

## Small businesses hit the big time

By Tom Addyman on Monday, September 28, 2009

At a time when the seemingly impossible task of cost saving has to be married with adding extra value, larger companies are finding many more new friends in their smaller counterparts, and the little leaguers are enjoying every minute.

Outsourcing has always been an effective way of not drawing too heavily on in-house resources and has, therefore, had a direct effect on the bottom line. Basically, if someone else can perform a necessary task or service at a less cost, why not pay them to perform?

But the roles have changed considerably from being 'master' and 'servant', it is now more a question of 'big brother, little brother'. SMEs are finding new doors opening and new opportunities arising. This has become a symbiotic relationship where small businesses can ride the marketing and reputation wave off the back of one of their new big brothers. In return, the elder siblings are able to provide their clients and customers with additional services, new innovations, bespoke products and dozens of other differentials.

Two of the major benefits to the SMEs that piggyback the large businesses are the marketing resources and access [even partial] to their client base. The partnership can even be based on a barter type agreement, where, in lieu of payment, the larger partner includes the smaller brother's branding, literature, contact details, etc, for services rendered.

There are even start-ups that have only managed to begin trading through the help of big brother's capital. A roundabout route of existence through assistance.

On the simplest of levels, an example could be the newly launched stain-a-way laundry that has its premises at the gates of the giant assembly plant Manufactory Inc. A 15 per cent discount might be expected for such a large contract, but if the laundry offers a 50 per cent discount in return for an ad in the nationwide company newsletter, or a flyer tucked in the staff pay packets, before long, small suds become big bubbles.

On a far grander scale, a pharmaceutical company that wishes to cut back funding on its R&D may inject capital into a start-up to continue with its work, but not have the ongoing overheads of owning a subsidiary. It will most likely have a stake – but not a majority, and some legal wizardry will prevent little brother from working with, or disclosing confidential information to, his big brother's rival gang. But the marketing resources that become available through its new affiliation are by far the greatest incentive.

The essential ingredient for this form of brotherly love is either access to, or an interest in the same market. As we have seen with the laundry example, it does not have to be particularly aligned, but there is a direct opening.

In the pharmaceutical tale, there is a very direct link, but, if it is worked well, still no competition.

Proctor and Gamble, as you might expect, do not do things by halves. The company is constantly on the lookout for new little brothers. It has a website [www.pgconnectdevelop.com](http://www.pgconnectdevelop.com), which invites innovators and developers to submit their proposals in order to be considered for a partnership. You can sell or license your innovation, share your thoughts for payment or even become a supplier to P&G. It is a great customer to have in its own right, and if you secure the right deal, you may be able to gain at least some access to the marketing machine that has led to three billion P&G products being used every day. Not a bad client base, all things considered.

If we are going to list big, big, big brothers it must be time to turn to Microsoft, which selects certain companies to take part in its startup accelerator programme, an initiative launched way back [comparatively speaking] in 2007. The programme assists early-stage companies that are judged to have passed the criteria of having 'high potential' and products that 'add value to' the Microsoft Corporation.

eXpresso is one such example – an online service that allows subscribers to upload, securely store, and organise Microsoft Office Excel spreadsheets. Authorised password holders can access and edit the documents as and when required. Microsoft's assistance, although not entirely altruistic, has led to a highly lucrative business for eXpresso and an added value service for the software giant. Both companies have won several awards from trade magazines for their partnership.

Again, eXpresso's visibility has become far greater than it could possibly have been in such a short space of time and only a select number of companies are admitted to the programme, to ensure a certain quality assurance. But here's where big brother becomes best friend: the companies in the programme also benefit from Microsoft's range of contacts within the funding and venture capital communities.

The larger partner doesn't have to be a P&G or Microsoft and there's no need to wait for a multi-national to come along. It can even be a case of twins, where costs and contacts are shared. Strange that there are plenty of sister and parent companies but the boys are left out of the equation.

However, in the spirit of close family ties rather than sibling rivalry, a little word of encouragement from William Shakespeare, who in the last line of Comedy of Errors noted: "We came into the world like brother and brother; and now let's go hand in hand, not one before another."

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