

Pro-Net Business Connections
Young Entrepreneurs – Seizing Opportunities and New Directions

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This case explores motivational factors of a new entrepreneur during the early creative phases of planning and launching her networking and training business. The events documented show how motivation needs pushed and pulled the young woman forward in the development of her business idea, working partnership, and working culture. The case also provides interesting testimonial to motivational factors that are personal, as well as financial.

Precipitating Events to New Venture Creation

Suddenly in Spring 1996, Melodie Stewart found out from her manager at Atlantic Women, that the magazine was going bankrupt. The creditors arrived, removed all of the physical assets, and locked the doors. “Oh my god,” Melodie thought as the reality of the situation became more and more clear, “Now what am I going to do? I just sold all of that advertising to my clients, and now there is no magazine and no job for me. I have a mortgage payment due in two weeks. I just charged many of the magazine’s costs to my personal credit card. My last paycheque bounced and I have \$12,000 debt! Yikes!!!”

After the initial shock subsided, Melodie started calling all of her clients to let them know what had happened. She dreaded this embarrassing task but believed that they had a right to know. In her view, what had just happened to the magazine meant that her clients had been robbed of their money. “I have to tell them the truth,” she thought. During these phone calls, many of her clients expressed understanding along with their disappointment and uttered statements like, “these things happen.” Interestingly, many of them also offered Melodie a job, but she was reluctant to accept any of the positions offered. The thought of working for someone and making herself vulnerable once again worried her deeply. The experience at Atlantic Women was not the first time Melodie had been stung financially by her employer. In a previous job, she was left \$3000 short. Her trust had just been shattered again.

Melodie knew that she had to think clearly at that moment. She was thrust into a difficult situation and had to decide what to do next. She asked herself, “Should I accept one of these jobs or not?” The sudden job loss had caused her to worry about how she was going to make her payments. She had been financially independent from her family for a very long time now and, even though she had worked in highly competitive commission jobs, she coped with the stress and managed to do quite well. Now she had to assess her options and sort through her many emotions. As she considered her situation she thought, “I can’t rely on my family financially; I’m already emotionally dependent on them. No, that’s not the answer. At the same time, how can I go back to a state of dependence on an employer and be at risk of another situation like this one?”

Neither question was a quick or easy one for Melodie to answer. “Somehow,” she thought, “I have to figure out a way to maintain my economic independence and move forward.” As Melodie sat in the centre of her turmoil, she realized that the events that had just taken place put her at a turning point in her life. She knew that she had to puzzle through the issues, the questions, and the emotions associated with her job loss before making her decision. But she also knew that she had to act quickly and decide how to proceed.

During the darkest part of Melodie’s introspection, she remembered an idea that she had regarding information networking. She did a lot of client “prospecting” while on the road in her previous job selling advertising for Sobeys and the Atlantic Women’s magazine, but when faced with new environments, she felt that she had often missed opportunities to do more networking. She recalled that during her advertisement-selling days, she thought that there might be a market niche to provide an organized networking service to help other professionals. Thoughts started to speed up in her mind as she mused over the networking business idea. “Maybe I could explore networking as a possible business opportunity using my existing circle of contacts to begin. It is so important to get out and mix with people,” she thought. “People really want to do business with those that they know, like, and trust.”

As Melodie thought more and more about the possibility of networking, helping others mix into the network, and providing information brokering, her excitement level climbed. It became clear that this type of enterprise would be a natural fit with her personality. Melodie had a natural tendency to collect and record information and then pass it on to her colleagues and friends. “I like people and I often engage in a natural brokering of information” she thought, “why not try and work at it as a business.” As she further developed the idea, she became convinced that it would be useful for other professionals to have this ready information on networking events, information on services, market opportunities in different regions, and where to meet others to “schmooze”.

Melodie was still not 100% comfortable with pursuing the business idea though. She wondered what her family would think and again reviewed the business idea in her mind. She knew that her parents were her “biggest fans” and that if she told them that she intended to become an astronaut next, given her track record, they would likely believe her. But she also knew that they would be concerned with her decision and as a result would pose excellent questions with which she could further clarify her direction. Melodie organized her parents in the living room and went through her pitch. Although there was some sense of concern within the discussion that followed and, in her words, a recognition that “those who love you most are also those most likely to talk you out of things,” Melodie’s family encouraged her to proceed. In fact, her parents offered her four post-dated bi-weekly cheques of \$200 each to help her get started.

Melodie began to plot her next steps. Once again, she felt the weight of the world on her shoulders. It wasn’t that stress was anything new in her life. It was quite familiar to her since all of her previous jobs were paid on commission, but this was different. This new direction was risky in contrast to the safer route of the employment offers she had received. Now she had to take charge and determine how to proceed with her networking idea.

The first task on Melodie's mind was to produce a business plan. She immediately went to a friend's office. She explained what had happened, what she had decided to do, and asked to work there over the weekend. Her friend agreed. Once inside, she took a deep breath and started writing down her thoughts. "This is not devastating misfortune," she told herself. "This is an opportunity to start again. The buck stops at me. If I don't generate a cash flow, I don't get paid!" And so Pro-Net was conceived at that moment.

Melodie attacked the project with a vengeance. She wanted to create the business plan over the course of the weekend and then on Monday morning, pitch it to gain venture capital. She didn't have the luxury of time to do much research on the idea, or to learn how to do a business plan, or to develop a marketing strategy. "Oh well" she thought, "I'm determined that I can make this work. I will learn and correct as I go along. Nothing is going to stop me now."

Melodie asked her friend Kim Doherty to help her with the computer to do her business plan. "Kim will help me over the rough spots," she thought. Melodie began to work through her idea. "How will I start this? What will I write first?" Kim stopped by with lunch for Melodie and herself, and to check how things were going. She found Melodie seated with papers spread out all over the place and operating on very little sleep. Kim decided to stay and help Melodie input the first draft of the business plan into the computer. As Melodie watched Kim, she thought, "Wow. Kim is a great friend and she really seems to be into this idea. It must be a really great concept! But, Kim is always around when I need her, supporting me, anticipating my next move. Maybe I should ask her to be my business partner in this. Hmmm.... It would be a lot more fun and her skill sets would really balance out mine!"

At the end of the weekend, Melodie and Kim had produced a working draft of her business plan to use when visiting banks to seek new venture funding. On Monday morning, she was up early and called upon the first bank manager, then the second, and the third. The visits were disappointing. All of the bank managers turned her down.

They said that she didn't have a track record, and she didn't have office space, or business cards, or a ready clientele. "Now what?" thought Melodie.

This last bank manager that Melodie pitched her idea to said that he would like to help her but couldn't since the business idea was sketchy, novel, and although interesting, untried. For these reasons, he couldn't justify a loan. Just as Melodie started to feel the life drain out of her, this last bank manager added "if you can do something to wow me, I'll lend you some money." At that point, Melodie decided to clear up some of the uncertainty around her plan and prepared to "really wow" this man.

Melodie busied herself finding office space and developing a preliminary client list. She contacted many of her ex-customers to tell them what she was pursuing and asked for a letter of support if interested. Melodie told her friend Kim of her activities and once again, Kim came through. Kim said "Melodie, I want to buy the first membership." Kim then handed over a cheque for the membership fee with a little yellow Post-it[®] note stuck onto it with a happy face and the words "invoice 0001" on it. This was exactly the boost of encouragement that Melodie needed. Armed with the faxed letters of support and a new lease for office space, Melodie returned to the bank. She slapped her package on the bank manager's desk, pitched her idea once again, and ended with the statement, "I can get to work now. All I need to do is get business cards and invoices with the money you lend me!"

The bank manager watched Melodie, his mouth agape in amazement. Before him he saw a very young professional woman, polished in her approach that she pitched non-stop. She was committed, excited, and her concept was new and innovative. When she stopped to take a breath, he told her that he had decided to give her a chance with a small overdraft loan of \$1,500. Melodie was elated and exhausted. "Now" she thought, "the real work must begin." Later on Pro-Net also obtained \$10,000 from the Canadian Youth Business Foundation to pay for their incorporation, trademark, copyright, partnership

agreement, and computer training. But the initial \$1,500 allowed the concept of Pro-Net to leave the idea stage and become a business reality.

The Business Plan

Melodie's business idea was to provide a matchmaking service for business, government, and non-profit organizations. In order to accomplish this, Melodie planned to do three things. First, she would produce a newsletter that highlighted local networking events. The newsletter would provide a schedule of the events, the time, date, place, speaker, and cost allowing easy identification of appropriate networking opportunities. Second, she would have each new client fill out a detailed profile outlining their networking needs. These profiles would then be entered into her company computer to a database so that her clients could use the information provided to find services that they needed, to identify other companies to develop partnerships with, or to find new business opportunities. And third, she would provide seminars on effective networking techniques so that busy business people could make the most out of their time. The costs of these services would range from \$150 (membership fees for students and non-profit organization members) to \$600 per year (fees for government agencies). People from small businesses constitute the largest group in the client base. Their annual membership fee was only \$300.

Melodie's ultimate goal for Pro-Net was "to be the first company that people think of when they need information." She also wanted to produce a service that would assist people. "It's not just about sales. It is also about building relationships and adding value. Ultimately people want to do business with those that they know, like, and trust. And while I want to make a profit, I want most of all to add value. Really," thought Melodie, "the most advantageous part about owning your own business is the fact that you can really help other people." She became increasingly certain that she made the correct decision as time progressed. "This is really going to be fun."

Now with all of the pieces in place, Melodie turned her attention to getting her office set-up so that she could sell her product. As she was getting things organized, she decided to try to convince Kim to join her as her business partner. Kim had to think about the

prospect for a while. This decision meant that she would have to give up a lot and she was not altogether comfortable with the ambiguity associated with that decision. Still, Melodie's enthusiasm was infectious; her vision was so clear and she really believed that this business could add a lot of value and make money. After much introspection, Kim decided to take the risk and join Melodie in launching Pro-Net.

The first decision made was that Melodie and Kim were to be equal partners. This meant that they would make all decisions in a collaborative manner. They placed their desks across from one another and proceeded to discuss how they would break into existing circles to sell their product. Their first success was a reciprocal agreement with the Halifax area Chamber of Commerce. In return for access to the Chamber's members, Pro-Net would offer their networking seminar free of charge. They thought that this plan of action would give them the desired access they needed to continue. However, this strategy was not without challenge.

At one of their early seminars, a cynical member from an "Old Boys" club suggested that perhaps Pro-Net's message was really about "having lunch at the Halifax Club." Melodie would not be put off by this comment. She responded quickly by launching into her pitch about the importance of their product as business needs changed. On another occasion, Kim attended a meeting where she found herself the lone woman in a boardroom full of men. She initially "felt somewhat out of place being the only woman in the room, particularly when the conversation turned to sports," but Kim knew that she could not stay quiet. To sell her product she had to find a way "to deal with the issues and get around them."

Melodie and Kim discussed their experience with this sort of treatment. They both agreed that they needed to figure out a way to deal with it effectively. In their minds, they knew that they could not let this kind of resistance, or perception of their ability and product, interfere. They sat across from one another and discussed the situation in earnest. Finally, they decided that neither one of them wanted to spend a lot of time worrying about the gender issues. "Surely," noted Melodie, "even the thickest-skinned

walrus can see the business world is changing. We can't get bogged down because of how we might be perceived based on our gender or youth. A lot of new entrepreneurs experience this."

Melodie and Kim agreed that they would not be cast as "fighting the gender thing." Instead, they decided that their focus should be on the "the opportunities and not the barriers." They agreed that they could see the barriers in retrospect but they "...can't be afraid to ask questions and we must believe in ourselves. If we are going to sell networking and the value of relationship building, we must pursue that as a value and live by it." Once again, the tenacity of Melodie's vision and refusal to wallow in defeat shone through. "Further to this," reflected Melodie, "I don't want to focus on whether or not we will be a long-term success. Maybe that's not practical but I guess in my mind, failure is simply not an option. The woman that I worked for before, my mentor, shut the door and left town. I couldn't do that with other people's money. If something happens and Pro-Net starts to fail, I think we will have to sell shares to raise money, or start a trading company, or break the business apart and sell off the different pieces of it. Each thing we do is really a separate business. So really, failure is simply not an option, and not something that we should dwell on."

Moving Toward a Strategic Approach – The Continued Evolution of Pro-Net

As the months passed and the business grew, Melodie and Kim noticed that the demands on their time and logistics of their activities were becoming more and more complex to organize. They discovered at one point that they had taken on a great deal of work. "It is all so exciting," thought Melodie, "I don't like to turn anything down but things are going so fast now. Something is going to break down soon if we don't take stock and keep things under control." Both Kim and Melodie were becoming very tired and stressed trying to keep up with the growing demands of the business. They were both on-edge and began to experience some disagreement regarding the new in-coming work.

Melodie and Kim both knew that they had to spend more time discussing their future plans. Things could not continue at this pace or they would both burn out and lose all

that they had built together. So, they decided to take the time and have that discussion. After much deliberation, the first decision made was that from this point forward, they would take the time to discuss every new project or decision in front of them. They worked out a process for dealing with potential future disagreement as well. Both agreed that Melodie would have the last word on decisions surrounding marketing, sales and promotion, and that Kim would have the last word on decisions surrounding logistics and finances. Both women would continue to be “equal in the creative process.” Finally, they decided to protect their relationship and to give each other the needed personal space. “It is not that we have issues right now,” suggested Kim, “but let’s make sure that we take care of things before we do.” They also decided that one or the other may need some “time out” at times to recover and how they would handle that.

But, Melodie had started to realise first hand, the importance health and well-being. She was experiencing a lot of overload and stress and realised that she couldn’t continue in super-human fashion. “Even though I was somewhat prepared for the demands and magnitude of starting a new business, I was not fully prepared, especially for the personal costs,” said Melodie. “The impossible schedule, irregular meals, and sleep deprivation was taking its toll on me. We had to start saying no,” she stated. “We learned a lot already to get this business off the ground. We needed to adjust to be ready now for the next phases. We’ve had a wonderful opportunity to do something really important and make money too!”

So, Melodie and Kim sat down once again to have a heart-to-heart discussion over this issue. They both agreed that things were becoming more difficult and decided to take steps to regain control. After a lengthy discussion, they concluded that training was their greatest strength. Melodie enjoyed conducting the training seminars very much and Kim pointed out that training was also their greatest source of revenue. With this in mind, they went on to examine all other aspects of how they spent their time to see where they could make some changes. “Let’s just put the projects that do not emphasize the core competency on the back burner for now,” suggested Kim. “I think we also need to

consider our personal and common business values and goals, and make sure that we shape this business now to satisfy both of us.”

“OK” thought Melodie. She started her part of the discussion by giving her interpretation of Pro-Net’s stage of development. She said, “I see us as adolescent flipping back to infancy on one day, and on another day flipping forward into maturity. For example, one day we are dealing with high-end clients and the next day we are back to stealing toilet paper from the building. This business is still quite unpredictable and I think that we need to move to a more deliberate plan for our next steps.” Kim agreed and added, “then let’s start with what is most important for success personally and professionally to get things rolling.” They had already decided that training was their chief competency and they wanted to keep their business small. So, they asked each other about personal life-long goals. They both listed their goals and values and then compared the lists. Both Melodie and Kim wanted to travel, to work smarter not harder, and to continue to learn. They also wanted to cease over-extending themselves and focus their future efforts around their critical competencies in the future.

The first new project selected to pursue their new alignment of personal and organizational values and goals was the “Team Canada” project with Industry Canada. This project was to build a pilot training program to teach potential exporters in Atlantic Canada how to network effectively with those in target countries. This opportunity would move Melodie and Kim forward into the global marketplace and provide them with a chance to travel. The idea came out of work that Melodie did with the Metropolitan Immigrant Settlement Association. Her experience was one of not only teaching networking skills, but also coaching people on how to work successfully in the Canadian business world. “This is where I think we should focus our energy” stated Melodie. “I agree,” said Kim, “Let’s move forward.” And, so they did.

Concluding Comments

The culture of Pro-Net continues to be one reflective of a creative, innovative, and flexible organization. They provide an electronic networking service that keeps pace

with the business needs of today. These two young women demonstrate a true human interest, a strong business ethic, and a passion for the values they hold. They recognize the importance of health and well-being, and balance between work and personal life. They share a relentless belief in their product, their ability, and that no barrier is insurmountable. Melodie and Kim's goal is to provide something useful, needed, and timely, and hold fast to the desire to help their business colleagues' progress within their chosen careers.

Upon reflection, Pro-Net is much more than something that "happened by accident." There is hardly anything accidental about Melodie Stewart and her partner, Kim Doherty. Their experiences in establishing Pro-Net, their partnership, and development along the way, provide an excellent testimonial for students, as well as potential and practicing entrepreneurs. The organization and its leadership embody many important values held by the workforce of the 90's. In fact, Pro-Net has recently won the Royal Bank Service Excellence Award and Melodie Stewart was nominated for the Entrepreneur of the Year award.

However, the questions remain. Will their new strategy to keep the business small and focus on their key competency of training allow for continued success? Will their approach have to change with time because of changes in the demand for their product or competition from other providers? Will their reluctance to acknowledge gender-based barriers continue? Will their endeavours to break into a global market bring these issues to the fore? Or is this another part of their impression management product? It is really hard to predict at this point but if we asked such questions of Melodie and Kim, their reply would likely be simple-- something like "Absolutely, just watch us!" comes to mind.

Issues to be Resolved

- What motivational factors are evident in this case?
- Is Pro-Net likely to continue fulfilling Kim and Melodie's motivational needs?

- How have Melodie and Kim avoided typical gender-based barriers in their business development and dealings? Will this continue to be the case?
- How have Melodie and Kim used their values around the importance of building relationships to launch their business, continue to develop relationship building as their key competency, and reinforce it into their operating culture?