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Office Expansion Without Research

Opened a satellite office because it looked like potential for additional clients was huge.

By Gary Short

The Challenge

In the late 1990s, sys-tek had a strong resource base and wanted to expand its market. For what were good reasons at the time, we selected San Antonio, Texas, for a satellite office. Over time, it became obvious that the office was underperforming, and we needed to take action before it dragged down the rest of the company.

Background

In 1999, sys-tek's revenue, profit and available cash were all positive. Following our entrepreneurial instincts, we sought to capture additional telecommunications industry work. The launch of the Internet created a hot market that was all about speed and delivery. To compete, we had to engineer, furnish and install the mechanical and electrical infrastructure to support telecommunications facilities. We expanded to a new market and added design/build to our repertoire.

We made the decision to move into San Antonio, without conducting market research or analyzing cash flow. During the previous years, sys-tek had completed several projects in San Antonio, and I simply loved the city. It had significant size, rich history, and it was not far from Austin, which generated a technology-smart environment. One of the hardest things for an entrepreneur to accept is that occasionally your instincts are wrong, and you can't skip any steps.

In the end, after investing more than \$200,000 in the venture, we had only one new project. There was a bright side in San Antonio, we learned a lot about controls and commissioning, which is the process of identifying and adapting buildings to meet the demands of the businesses inside. The knowledge that we gained in San Antonio about commissioning added to our years of experience in ensuring the creation of cohesively operational, energy efficient buildings.

The Solution

Focus on your passion and expertise

Sys-tek isn't the first company to learn a hard lesson about sticking close to our core business. We lost the focus of our true passion and expertise. Our experience convinced us to go back to what we were known for and passionate about – engineering and commissioning.

Conduct research before diving in

Not only would the research have saved us from rushing into a risky situation, but the process of researching the market might have reminded us that it was outside of our core business. We learned a truly valuable lesson about identifying the risks of doing business in a new market.

For example, our research would have told us that we needed a local rainmaker. Texans have a tendency to do business with other Texans. As outsiders, we missed out on several opportunities.

Learn and move on

We closed our office in San Antonio and have kept our focus on engineering and commissioning. Thanks to our reputation, sys-tek was selected to perform the commissioning of the electrical systems and controls for the **Department of Natural Resources (DNR) Headquarters Building** in Jefferson City, Mo. The DNR building is **one of only 20 platinum LEED buildings in the United States**. Sys-tek has completed high-profile engineering and commissioning projects for **UMKC, Johnson County** and area **Fortune 500 corporations**.

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