

Fortune 1 Perspective: Working In Small Companies

Introduction

Small companies generate most new job growth in the United States. The traditional media loves to rant and rave with the highs and lows of the most recent hiring trends by the country's biggest companies, but that is just to make news. The reality is, despite economic upturns and downturns, in fact often right in the face of the worst of it, more job creation comes from the small company sector than anywhere else. Small businesses are an economic powerhouse that are providing the U.S. economy with the lion's share of new jobs – nearly two-thirds of all new jobs. The problem? Small companies cannot find the talent they need to fill the jobs they create.

Interestingly, according to recent studies by Dun & Bradstreet, despite general economic concerns, most small company executives still remain positive about their specific companies. In D&B's 2002 Survey of Small Companies, 66% of small company executives were optimistic about the economy as a whole, but a full 87% were optimistic about their company. And when asked about the biggest opportunities, *sales* and *more customers* were the top answers.

However, despite the optimism, heads of small companies biggest worries year-over-year continues to be lack of qualified employees. According to PriceWaterhouseCoopers: *Small companies are frustrated because they cannot get what they need – skilled professionals to continue their current pace of growth*; and from Ernst & Young: *70% of the fastest growing U.S. firms are having problems acquiring the experienced, qualified employees they need to meet the rapid expansion of their business*.

Life Inside

Suffice it to say, the opportunities with small companies are BIG, or at least plentiful. Yet most professionals concentrate their career search on Fortune 500 corporations or other well known companies with defined and approachable Human Resources departments. This is short sighted, and simply put good people are forgoing great opportunities.

Of course, life in a small organization is very different from that in a large organization. From my personal perspective, as a person who has traveled from small company management to being a large company executive and back again to small company management, both types of organizations have their pluses and minuses. However, for my energy expended-to-rewards ratio, I'll take the small company environment every time.

Small companies require more versatility and dedication on the part of employees, and small companies are constantly redefining themselves. You WILL wear many hats, you WILL work long hours, and you WILL work at ALL levels. An inability or unwillingness to do so will be seen as uncooperative or even weak! So, if you believe in the 9-to-5 work day and are deeply passionate about organizational structures and reporting lines, or if you own every printed edition of Robert's Rules Of Order, you should probably avoid working for small companies.

Most small companies do not offer extensive training, and in fact need people who hit the ground running, if not sprinting. There are few limitations in a small company and it is up

to you to make the most of that freedom. The following attributes work best in small companies and the most successful people have them.

- Self-motivated – You cannot rely on your boss to start you up in the morning
- A generalist – A good understanding of business not just one function
- Enthusiastic – Natural energy and optimism are key components
- A fast learner – A self-trained and practical approach to all things new
- Self-starter – Responsible enough to get things done on your own
- High confidence level, but low on ego

Here is a quick comparison between the environments of small and large companies.

Small Company	Large Company
You are given more responsibility, and are rarely limited by job titles or position descriptions.	Your role and contribution is defined by your title and function. You have a known place in the organization.
You are responsible for all phases of your work – you have control of the outcome.	You are responsible for one area or one phase of multiple projects or product lines. The end result is a consensus of many inputs from other levels and areas of the organization.
You are involved in the entire organization. Your ideas and suggestions will more easily receive a willing ear.	You are involved in a specific Department or functional area. Your ideas and suggestions will most often carry weight according to your level in the Department or function.
Your Successes and non-successes are more visible.	Consensus end results usually limit the fault factor in large organizations when failures occur. Either the top level takes 100% responsibility or the entire team, but rarely one individual. In turn successes work the same way.
You are organically creating and growing a company, a living entity, often against all odds.	Often you are helping to manage an existing line of business; seeking incremental cost reductions and/or sales increases. Resources may be budgetarily limited, but are generally plentiful.
There is a sense of togetherness, camaraderie, and purpose among the employees.	Employees often participate in consensus building, but shared strategic direction and purpose is rare.

Small Company con't	Large Company con't
There are fewer rules and regulations. Often a <i>Seek Forgiveness Not Permission</i> mentality exists or is even encouraged.	Company size requires policies and rules. These are like lines in the road, they establish organization and safety zones for all employees.
The CEO tends to be approachable and available to all employees.	The CEO becomes more available as you rise in the organization.
Stock options and profit sharing can have significant, possibly explosive upside.	Stock options and profit sharing usually have slow, steady, long term upside.
You have less job security, due to the failure rate of smaller companies.	Job security is higher, due to large companies' size and availability of resources.
Provides little training, if at all. You are expected to <i>get on with it</i> .	Will likely include 1-5 days of orientation, and will have in-house and/or 3 rd party training programs available or even required.
Most small companies cannot afford to offer benefits with a high per employee cost, or programs that are costly to administer.	Benefits are increasingly better, and are available to your family.
You must be able to work with everyone in the organization	Your working relationships will likely go across functional areas, but not always across levels. Your ability to "work together" will depend on 3 or 4 key relationships.
A dominant leader can control the entire organization – this ultra-hands-on is sometimes called "founder's syndrome."	A dominant leader's ability to control the whole organization is mitigated by upper and middle management, and how these people's styles reflect into their respective areas.

Small Company Compensation

OK, these days, most people agree that first and foremost the match between people and the companies they work for requires a match in company environment and personal work attitude. However, once through this first hurdle how do small companies stack up in terms of salaries? Compensation surveys show that a person working in a company with \$40 million in revenues earns the same amount as a person performing the same job in a company with \$4 billion in revenues. Generally speaking, it is the overall job market, not the size of the company, which determines the value of a job.

An exception to this may be executive salaries, but this is due in part to the mix of executives' compensation in smaller companies. Depending on a small company's equity

and/or profit sharing, executive base salaries may be much lower. In the end, the difference is that in large companies even executive salaries are often ruled by corporate policy, whereas compensation in small companies is often a result of what you can negotiate.

That all said salary equality is relative. Simply put, most top level executives in a large company do not have the same level of hands-on responsibility for the same number of areas as a small company executive. It is in their sphere of responsibility, but is likely far removed. For example, the copy writing for the new company web site is likely two or more levels below the Vice President of Marketing for a company with \$4 billion in revenue, whereas the Vice President of Marketing in a company with \$40 million in revenue is probably directly involved and possibly even writing the copy herself. So, these differences in the size and nature of the daily work need to be considered. The point is not to underestimate a small company's ability to pay competitive salaries. Most can and most do.

My Personal Experience: Learning & Responsibility

The sheer breadth of experience gained in a small company can be a tremendous boost to your resume, and often forms the basis for more rapid advancement – in small companies or in large ones. My own experience in small companies at the beginning of my career provided me with a tremendous understanding of business in general and the aspects of how integrated a company's various functions need to be. I understood *integrated resources management* early in my career. The resulting "multi-disciplinary" approach and strategic perspective – the ability to see that seemingly unrelated events are actually firmly rooted in one another – served me very well when I moved to work for larger organizations. My small company experience gave me tremendous insight into how to help larger companies operate more effectively and how to coach my people to work with other functions and areas of the business. That said I often missed the scope of my responsibilities that I had had in the smaller company, and never gained comfort with the lack of quantifying my successes and deliverables in the large one.

Without a doubt it is far easier to make the jump from small company management to large company management, than vice versa. The adjustment is more one of developing diplomatic skills, and keeping your personal agenda in-line with a larger more complex organization. This was especially troublesome for me, because I never quite felt the same connection or passion for my large company employers as I did for the small companies I worked for. Whereas, leaving a large company and jumping ship to a small company – purely from a perks standpoint can be sobering and in the worst cases enough to make executives run screaming back to the comfort of their private offices at the corporate campus.

Aside from being comfortable with the lack of perks, operating in a small company requires results. Your non-successes – OK your failures – are there for everyone to see. In a small company you cannot say: "I missed the deadline because Group B did not tell me they were going to be 3 weeks late." 1) You, NOT Group B, missed the deadline. 2) You should have known Group B was going to miss the deadline, and if you did not WHY didn't you? 3) You should have had a backup for Group B if they were critical to the deadline, because the deadline was CRITICAL!

Budgets... yes this is one of the aspects of working for large companies that I enjoyed. No, not making the budget, nor going through the endless reviews, but the end budget with which I had to work. In fact, it was the biggest adjustment I made and indeed it was a good

adjustment. Working for large companies taught me to think in BIG numbers; this has in turn helped me a great deal back in small companyville.

Surely, I am biased, but I think small company training upfront, coupled with a few good years in a well run large company makes a far more well rounded executive than one that is purely trained and house broken only inside large companies. With the small to big training in your background you are well versed for success in whichever environment you choose.

Finally, my big lesson learned in small companies was the power of optimism. Go back and read the second and third paragraphs of this article and you will see it there too. Small companies are filled with optimism. Why would they not be? You more often than not have an intelligent and inspired leader at the top, capable management around you, and ideas are coming from every corner. You are working your butt off AND seeing results in terms of revenue, market share, or a big deal closed that at the beginning seemed only an impossible elephant hunt. There is a distinct absence of forms to be filled out, and the level of non-value adding administration is at an absolute minimum if at all. Strategy and budgets albeit small, are correspondingly short and simple. I love this *let's get on with it* approach. Energy, optimism and a confidence in what you are doing flows from it. You like it and your colleagues like it. It is indeed infectious. Whereas, large companies too often feel that they are designed to grind you down to the level of compliance, energy and optimism be damned.

In a small company there is an organization wide focus on DOING – and that is an honest philosophy.

Conclusion

Small companies have a very real need for talented professionals. Indeed, the small company sector as a whole cannot fill the vast number of jobs they are creating.

Assess your needs and personal preferences for large company structure versus the small company *get on with it* approaches to business. Which environment is the best for you? That is the one in which YOU will be happiest and hence most successful.

Do not dismiss small companies as second alternatives to larger companies. Small company salaries are competitive and often include more wealth creating potential than large ones. You may have to forego some benefits and perks, but your experience level and responsibility will be larger. Working for a small company with a successful growth strategy can be highly rewarding from both career development and financial perspectives.

Companies never start big. The best small companies don't stay small. Some of America's best companies were recently small companies: Dell and Home Depot just to name a two.

Think big about small companies.