

Business plan helps firm that links companies, consultants

By Ann Meyer, Special to the Tribune

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While volunteering to run a job bank for Organization Development Network-Chicago, Diane Kubal began to realize she had a knack for matching people with jobs.

A human resources consultant at the time, Kubal was a magnet for other consultants looking for work. They kept sending her their business cards, and she kept finding perfect positions for them. In 1997 she gave up her own consulting work and launched Fulcrum Network, a Naperville-based company that matches consultants with companies in need of specific services, such as training, organizational development and human resources management.

Creating a unique service business is a little like inventing a product, experts say. It requires many of the same steps, including a business plan or road map that will walk you through the process of making money at it, says Karen Andre, president of K Andre Consulting, a strategic marketing and communications consulting firm. "Whether it's a product or service, it needs to meet an unfulfilled need in the market," Andre said. "You would be surprised how many companies don't validate the need for their product or service."

Kubal knew consultants would appreciate her service. "Consultants hate looking for work. They just want to do the work," she said.

But the challenge would be getting client firms to understand how they could benefit from Fulcrum Network as well. For starters, corporate clients pay nothing to use Fulcrum. To price her matchmaking service, Kubal did market research. "I contacted other people doing similar types of business in this industry and other industries, such as the legal and information technology industries," she said. She came up with her own model. Fulcrum takes a percentage of the consultant's fee.

Pricing your service well is paramount to success, experts say. It's important to factor into your fee structure all of the operations of your business, such as accounting, marketing and time spent meeting with prospective customers.

For a start-up company, it's important to determine how much money you need to be successful, notes Scott Meadow, professor of entrepreneurship at the University of Chicago Graduate School of Business.

One of the best ways to do this is to look at the cost structures of other firms similar to yours. Then, Meadow said, "Find out whether your margins are appropriate and the amount of capital is appropriate."

Another approach to pricing is "building up" the economics of the business, Meadow says, by comparing your costs with your projected revenue. If the equation doesn't balance, you'll need to raise your fees, cut costs or boost volume.

Marketing is often a way to generate cash flow. To entice corporations to turn to Fulcrum Network for their consulting needs, the company goes a step further for the corporate client than most search firms do, Kubal says.

Fulcrum prescreens its consultants, briefs them on the client's need and helps negotiate the deal. Then Fulcrum checks in with the client midway and upon conclusion of the job; it will renegotiate the deal if something changes along the way.

Besides matchmaking, Fulcrum Network serves as a free resource for clients. There are monthly meetings, Web conferences on topics like succession planning, and forums for businesses on topics such as leadership and change management.

The company's Web site (www.fulcrumnetwork.com) also offers an online job board where clients can post full-time positions for free.

"When you launch your product or service, it's important that you have thought through all the angles of where the market may find a gap," said Andre. "When you have a solid case and your road map is in place, only then are you in a position to launch it."

Kubal knew marketing her concept to clients would be a challenge because it was a new idea, so she sought expert help.

She hired a marketing firm to help develop an identity. Kubal purposely gave her company a distinct name that would help build an image. She selected Fulcrum Network and the tagline "leveraging resources for results," because she sees the company's role as one of easing the process, much like a fulcrum and lever.

To formally announce the company, she sent out wooden fulcrums in a box. "It's a neat little package. It's quite memorable," she said, noting that she still sends the gifts to new consultants and clients. Because differentiating yourself is so important, Kubal has opted to specialize in the area of human resources consulting. While occasionally she has taken a client in another area, it's not the same, she says.

"I'm not really passionate about information technology or accounting. That's not my area of expertise. And I've found there isn't the same spirit of collaboration as there is in HR." Is it a big enough market? Fulcrum has matched more than 1,000 consultants with more than 80 corporate clients so far, but there are far more companies still untapped.

Now, with help from a full-time vice president and three specialized contract workers, Kubal is exploring the possibility of expanding the company through a franchise. "My vision would be to have a Fulcrum Network in any major city," said Kubal.

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