

Scaling Up Services

Episode 236 - David Day

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David Day, Founder and Managing Partner, enStrategy

David is a Senior Executive with over 20 years of experience in the sales and delivery of Business Strategy and Information Technology programs in a wide variety of industries including Energy, Life Sciences, and Consumer Goods. His strong entrepreneurial, leadership, and program delivery skills lend to an exceptional ability to build, motivate, and lead top-performing teams to surpass expected outcomes. He has managed dozens of global projects across North America, Europe, and Asia.

David's areas of expertise include Expert Networks, Revenue and Profit Growth, Mergers & Acquisitions, and Supply Chain Management. Throughout his career, he has worked with numerous Fortune 500 companies; most recently, he devotes his efforts to delivering time-tested services to small and medium-sized businesses with the same strategy needs.

David earned his BS in Electrical Engineering from Louisiana State University in 1989.

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EPISODE TRANSCRIPT

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You're listening to Scaling up Services, where we speak with entrepreneurs, authors, business experts and thought leaders to give you the knowledge and insights you need to scale your service based business faster and easier. And now, here's your host, business coach Bruce Eckfeldt.

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Welcome, everyone. This is scaling up services. I'm Bruce Eckfeldt. I'm your host, our guest today is David Day. He is CEO of enStrategy, we're going to talk to him about the work of doing strategy and right how businesses develop create successful strategies. And probably the most important of that is really understanding your market and your customers and your competitors. And getting feedback and getting insight and getting information, I certainly find that the strategy work I do with companies, you know, one of the first things that becomes very obvious is people don't know a lot. They know a lot about themselves. They do a lot about their internal operations. But in terms of going out into the world, really kind of understanding the market understanding customer segmentation, competitors trends, you know, really what do people want? What are people willing to pay for? What are the options out there? That is a huge part of strategy is really understanding where you're going to create differentiated space and where you going in. And so getting this information is key. David's been doing a lot of work on that, and really interesting different ways of collecting that, you know, how do you get that information? How do you get that insight? And how do you get that into your strategic process? Quickly, affordably accurately? Those are all challenges. We're gonna talk about all that today. With all that, David, welcome to the program.

2:09

Thank you, Bruce. So before we got to dig into the work you're doing today within strategy and you know, helping people with, you know, insights and data and experts, let's get a little background. How did you get into this work professionally? What were you doing, give us the backstory?

2:23

Sure, I'll start a little earlier. Growing up, I've always been an inventor and entrepreneur and problem solver. He took an Atari apart and figured out a copy copy cassettes from me a cartridge. Way back when I was 12 years old, went to college, started a tutoring business and turn that into a successful, I'd say larger tutoring business sold it when I went to work for more than I made first three years health. So I got the entrepreneurial spirit. When I went to a company after electrical engineering at Accenture and was classically trained 20 years

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up few people have probably heard of it. Yeah, and

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you know, big ways, complex ways with goals, basically finding clients showing value and never leaving. Yeah. And, you know, I learned to do all these things classically. But by the end of it, I learned that many of the solutions employed are overkill, many of the things we analyze our base too much on tacit knowledge. And I really wanted to look and explore a way to get the information, people need to make key strategic decisions, and much more efficiency cutting to the chase. And as I developed with Accenture I'd left in about 10 years ago, and I got into crowdsourcing. And with that it's a big field with my business background, I gravitated towards human intelligence, part of crowdsourcing, and specifically to help businesses. So So with that, I grew what is now called an expert network and collected business experts that could answer very granular, least specific questions, problems. So I can tell you more about that, Bruce, but that's the basic background.

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I have a couple of questions. I'm just kind of personally curious. Like, where do you think you got your entrepreneurial kind of spirit from I guess there was their relatives family was their influences. I mean, I'm always curious how entrepreneurs kind of caught the bug.

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Yeah, so two things. My dad never met an idea he didn't like it. He was trained as a lawyer but soon found that boring. So when and out in the world and various various endeavors and some risky, some straightforward, I was married, he was married to my mom, a Scottish person, the most brutal conservative person in the world. So I probably developed a huge entrepreneurial spirit with the something in the back of my mind, managing the risks. So and then going through Accenture, you know, it's a head to down slog, but the personalities of the folks, especially as you get into the partnership, you see a lot of entrepreneurial mentorship, most folks leave to go do big things and become VPS, or C level folks in larger organizations. But as I left, I really wanted to get more in touch with how business works at the midmarket level, and I had a hunch that all of this training and methodology from Accenture, you simplified and made affordable granular, you know, consumed, what do you say, by the drink sort of model? And so, you know, with that entrepreneurship, I just have kept carving ways, I guess, the big thing, everything can be approved, improved, right? Yeah. And I see that as a constant question. Everything I touch, I invent all kinds of things for people that are manufactured in China from bobble heads to lie did novelties and such to clothing, Mexico, but it's just because I, here's the thing, Bruce, that drives, all of it is connection. And when I figured out why I'm successful, it's because I know so many people that have specific skills that I can call on now. And really what I've done is found a way to expand that and to an amazing network of business professionals that are available to answer questions, because they have the knowledge directly of what some company has done before. Yeah, if that makes it?

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Yeah. And let's kind of frame up what an expert network is what crowdsourcing is, I mean, give us just a little bit more details on this kind of business model or the model of, of crowdsourcing and networks.

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Sure. So crowdsourcing, and it's, you know, infancy is probably 25 years old, or so. But it's matured through technology. And what's happened is, there's a lot more availability of people showing you what they can do. And so you look at LinkedIn, and you're looking to find certain folks, you can hire folks through, you can just have business dialog, get to know just new relationships, and so on. So looking at that emergence, I saw the way to go from crowdsourcing, which in this broad sense, can solve granular things like please make me a logo for my business, design a new graphic for my album cover these types of skills that are easily granulating procured, as we get into expert networks, I'd say that's like a private crowd, right. And it's procured on purpose as the difference. But to scale, an expert network is a monumental chore. When I started it, we grew it to about maybe 80,000 experts over a few years. And I quickly found that always recruiting for every single job became arduous. So what we did was found a bigger expert network that had a million people. And I can tell you about that. But an expert network generally is a gathered set of business folks from all the way from say, in the field, blue collar wrench, Turner's up to CEOs of large companies, generally procured proactively based on hunches, like lately, machine learning, AI, supply chain rationalization are big topics, right? So we're recruiting all the time, but mostly on the backs of project needs. And as you develop those needs, you'll find similarities, you know, say life sciences, or similarities in oil and gas. So it becomes where you can reuse those experts. So that's the power,

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how important is it to have kind of that affinity? Or what affinities Have you found? Or strategies for creating affinities? Have you found more successful? Or what's your learning around that?

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So what we found in order to the strategy to draw in experts is real simple. It's a simple model, you have unique knowledge, we'd like to spend an hour with you on the phone or video. And for sharing that knowledge with us, we'll compensate because so people are getting paid for their time to share their information. So that's the way we draw demand. Now, how does it affect businesses and strategies? If you could break down your strategy? Generally, there's holes in it. And each of them comes with a question or a hat hypothesis. So if we look at the past, Bruce, the way that this was done, when it's still done by the large consulting companies, is a company we'll start with a problem. Let's give an example. I want to move my waste product in what's called type three lubricants to Sub Saharan Africa. And I know something about the fact that there's a gray market or a loss on the way and emerge can add up for the chips to be important. This is hypothesis but you can't search that you can't google it. You can't find the truth in any compiled source. So we're What you would do and what we did is go find people on the ground literally, who know where things get taken off before their intended destination, what causes ships to to be delayed? What you know, some things you could do around it. And the summary was, there was a good bit of loss, but it was still worth it, because lubricants had no market and the United States. But these are facts that you really need to know before you implement the strategy based on that, and the way most people do it, Bruce, as they identify the need, either they solve it internally by apotheosis and tacit knowledge, or they go out to consulting companies who bring more tacit knowledge and experience with more companies, but they're still limited, and many of them don't have real world work experience, they have consulting experience. So what enables this all to work is getting stories straight from the horse's mouth. That's the key to expert networks and their power.

11:01

Yeah. So So tell us a little bit about how did you I guess, what was your first version of this? Where did you focus? Like, what are some of the some of the decisions you made to kind of get things started and what worked and what didn't about the early stages?

11:13

Sure, the early stages, it was kind of a hunch, more than a proven methodology, early stages, LinkedIn barely existed. So the methods were a lot more crude. But as we grew, it became easier and easier. The hypothesis was simple. If I can solve problems within human intelligence, outside the boundaries of my organization, I can cut to the chase and take six month timelines down to one month timelines, and \$500,000 projects down to \$50,000 projects. So as we emerge we had a problem is scale. So I ended up selling this business into one of my partners today, Aetherium, who now has grown that up to a million experts. And in order to get this started, again, I have formed in strategy to go after a mid market that none of the big expert networks are dealing with and set up a methodology where Athenaeum supplies me to experts. And I do the consultative work in the client relationships and consolidate that mid-market Back to back to them for colonization. Got it. So what is what I've learned over time is you can't do it all. And any small company without big pockets, big private equity, is going to have our time scale and Bruce. So over time, the way it evolved is I tried on my own with few people, we sold it to a larger company, we build a lot of methodologies, LinkedIn became the ubiquitous resource that it is, and networks have sprung up all over the world to find people. So when I agreed to start mid market business, I knew I would need that supply and that power. So I looked at this as what I termed borderless ecosystems, got to find a way if you're a small company, to act like a big company, by having suppliers that work with you and feed you information. And then my second deal was, as my clients grew from in strategy, we've been asked this a couple of years, as they grew from smaller, say, Mom and Pop organizations out of people I knew and to businesses that required legalities, that insurance is beyond a lot of expensive things. I found a partner, another partner of debts larger established and a consulting company, and

partner to go to market with them. So now I have all that big business stuff covered, I've got all supply covered. And my niche is orchestrating these facets of business to create a better product in hand and can't be done alone. And to do it on the strength of a very small investment now, so that that's really what's involved. Yvonne Bruce.

14:01

Yeah, it said, define a little bit sort of mid market for us. And then you know, a little more details on who inside the mid market you're really focused on and you know, what problems you're solving for them?

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Sure. Well, in order to find the mid market, let's first define the large market. So companies like Athenian and GLG, and third bridge, the big expert networks, dealing 70% with the largest consulting companies on Earth who deal with Fortune 500 companies. Okay. So you know, the sophistication of that is past some cumbersome to it. That mid market we see as the probably starting at 25 million, up to say 500 million. So these are companies that have been established, at least have classy funding, third round funding, or investment, or they've been in practice for 10s of years, so midmarket that we look after that and we decide Ready to specialize rather than boiled OSHA. The hottest markets right now are life sciences, manufacturing in the sense of supply chain resiliency, operating processes, geographic growth and product growth. So those are two good areas. The third one is around private equity companies, we're trying to consider buying decisions. And we bring a 360 degree view that no one else brings. There's a lot of financial tax due diligence, all of those things, but checking out who their customers are and how happy they are suppliers and chinks in the armor is something we provide in that industry. So those are the top three. But other right markets, we kind of do ad hoc, we've done consumer retail jobs, high tech jobs, it um, so it can fit across industries, I would say exclusion. We don't want to go into governmental work that requires certain certifications, replies that 1000, page RFPs. and such. Oh, those are those three sectors really drive it because they're the most inquisitive. and life sciences, for example, the market access function is something that goes on repetitively all day, every day. So I created a new drug, how do I get it to market? What are the doctors and nurses opinions? That type of thing? You know, so it is generally companies that are doing fairly large strategic things. So mid markets, what's fun about them is they need comprehensive help. Some of the bigger people just the role becomes find an expert hook up an expert, and they do what they want with them. Our model is let's find the Group of Experts combined with our secondary research, combined with our consultants to create a holistic picture way faster than big consulting can produce. Yeah, so that's, that's the been the successful model that brings together all those facets into a digestible almost. Let's call it research as a service model. Yep.

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And how much? I mean, it sounds like each one of these kinds of offerings, you know, has different structure, different process different potentially different group of experts size of experts, how you integrate them? I mean, how I guess how much do you provide kind of the framework? And how did you develop that framework over time?

17:25

Yeah, so the framework as it's a generally a set of methods, processes, and access to information via various sources, including human intelligence. So the framework includes secondary research, which is well beyond the Googles and simple quick research. Yep, we're trained in that we use researchers, itinerant Lee all over the world to accomplish this in a straightforward and lower cost fashion. The second part is we break down a strategic, broader question into granular questions. So we create a questionnaire around what is needed to be

known, right? What holes have we found in our secondary research that we need to get out of human intelligence? We then take those questions and develop a questionnaire with our client, and then develop a role personas, if you will, what are the right types of EQ for experts? What level? What role would experience what function? What geography? And with that we have a good feel for how many are needed to answer this question. It could be between one and 100, depending on the granularity, the segmentation, and so on. So we conduct those expert interviews, provide transcripts of them. And then we analyze results put together a report of those results, including summarization of what was said combination of secondary research, and an executive summary that goes with generally recommendations for further study. The cool thing about that is it sounds like a lot. But our average projects are less than a month. And the beauty, it's simply you take a question, break it down, give it to you, a typical consulting company. We're going to think about it for a month before we even get, you know, into the meat of the matter.

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Yeah. And why is that? Because they're they're looking at more complicated problems. They're just their process is antiquated. It's the nature of their network. I mean, why why? Why can't they do what you do?

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Well, the answer is they are now doing what we do by using these companies as expert networks. So none of them have replicated this because it's a maturing service, right. But to start with, the limitations of tacit knowledge are the real problem. Accenture has 500,000 as an example, and they still can't possibly answer the granular world today. Think about roussey When I grew up, there were kind of a handful of solutions to every technology crop problem. And now you couldn't get to the 10th page on Google without finding another solution for most of the things you do is so with an Accenture, there's with sorry, a large consultant, and then large companies, let's just broaden that. There's a tendency to do things, the way they've always been done is a big risk aversion. And there's a how do I say, it runs much slower, because the time between the need of information and gaining the information is, is delayed? And so what happens is, a lot of decisions end up coming around, sure information was gathered, but it's been gathered from, I would say, compiled sources, aggregated sources, and decisions are made on tacit knowledge. Or, say, if you're going to work with a vendor, the one with the most charisma, there's a lot of decisions getting made after six months that really don't have the full information. Yeah, it's because of they do have standard process. They didn't follow a methodology, but it's always comprehensive. It's always risk averse. And it's surely designed for quite complex stains. The difference is, we're looking at, say, a big consulting company not going to use a company like in strategy to do their full project, they're going to run into questions that they can answer. And that creates offshoots that then feed their bigger animal. Now, when we deal with small and medium businesses, we do all of that, and a granular package with a whole lot less, you know, thinking about it, and going around the room and having lots of big meetings where, you know, those types of things are much more efficient. Yeah. Does that make sense?

21:49

No, does Yeah. And it's always evolving and always changing. So I get there, at some level going to be copying some of the stuff. You know, the question is always how quickly can they move? And how quickly can you continue to innovate? And if you can stay ahead of them? There's the advantage there. Tell me a little bit about where is this market overall? How are you fitting in? Where do you see kind of the future of this? Like, how is this going to evolve in the next couple years,

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the market in the large sense for large companies, let's say the global 2000, it's actually getting quickly more mature, and a crowded market, a lot of consolidation. Really, there's five reliable, large players that fortune 500 companies use, the mid market is in the state that the large market was in a decade ago. So approaching them is kind of the fun pioneering thing I did the beginning of the soul expert network growth. So I really enjoy that. So it's really a retrenching of the methodologies that have worked on larger companies and streamlining those methodologies to meet the needs of companies that need information faster. They need holistic solutions, and they don't have a lot of money. I see that as a very open market. And folks are relying on external information more and more frequently, you quickly get beyond your own internal networks nowadays, because your let's say your market and customer market is as multithreaded way more than it was before he served so many different types of customers as an example. So midmarket companies do not have the workforces to go out and learn all of these things, right. So I believe that this is going to go the way over the next decade of becoming ubiquitous within mid market companies. There are some headwinds that are emerging. And they affect mainly the profitability of these businesses. So as we've recruited, probably collectively, amongst the five, there's probably somewhere 5 million experts that are signed up to some some expert network. But the problem is that everyone's starting to learn that there's value in that and the prices to pay, people are rapidly increasing. The mid market is a little bit easier, because most of the experts are also in that market. And they haven't learned yet. But you know, managing that price increase that's inevitable with the needle. Let's call it the cost of labor is a challenge. Yeah.

24:26

Interesting. And what have been some of the your challenges so like, as you have kind of evolved the business and take on more clients? Like where are the things that you've had to kind of rethink and overcome and figure out?

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Well, two things is the first one is starting with business development. As a young company, certainly I have connections and I started by doing the first few jobs, the kind of people that you can twist their arm and say, Hey, man, you remember when you gotta? I gotta start a bit then I spent a lot of time just do an investigation about the Midmark and how We're different from the larger players, where were the hottest points in it. And so as I approach that, I learned a lot of places are not my market. Right, I learned what's too small, I learned that, you know, certain training and coaching, that type of thing does fit well to this market. And I started to figure out that my sweet spot is 50 to 500 million manufacturers life science and so on. But getting out and doing business development, Bruce, you know, this as much as I do this is, it can't be a one man show or you're not gonna have any escape. So again, ecosystems, I have a company that helps me with, it's not classic lead generation, way more sophisticated folks who get commissioned pay only on success, I now have this consulting company that is my partner, and we're utilizing their business development staff, their marketing departments to go to market together. So all of those resources and getting those combinations and making sure every partner is happy, and everybody has the right stake in the game is absolutely key. So it's taken a while to get that established. But so that's one obstacle. The second one is managing your pool of supply. It needs to be large enough to withstand some folks, these are all itinerant, so they don't have to be available for me, they have to agree to the right price for a project. So I have from my past networks, you know, hundreds of loyal folks who would work with me. But you still will find tight situations where your ad hoc search in the same way we do for experts for people to to help run projects, you can run into, you know, the simple problems you do in the workforce, we have a project ongoing, our lead researcher got sick. And you know, it was a kind of sick for a couple of weeks, as we've asked. And so there we are. And I had a cadre of others, but they were all

twice the price they weren't offshore. So you know, a smaller company like mine, you sacrifice margin well before worried about anything else is client satisfaction. Yeah. So those have been some of the obstacles. But the growth, I don't see any impediments to growth. Because, as we've talked about, in order to scalable, one can do that. internally. One can do that by acquisition. But I find the most effective method is by having an ecosystem of partners that all work together for the best result of your clients.

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Yeah. And who, I guess who should consider using a service like this? And how would they, you know, start to think about it?

27:36

Sure. The first indicator would be that you have formed a broad strategy of where you need to go next. And with that strategy, you need to validate and know more about it, in order to come to concrete decisions that are still up in the air. This can be a company who just got round C funding, it could be a company that's about to break the 500 million barrier. But they all have this in common. If you can form a question that can't be answered on Google or by anybody in your organization. We can answer that question. Answer it quickly. So anyone who has that, what are the inflection points that most often get people to come to us, things like I want to buy a company helped me decide which company helped me do due diligence on it, I want to grow to a new gr, I have a new product set, this is very, very important one that I can give you old school and new skill ways to do all these things. You need to understand severe operational problem, you need to benchmark yourself in order to cut cost. You want to select a software system, and you need to do it quickly and efficiently. These are all the things why people would come to us. Let's generally any question that's gotten your group scrambling, and the tacit knowledge is not going to be adequate. Look into this type of service. Because she, you know, our customers are shocked. And the first you know, this was the large market first and then mid market. Generally my objections are the shells too good to be true.

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Yeah. Now, now I got an eye. It's kind of one of those, you have to try it and see it to believe it. And I think there's a lot of people that are hesitant, but yeah, it's amazing. Like once once you get into this, and you start seeing the kind of the ability and what you can actually learn and insights you can create and how it affects your decision making. It's it's pretty powerful. Awesome. Yeah. Great. David, this has been a pleasure out if people want to find out more about you about that strategy. What's the best way to get that information?

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Find us at in strategy.net en [strategy dotnet](http://strategy.dotnet). Great.

29:50

I'll make sure that the link is in the show notes here. If it has been a pleasure. Thank you so much for taking the time today.

29:55

Well, I enjoyed it, Bruce, and thanks to anyone who's going to going to listen to this To now hope it's insightful as well. much appreciate the time, Bruce.

30:03

Thank you for tuning into today's episode, be sure to subscribe using your favorite podcast app so you don't miss our future episodes. See you next time.

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