of capital back into the business, Ravenall was able to overcome the challenges of finance and get the business to a point where it could fund its own growth. "Every business has hard knocks but you just have to find creative ways of getting around them," she says philosophically.

Meeting changing demands

The hard knocks eventually gave way to an easier course of growth and Beyond Outsourcing evolved to meet the changing demands of its clients, moving from a strictly traditional outsourcing model to one that helps improve the performance of companies. "We're in a market space today where the outsourcing relationship has changed dramatically. We realised that businesses are no longer simply looking for a standard outsourcing relationship which is based on monies paid for contract deliverables. They want a partnership. Corporate organisations are looking for a transformational relationship and as such we have become a performance-improvement company," says Ravenall, explaining how the business draws on its early-developed toolkits to help companies recognise and fill their performance gaps. She adds, "We're very operationally based and we use the tools to implement best practices and standardised processes in different areas of a client's business. As we are going through that process, we also implement training, operations execution and change management."

Finding the right model

About the business model, Ravenall explains: "Businesses also don't want to be left in a situation where the outsourcing company can pull out and leave them stranded, so we prefer to work on a joint venture-type model. We move certain business processes into a JV company which we build with the client. In this way, they can be assured that we as the outsourcing company are invested for the long-haul in the success of their business, which we work on together with them. It's a model based on joint risk and reward and it works."

TIPS FOR WOULD-BE ENTREPRENEURS

- Stop thinking of yourself as a person and start thinking of yourself as a product. Look at who your 'competitors' are and start to offer what they aren't.
- Have an excellent plan. Know what you are going to do, what you want to offer the market place and how it's going to be better than what other people are providing.
- Execute this plan vigorously. Keep going back to it.
- Think through every single eventuality and devise a 'scenario plan' so that you have contingency back-up in case things don't play out the way you imagined they would.
- Be tenacious. In the beginning there probably isn't a week that goes by in which most entrepreneurs don't think of throwing in the towel. Have in your head the mantra 'Don't give up, don't give up."
- Never stop learning. Constantly look for new and better ways of doing things.

Expanding into new areas

The obstacles the business faces today are different but no less challenging. Many of them still derive from the fact that Beyond Outsourcing is forever forging ahead into new territories. For instance, Ravenall believes that a great deal of work still remains to be done in building more mature supplier-client relationships. "Business transformation outsourcing is still new in South Africa and we need to change the way we view how suppliers and clients interact. In the rest of the world, people are talking about strategic partnerships and alliances and the way they go about working together is consequently different. In South Africa we need to adopt more of this approach whereby suppliers and clients work together on a joint balanced scorecard, making joint efforts and taking joint decisions," she explains.

But, in spite of the fact that business transformation is new to South Africa, the company continues to break new ground. As Ravenall elaborates, "We believe the market is going to change again and we are busy setting ourselves up locally and internationally to licence our toolkits. We're putting them together in a multi-media package that we can sell to organisations. The idea is to train people in the tools and either let them get on with the implementation, or as first prize, go back ourselves once every quarter to do an audit on their progress." The model meets a new demand. "A lot of companies want to transform but some like to do things internally. The toolkits we have developed will allow them to do so," she explains.

Describing herself as passionate about entrepreneurship, Ravenall continues that the business now also offers a lower cost model to meet the demands of SMBs. "The challenges facing entrepreneurs today are the same as they have always been and we help them to outsource non-core processes so that they can get on with building and running their business," she says.

Continuous learning

In speaking of entrepreneurs, she turns her attention to the mistakes she has made along the way ~~and she's~~ as philosophical as ever. "I was reading a fascinating article the other day about what makes people fantastic, and it's not genes – it's something called deliberate practice. This is not practice in the usual sense of doing the same thing over and over again. It's rather about doing something with a specific goal in mind, then reflecting on the outcome and adjusting how you do things to get closer to that goal. Sure it takes four times longer than practicing in the usual way but you can't get away from the fact that to be successful requires hard work.

"In business, this translates to having the ability to make a mistake, reflect on why you did and then adjust your behaviour so that you don't make the same mistake again. In this way you get ever closer to perfection. Success all starts with what society calls mistakes. So if you ask me what mistakes I have made in my career, I think my answer would be that I do make mistakes. But I reflect on them and constantly try to find better ways of doing things. That's what makes the difference in success. You can never stop learning." □