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SERVING CHARLOTTE AND THE METROPOLITAN AREA

ettain attains

Tech consultant cuts back, retools and turns a profit

J.C. ZOGHBY

STAFF WRITER

Bob Finigan joined Internet development company ettain as creative director. Later, he became chief experience officer. Try explaining that title.

"Being a creative person, spreadsheet management is probably not the best thing for me to do," he says.

Finigan and other employees recognized ettain had taken several classic e-business wrong turns.

But it took a practiced — and disciplined — tech executive to pull the company out of its virtual quagmire. Tech veteran Mac Lackey took charge of ettain operations six months ago and set about rebuilding.

He quickly eliminated the myriad chiefs around the small South End

COO Dan Royle joined ettain in April, evaluating the company from an operational standpoint. "The first thing I noticed was that there were a lot of meetings going on."

company and refocused the management team back to billing. Maybe that's why August and September were record months for the 21-person company, which expects to bring in \$4.2 million over the next 12 months.

Stripped of his title, Finigan says he's finding greater satisfaction in his job. "My day-to-day is hands-on, interfacing a lot more with the clients," he says. "We're having a lot of fun."

Lackey has overhauled the business — trimming five workers, including Chief Executive Mark Long, and negotiating a new lease for larger space in the Camden Road building at cheaper rent.

"Everyone has stepped up the pace," he says. "It translated from burning cash to profitability."

By flattening management and saving money on salaries and fixed costs, Lackey has helped move the company

into a strong position in a weak market. It has a roster of steady clients such as Lance Corp., Muzak, Bank of America Corp. and, recently, the Smithsonian Institute.

The company's two most recent months have been profitable, and ettain has booked enough business "to keep us profitable for the foreseeable future," a spokesman says.

A nationwide trend

Across the country, small consulting firms such as ettain have restructured their businesses as they struggle to stay alive in the wake of the dot-com crash. Forrester Research analyst Christine Overby says the local company mirrors businesses — large and small — that have radically shifted in recent months. "They're moving back to delivery, back to the real nuts-and-bolts of services."

Overby says companies across the country are following the lead of firms such as Atlanta-based iXL Inc. After expanding rapidly under favorable dot-com conditions, the consulting firm was hit hard by the slowdown, shuttering offices and laying off employees nationwide, including those at its South End office. Under new leadership from Chris Format, iXL eliminated its middle management — or C-level structure — and focused on services and satisfying clients. The moves improve consultant-client relations by eliminating layers of bureaucracy. Moreover, it saves big salary costs. By August, iXL merged with former competitor Scient.

Lackey, who sold his first company to iXL in 1998, says he thinks about iXL every day as he passes its now-empty building on Camden Road. "Unfortunately, I see it in my stock portfolio, too," he says.

That's another reason Lackey remains committed to ettain's success. "We've seen so many people in Internet services and consulting do it wrong and fail," he says. "We want to prove, particularly in Charlotte, that it can work."

Eliminating bureaucracy

Lackey helped found ettain in March 2000, during the glory days of



Photo/NANCY PIERCE

Chairman Mac Lackey tears down the bureaucracy and rebuilds a troubled technology company.

ettain

Employees: 21

Location: 1930 Camden Road, Suite 1020

Founded: March 2000

Average project: \$250,000 to \$300,000

Run rate revenue: \$4.2 million

Clients: Lance Inc., Muzak, Compass Group North America Inc., Bank of America Corp.

the dot-com revolution. This spring, ettain's board asked then-Chairman Lackey to take an active day-to-day role in the business. While he continues his work at TeamTalk, which purchased another Lackey start-up last year, he began having daily meetings with ettain chief Mark Long.

Lackey says the board asked him to step in to bring the company to profitability and evaluate growth opportunities.

His first task: Cut out an excessive chief-level management layer. "We had every C-level title you could create," he recalls. "Now, everyone is going to be a leader and a doer, but there is not going to be a management team."

Long declines comment. The former BofA executive says he's now helping a California-based financial services company raise venture capital money to develop products based on several patents.

ettain programmers created an internal billing and accounting system that allows Lackey to keep track of his workers, and their revenue projections, with the click of a mouse. Chief Operating Officer Dan Royle — the only other manager in the company — uses the system to manage employee work loads and satisfy clients. Even Royle doesn't manage full-time, devoting at least 35% of his day to client services.

Royle joined ettain in April at Lackey's request, evaluating the company from an operational standpoint. "The

first thing I noticed was that there were a lot of meetings going on."

He says the new system offers better client response to problems because it eliminates bureaucratic layers. Yet it doesn't take away leadership roles among employees. "The same people are leaders, and they're always going to be. It kind of removed a little weight off their shoulders."

The company also cut the titles without cutting salaries. Although some employees offered to take less money, the company decided it fairly compensated its people and it could rely on increased results from those freed from bureaucratic duties.

Although the management titles are gone, there are still traces of the Internet worker revolution: Candy flows around the office, where there are few offices and many cubicles. People still dress in jeans, speak their mind and work odd hours.

Still, Lackey says there has been a change, a reformation he attributes to a new market gaining maturity. "We're never going to go back to the days of aggressively seeing how much money we can spend."

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