

From humble beginnings

Bob Penner and the slow and steady rise of STRATCOM



BY BILLY SHARMA

Bob started his own business, Strategic Communications Inc. or STRATCOM for short, after having worked for a number of non-profits in the 1980s.

He explained, “I worked as a coordinator of the Canadian Peace Alliance and later Greenpeace where I was the Director of Development. We were using a US consulting firm for our fundraising and I could see that there was a need for more Canadian services on a broad range of things. As well I wanted us to make use of the more sophisticated techniques that were being developed in the US.

“When I left Greenpeace, I started STRATCOM and operated as a freelance consultant for a couple of years. I was focused on a range of services to the non-profit sector, including fundraising, communications and public opinion research. If my clients needed services in any area, whether it was an opinion poll, or phone or direct mail fundraising, I would arrange to subcontract that portion of the work while I would develop the strategy with the client.

“However, I became dissatisfied with not being able to control the ultimate product. Even if we had the greatest strategy or the best clients and program in the world, we were still ultimately reliant on other businesses to deliver the final product.

“I decided to begin building the service provision aspect at STRATCOM, bit-by-bit to a full cycle, which has been our model since then. We still do subcontract out some

services, but they are very few.”

Rise to International status

Today, STRATCOM has offices in Toronto, Ottawa, Vancouver and London (England) with a staff of about 50 full-time employees.

“We are completely full service from top to bottom on the fundraising side,” he said proudly. “This means we write all our own copy, we do our own production, do list brokering and so on. Likewise in opinion research, we do the research strategy we design the questionnaire, or field the surveys and do the data analysis and interpretation all in house.

“This is a tricky business because it does require a fair bit of operating money so we need to keep busy to cover that overhead. But it also gives us and our clients more control over the products and services we are delivering and ultimately provides them with better services.”

The man behind the success

Bob was born and raised in Toronto where he initially started the business.

“We expanded the business to Vancouver mostly because my wife was from here and this was an opportunity to spend some time in both places with my family in Toronto and hers here in Vancouver. Eventually, we decided to move to Vancouver and I would do the commute the other way. We have a good business in Vancouver although it’s still quite a bit bigger in Toronto. Recently we expanded to Ottawa and London, England.

“My wife, Shaena Lambert, is a fiction writer and has published two

books with Random House in Canada. Her next book is coming out with Harper Collins and is called *Oh My Darling*.

We have a 24-year-old son, Peter in UBC studying biology and our 18-year-old daughter Lucy, has graduated from high school and is traveling and working this year.

I used to spend a lot of time playing guitar and actually studied classical guitar when I was younger. My main non-direct work activity work is studying French, which I do several hours a day when I can with the goal of becoming functionally bilingual."

The part he enjoys most

He candidly told me, "Anything that involves some level of innovation or experimentation interests me the most. On the fundraising side, I am most involved and helpful when we have a client who is keen on significant growth and prepared to try new things and invest in it. We've had a lot of success in building small clients into very large ones and that is the most rewarding because those organizations have many more times the funds than they used to have to fulfill their mission.

"I realize that not all programs can be like that, nor does it make sense to try and force them.

"Today, we have about 50 full time staff working across four offices and I enjoy the challenge of managing and running the business even though it can get complicated with a lot of service lines. Of course, the key to any business is the quality of staff that you have, my clients and I rely on professional and dedicated staff."

How the company slowly took shape

"In the earlier stages I didn't fully realize the need for capital for the rapid growth we were experiencing as a business. As I was expanding and building out, I never had quite enough money to invest. Cash flow was challenging for a number of years and in the early stages of the business, we weren't eligible for conventional credit. So we had to find other ways to finance the growth of the business. Some of that was stressful, some of it was expensive and some of it was time consuming. It did work out and as we got bigger, we generated enough money to support the growth that we wanted by ploughing all the profits back into the business.

"After a few years, I adapted a different model so that investors

began approaching me about buying into the business as partners. This seemed like the best route—to have an external source of capital—which would allow us to get more conventional sources of credit in order to continue to build the business.

"After turning down the first investor, I was very fortunate to be introduced to Joel Solomon from Renewal Partners, a social purpose angel investor rather than a traditional venture capitalist or higher risk investor. Like me, Joel is equally interested in the bottom line as well as the social commitment our business provides. He didn't want much control and was a patient investor who was content with a return over time. I was very lucky to find such a compatible partner who was experienced in the non-profit sector. That was a significant change in the business and Joel has been a good partner and friend ever since.

"Later on, we had a similar experience when Working Enterprise, a fund owned by the Canadian labour movement, approached us with an interest in also investing in the company. They function on a similar level in taking a minority position in the business and helping us develop our services as we go along."

An important aspect for future growth

When I asked Bob what he sees as

the most important aspect for future growth, he had just one word to say. Innovation.

"All of the elements—the marketplace and the sector in which we work—are rapidly changing and we need to not only keep up with them but also lead with creativity and innovation.

"On the fundraising side, we've been working on conversion to online from offline methods. We pay special attention to the synergy from online contact development as a lead generating process. We also focus on telephone fundraising, making advances in our methods and finding a lot of success with our clients with this service.

"For sure mobile phone fundraising will be taking on a more important role in the future once the sector produces more reasonable rules and fewer restrictions on it. There are currently more limitations in Canada than in other countries.

"On the opinion research side of our business, we've moved substantially from telephone surveys to online internet administered surveys, which also have some limitations but many advantages as well. The Opinion Research process has experienced a significant influx with the changing environment as well and that is something we are working on."

What would he do differently?

"If I had to do it again, I might have looked for partners and investors sooner. We're now expanding in England where there's quite a lot of potential and that's something I could have done more quickly as well.

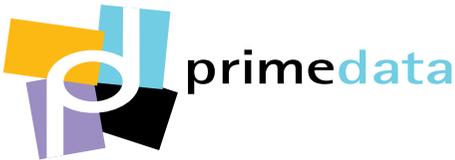
"I can't complain because overall, it's gone well. No business is perfect and you can't make it so. It is trial and error. If you want a business that makes very few mistakes, that's a business that doesn't try to innovate very significantly and I didn't want that.

"I think we are fulfilling our goals which have always been the same: we try to provide services to the non-profit sector so that they can become more effective in their work and contribute to social good, whether they are raising money for health improvements, social or political change. We try to do all that while running a successful business that provides good jobs and an outlet for people's skill and creativity. And of course, we want to have fun in the process. I believe we've been successful at accomplishing our goals."

Having worked for STRACOM many years ago and having seen it slowly blossom and flourish, I fully concur. ✓

BILLY SHARMA is president and creative director of Designers Inc. He can be reached via email at designersinc@sympatico.ca or by telephone at: 416-203-9787

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