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## Key Elements of Sustainable Companies

*Leaders of three Connecticut companies that have stood the test of time share some of the keys to their success.*

Starting a new business comes with its own set of challenges. But once that business is up and running, entrepreneurs face an often more daunting challenge: how to keep the company flourishing over the long term. Leaders of three Connecticut Innovations portfolio companies that have been in business for decades recently shared their reflections on the elements that have contributed to their companies' staying power.

### Be Ready to Change

A factor all three executives point to is the ability to evolve in order to seize opportunity or respond to changes in the environment. "We've had to reinvent ourselves countless times," says David Andrews, founder and chair of Datalytics Technologies LLC. The company, originally called Andrews Consulting Group, reached a milestone this year when it completed its 30th year in business.

Datalytics got its start in 1984 helping smaller companies update their computer systems. A few years later, Andrews and his colleagues got wind of a revolutionary new computer IBM was about to introduce. Seeing opportunity on the horizon, Andrews says, "We transformed

ourselves into the world's leading expert on a computer that didn't even exist yet." IBM eventually engaged Andrews to help plan and launch the product, called the AS/400. "We continued to help companies replace their computers," Andrews says, "but instead of the System/38 we did with the first client, we were helping companies put in AS/400 computers, so the size of the companies we were dealing with got even bigger." Helping medium to large businesses adopt the AS/400, as well as helping companies avert Y2K disruptions, kept Datalytics busy through the 1990s.

After 2000, though, the AS/400 rush was winding down, and Y2K was history. Datalytics needed to reinvent itself again. "We started experimenting with doing two or three different things with our business," Andrews says. A new concept called "business intelligence" was starting to sweep the industry. Companies needed to be able to take data from software—such as the J.D. Edwards software Datalytics was expert in—and move it to a separate computer called a data warehouse, where it could be stored and analyzed to extract meaningful information. Sensing a growing demand, Datalytics built a data warehouse that became a supplement to its J.D. Edwards business.

A series of high-level takeovers involving J.D. Edwards, Oracle, Business Objects and SAP resulted in Datalytics' partnership with leading companies and its emergence as a high-technology software company.

Its own product, RapidDecision EDW (Enterprise Data Warehouse), is now being used by some of the world's foremost companies.

"The world of technology is adventure-filled," says Andrews. "Every business these days needs to rethink and reinvent itself, because the world changes so fast."

Jerry Long, co-founder and CEO of the nearly 20-year-old PCC Technology Group LLC, also identifies the ability to change as a key requirement for sustainability. Long's first company, PC Consultants, did well from the late '80s and well into the '90s by training public employees in the basics of computer usage. By the mid-'90s, however, most of those who needed training had received it, and young people coming out of college already had computer skills. "The writing was on the wall," says Long. "We needed to find something else to do." So, in 1995, Long and partner Joe Singh launched PCC Technology Group. Like Datalytics, PCC was busy with Y2K projects in the late 1990s, but went on to become a provider of business domain expertise and information technology solutions. The company's services include application outsourcing, e-governance, e-solutions, system integration, strategic planning and contract professional staffing. PCC, Long says, "has evolved tremendously. We're not doing a lot of things we started out doing. We were able to see the opportunities that were presented to us and do what we needed to do to take advantage of them."

David Green, president of Phoenix Soil LLC, is in a very different line of work. The company he started in 1993 treats contaminated soil to transform it into clean fill. Yet the ability to change has kept his company in business twice as long as his original business plan anticipated, and the business is still going strong. The company began when the state introduced regulations requiring the removal of underground storage tanks. Today, Phoenix processes materials excavated during urban redevelopment, housing construction, state transportation projects and more. The company has continually changed the technology it uses in processing materials. "You have to be ahead of the curve with the latest technology," Green says. "Especially in the environmental field, the latest technology becomes the 'best available control technology.' If you don't have that, you can't continue to exist." Green's company recently moved to a new facility and invested \$650,000 in technology advances.

"In business, you have to go to the next level, or you have to go home," Green says. "You can't stand still in business, because it's a constantly moving field."

## **Stay Vigilant, Stay Informed**

David Green adds that staying ahead of trends in one's industry is critical to long-term success. "To be sustainable, you have to stay 100

percent on top of what your market is," Green says. "We have to plan three to five years ahead, have to know what environmental changes are coming and what laws are proposed, so we can expand to get into a market or plan to get out of a market."

Datalytics' David Andrews agrees. "One of the biggest challenges in the technology industry is monitoring changes," Andrews says. "You have to have the ability to look forward and anticipate changes, and frankly, you need the ability to get it right in terms of seeing what's coming next." Theories and trends emerge all the time, he says, but not all of them pan out, so it's important to keep one's options open. "We survived and thrived because at critical points we bet on more than one horse, trying multiple things in parallel," Andrews says. When it became clear that one of those "horses," the software business, was the strongest, Datalytics spun off the others to concentrate on it.

Jerry Long of PCC Technology Group says that he's constantly engaged in staying ahead of technology innovation. He invests time in talking with key people and staying current with the literature to keep his finger on the pulse of change.

## **The Right People**

A company's human resource needs often change as the company evolves, and having the right talent at the right time is another key to

sustainability. Sometimes the people essential to success stay the same. "Most of my key people have been with me for 20 to 30 years," says David Green. "These people know the regulations, know how to keep everything proper and legal, and they know because of their experience how to judge what's happening in our environment."

Many of the people at Datalytics have also been with the company from the beginning. As the business has changed, however, the company has both recruited new people and parted ways with others. "You have to make every effort to take people from one generation of the company to the next," says David Andrews, "but you have to realize that there are cases where people just can't make the transition successfully."

Sometimes the situation calls for changes at the very top of the organization. "What kills a lot of businesses is that the people who start the business are not always the right people to carry it to the next phase," Andrews says. Datalytics has been willing to bring senior people from outside into executive positions and dramatically change the roles of existing managers when necessary for the company's growth. "Most technology businesses that fail do so because they don't make the transition from the entrepreneurial group to professional managers," Andrews says. "You have to suppress your egos when you do this."

Jerry Long says similar changes have been necessary at PCC Technology Group, with the company recruiting some people and separating from

others. While such changes can be difficult and complicated, he says, "The most important thing is that the business is the most important thing. We have to do what will make the business succeed."

The head of the organization may even need to change personally. Long says he has gone from a philosophy of "my way or the highway" to one that recognizes that others' ideas and suggestions have merit. While he used to guard company information closely, today all financial and other information is shared with all employees. This knowledge, he says, enables them to connect their own jobs to the company's goals.

Not all of the people critical to sustainability are inside the company. Networking is vital, says David Green. "You have to have a lot of really good friends—banker friends, friends in transportation, in all different areas. There are so many facets you don't know, and there are experts who can help you. Make a lot of friends."

### **Impress the Customer – of Course!**

Satisfied customers are, of course, the lifeblood of any business, and they must be a priority. "We've done some things imperfectly, but we've always made sure the customers we serve are happy in the end," says David Andrews. "Occasionally, we've lost money on a particular account, just to make sure the customer was happy. We've bent over backwards



to keep customers happy and protect our reputation. That's a given if you want to last a long time."

"You have to value the customer, do what you say you'll do, have high integrity and take good care of the customer," Jerry Long says. "That philosophy has always permeated our business, and it's made us successful."

## **Make Smart Funding Choices**

An infusion of capital at the right juncture from the right partner can significantly affect a company's sustainability. Many Connecticut companies turn to Connecticut Innovations.

CI helped fund Datalytics' expansion several years ago. Now the company's partner, SAP, is urging it to expand into an even larger market, so Datalytics plans to raise a significant amount of outside capital.

PCC Technology Group, which had always been self-funding, recently obtained funding from Connecticut Innovations. Why now? "We have some growth goals, and we want to be sure we can meet those goals," says Jerry Long. "It's critical to our presence in Connecticut. We want to grow as we think we should."

Phoenix Soil also recently sought outside funding from CI and other financial institutions for the first time to help the company move to a new location, purchase its own property and implement advanced technologies. "CI has been amazing," David Green says. "They made it very enjoyable and pleasant, and they were extremely timely. It was a magnificent business dealing. CI would be the first group I'd go and see again."

From the financial perspective, Green offers one final piece of practical advice to anyone who wants to build a sustainable company: "Don't spend more than you make."

**NOTE:** Special thanks to those who shared their insights for this article:

- David Andrews, founder and chair of Datalytics Technologies LLC
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