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Breaking Away
Partners Darran Littlefield, Jim Hodge, and Tim Jenkins prefer coffee shops to conference rooms.

Office optional

Consulting firm Point B has 223 employees—and no phones, desks, computers, or cubicles

ON A PREDICTABLY RAINY OCTOBER day in Seattle, Tim Jenkins and Darran Littlefield, co-founders of the consulting firm Point B, met with their newest employee. At most companies, that probably would mean introducing the newbie to the rest of the staff and giving him a tour of the office before showing him to a cubicle. But despite \$46 million in annual revenue, Point B does not have an office. Instead, Jenkins and Littlefield met their new recruit at a Starbucks.

The idea of the virtual office is not exactly new. But despite all the hype telecommuting has received, few businesses have truly broken free of the traditional cubicles-and-a-boardroom mold. When Jenkins, Littlefield, and Jim Hodge founded Point B in 1995, they were determined

to do just that. The partners had spent years working at Accenture, formerly Andersen Consulting, and were fed up with spending half of their time in airless offices and the other half on the road. They loved consulting, but they hated the lifestyle that came with it.

Today, Point B has 223 employees in Seattle, Denver, Phoenix, and Portland, Ore. And they don't work the way most consultants do. Rather than hopping from city to city, employees work only for local clients, spending two or three days a week at home and the rest at their clients' offices. As a result, Jenkins and his partners can run a lean organization—without having to worry about leases, travel expenses, and the like—which allows them to bid competitively on projects and offer employees generous salaries and benefits.

The setup is ideal for Laura Yurdin, who joined five years ago after working as a product manager for several technology and health care companies. Today, she tackles client projects and Point B's marketing strategy, working mostly from home and from her neighborhood coffee shop. No longer tied to a traditional desk job, she spends a few weeks each year visiting her mother on Long Island and renovating her century-old cottage in Seattle.

In the beginning, some potential clients were skittish about trusting big projects to a company with such an unusual structure. But once Jenkins convinced a former employer, Children's Hospital in Seattle, to give the firm a shot, the referrals began to flow. Since then, the localized approach has become a key selling point. Traditional outfits sometimes have offices in disparate cities, but clients are often served by consultants from all over the coun-

try, depending on what kind of expertise is required for any given project. Since those firms also have more overhead, they tend to charge more. That setup never appealed to Mike Benson, senior vice president of business affairs at Kroenke Sports Enterprises, which owns Denver's Pepsi Center and five professional sports teams, including the Denver Nuggets. Benson has worked with traditional firms in the past. When he tapped Point B to lead an overhaul of the inventory management system of a recently acquired company, he liked having a consultant he could call on at a moment's notice. "They were always here because they lived right up the street," he says.

Perhaps the biggest challenge is creating a corporate culture among employees who are not in the same office, or city, as their colleagues. E-mails and phone calls, however efficient, cannot substitute for face time, warns Charles Ehin, a management professor at Westminster College's Gore School of Business in Salt Lake City and a longtime researcher on the subject of virtual organizations. "There are certain chemical reactions between individuals when

also holds regular training sessions on ethics, sales techniques, and account management in each region, and pays for informal outings to encourage camaraderie. Each summer, the entire company goes on a three-day retreat

Finding employees who can handle the freedom of working from home is another challenge, and Jenkins and his partners devote substantial resources to recruiting and hiring. In addition to the usual online job postings and referrals,

the company recently launched an advertising campaign at the Seattle airport aimed at weary road warriors looking to make a change. One advertisement features a necktie morphing into a Hawaiian lei, next to the words "Who says you have to choose?"

Thanks in part to the creative spin on recruiting, the firm receives thousands of job applications a year. Applicants who make it through an initial vetting process spend weeks, if not months, meeting with managers and founders, who evaluate them based on professional qualifications and their approach to life in general. Ultimately, only about 4% of applications result in a hire. Consultants who do come onboard tend to stick around. Point B's annual employee attrition rate is just 10%, Jenkins says. The average attrition rate for North American consulting companies is 20%, according to a recent report by Bear Stearns.

Jenkins, for his part, enjoys the freedom just as much as his employees do. After meeting with his new hire in October, for example, he headed to the gym for a workout and then to his son's basketball practice. "Rather than building our lives around our business, we're building the business around our lives," he says. —Darren Dahl

Saying no to cubicle culture

Point B created a virtual office. Here's how:

1

Be selective Not all employees can handle freedom. Point B relies heavily on referrals and hires candidates who have excellent credentials and a zest for life.

2

Make it fun To foster camaraderie and boost morale, Point B foots the bill any time co-workers get together to catch a Seattle Mariners game, say, or attend a concert.

3

Share information Point B's online database allows employees to browse for new client projects and update their profiles to reflect their changing interests and goals.

that's part fun, part business. Last year, they went to Washington's Orcas Island.

Still, it's unlikely that Point B's employees will ever be as close-knit as those sharing the same office. And Jenkins admits that preserving Point B's culture is likely to get trickier as the company continues to grow. Ehin seconds that.

"There are certain chemical reactions when we go face to face," says one skeptic. "That can't happen at a virtual organization."

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Point B does what it can, organizing monthly social gatherings for staffers in each of its four markets. (Seattle is home to 187 employees; Portland, 16; Denver, 14; and Phoenix, six.) Every quarter, the firm holds meetings to review sales prospects and financial projections. It

"Everyone has different chemistry and everyone needs to have input," he says. "It's hard to go beyond 150 people without splitting up the company into smaller units." Indeed, Jenkins is thinking about holding two retreats instead of one this year, to accommodate everyone's schedule and keep the groups manageable.

Resources To learn more about running a virtual company, read Charles Ehin's *Hidden Assets: Harnessing the Power of Informal Networks*. Visit the American Management Association's website (amanet.org) for information on courses related to leading virtual teams.