

# Small Businesses Offering More For Less

By Sarah Needleman

## Small Companies Can Lead Candidates to Big Rewards

With the U.S. economy under duress, and Canada's heating up, a growing number of experienced workers are choosing to move from large companies toward smaller professional firms. In recent weeks, several large employers announced plans to trim their workforces - among them Bank of America Corp., Yahoo! Inc. and Nortel Networks Corp. - while small companies hungry for top talent are happy to take in corporate exiles.

There is a significant upside for professionals moving from a big pond to a smaller one. Senior managers at small and midsized firms often find opportunities to take on more responsibility, earn greater recognition for successes, gain ample exposure to new practice areas and have a more direct impact on a company's bottom line.

To be sure, small firms seeking to attract big fish still have to prove they're a stable alternative that offers competitive pay, but for some, the tradeoff is worth it.

## More impact

Before joining Internet company LinkedIn Corp. in July, Patrick Crane was one of five marketing vice presidents at Yahoo! He's now the sole vice president of marketing at LinkedIn, which has roughly 220 workers.

"At Yahoo!, I shook [CEO Jerry Yang's] hand twice and had maybe less than five conversations with him in four years," he says. "Now I meet with our CEO [at LinkedIn] several times a day."

That close proximity to upper management often leads to quicker action. Mr. Macdonald, the former Bristol-Myers worker, says he has the power to get things done more expeditiously at his new employer, Acorda Therapeutics Inc. in Hawthorne, N.Y. "There's less bureaucracy," he says. "Decisions are made without having to go through a number of layers of approval."

Being able to influence a company's bottom line is what led Scott Ruthfield to join WhitePages.com Inc. in April as vice president of engineering and technology. "Everybody plays a core role, so if you do a good job, you are directly contributing to way the business is going to succeed," says the former Amazon.com Inc. manager.

That can also mean more ready recognition. "Every success you have in a small business is magnified by a hundred," says Dean Medley, senior vice president of recruiting at Medical Methods Inc., a staffing firm in Jacksonville, Fla., with 50 employees. "When you land a new account, it's a huge deal."

Small-company converts also mention the room to gain experience in new practice areas - or to return to the heart of a business - as another plus. "You get divorced from the nuts and bolts of operating a business when you work for large companies," says Mike Barnes, a newly hired logistics executive at Halton Co. Mr. Barnes says the depth of involvement he has at his new firm has another upside: A level of job satisfaction he says he hasn't felt in a long time. Mr. Barnes also says his peers at Halton are less competitive than his former colleagues at larger firms. "People aren't climbing over each other attempting to reach the next level," he says.

## Recruiting challenges

Bringing in brand-name talent can be a challenge for small companies, though. Some senior-level job hunters eschew such firms because they're typically perceived to offer less stability.

Tighter budgets mean smaller companies sometimes can't afford to pay salaries equal to those of big firms. Case in point: This year, chief financial officers at companies with \$500 million or more in sales are projected to earn between \$257,500 and \$370,500 in average annual base pay, according to a 2008 report from staffing firm Robert Half International Inc. CFOs at firms with up to \$50 million in sales are expected to receive between \$91,000 and \$122,250.

But many small employers provide alluring trade-offs such as shorter workweeks, less travel and work/life balance incentives including telecommuting arrangements and flexible schedules.

Employees who trek long distances to get to work at Rising Medical Solutions Inc.'s offices, for example, are given laptop computers with wireless Internet access. They can leave at 4 (p.m.) and do work on the train.

To be sure, some small employers eager to take advantage of the wider big-company labor pool say they're willing to compensate new hires more competitively. "If we want super stars, we have to be able to pay appropriate salaries," says Robyn Marcotte, senior vice president of talent at ePrize LLC, an interactive-promotions company. The 350-person firm wants to add 30 senior-level employees and 20 others by the end of next month, she says.

And, niche firms that compete with brand-names are more likely to offer salaries that are similar to big companies - and, perhaps, other ownership incentives. Tom Ryan, founder and co-chief executive officer of ICR LLC, a small financial communications consulting firm, says he offers consultants a base salary he calls "competitive, even by Wall Street standards." Consultants also earn a percentage of their billings, "so there's no income cap," he adds. A performance-based pay model is critical for enticing top talent, notes Mr. Ryan. "Historically it's been difficult to get the right people," he explains. "You've had an incredible bull market since the tail end of the Internet bubble and the commissions these people generated have been really good." The Westport, Conn.-based firm, which services more than 200 publicly traded businesses, employs roughly 100 people and plans to add 10 more consultants this year.

Mr. Ryan's plans to bulk up may be a sign of the times for small and midsize professional firms. A recent survey of 500 firms with annual revenue ranging from \$100,000 to \$25 million (with average revenue between \$5 and \$9 million) shows that 57 percent plan to add workers this year, reports The Alternative Board.

"This is definitely a great opportunity for us to recruit talent from big companies," says Kaity Benedicto, human resources director at Travelzoo Inc., an online media company with roughly 150 employees. "We've noticed more individuals are willing to talk to us now than ever." The New York-based firm plans to grow its staff by 40 percent this year, mainly with senior-level technology hires.

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*Sarah Needleman is a contributing writer for The Wall Street Journal Interactive Edition.*