



- ABOUT BAYBIO
- GET INVOLVED
- EVENT CENTER
- MEMBER CENTER
- INFORMATION CENTER
- BAYBIO:IMPACT
- BAYBIO INDEX
- INDUSTRY NEWS
- INDUSTRY OVERVIEW
- BAYBIONOTES
  - President's Desk
  - Public Policy and Legislation
  - Guest Column
  - BioScience by the Bay
  - BayBio Institute
  - Real Estate Roundup
- BAYBIO PANTHEON
- PUBLICATIONS
  - ISSUE FORUM: COMPARATIVE EFFECTIVENESS
  - ISSUE FORUM: ENERGY RESEARCH
  - ISSUE FORUM: STIMULUS INVESTMENTS
- RESOURCES FOR GOVERNMENT FUNDING
- MEDIA CENTER
- CAREER CENTER

## Guest Column

### RoseRyan Roadmap Series Article 3 of 4: A ROADMAP FOR GROWTH: Right Resources, Right Systems, Right Time

BayBio, in its efforts to provide its members with the necessary insight to build a stable company, provides this four-part series to prepare companies to meet milestones and expectations.

By Kathy Ryan

The right talent at the right time is critical to any company's success. The hitch is, emerging companies do not have unlimited resources—i.e., cash (especially in this economy)—to hire the ideal team of full-time employees. That's particularly true when those employees handle tasks that aren't core to the business.

This is why service providers and outside consultants are an important resource for start-ups climbing the ladder to becoming an established company. They have the expertise you need, they can establish best practices that should be embedded early on, and they're cost-effective—you can sip, not guzzle, as you draw upon their expertise and you can call on them only when needed.

As you build your company, keep these guidelines in mind when it comes to talent:

- **General ledger and basic accounting structure.** Don't try to become an expert in every area, or hire full-time employees for one area and assume they can successfully "fill-in" in other areas. We've seen the "fill-in" approach leave many a Silicon Valley start-up with gaping holes in critical finance and accounting areas. Usually, these holes become apparent at the first mandatory audit or, even worse, during end-game moments like M&A transactions, when it's costly to have to go back and fix everything up. Instead, bring in resources as needed for a specific role or task. This rule of thumb applies to all support functions within your company.
- **Engage the right team of experts from the start, and use scalable services.** There is typically little need to hire full-time staff for support functions (such as legal, HR, finance and accounting) in your company's early stages. In most cases, outsourcing support functions at this point lets you keep your workforce lean and nimble without sacrificing quality. When your needs change as you grow, you can easily tap new experts who have the right skills. And ultimately, when you need a full-time hire, you can get someone suited to a later-stage company. To ensure continuity and keep things simple, choose a service provider that can scale with you.
- **Develop a written plan that identifies needed processes, resources and systems, and when you need them.** As the first two articles in this series discussed, having a roadmap is key for start-ups. To ensure that you cover all the bases, you may want to engage a business partner to help you create one. For an example of our firm's scalable finance architecture, go [here](#). Review and refer to your roadmap often to stay on track and ensure that you are aware of and ready for each new phase of your business growth.

#### What Areas Do You Need to Cover?

A newly formed company with a small team of researchers and scientists should consider getting help in these key areas:

- **Legal:** One firm may be able to handle both corporate and intellectual property work. Or you may want to work with two or more firms that have specific expertise. Legal experts should assist with setting up your corporate structure, protecting your IP (more than just patents—this includes trademarks, internally developed software, etc.), developing agreements and administering equity documents.
- **Banking:** Choose a bank that meets your company's business needs. Many executives make the mistake of opening their corporate account at the bank where they have their personal accounts. Choose a business bank that can meet your future business needs: a line of credit, international capabilities, and so on.
- **Accounting and Finance:** Start-up companies, especially in the life sciences arena, often do not need full-time accounting and finance staff. You will need to cover a full range of roles, however, from CFO to controller to accountant. Expecting one full-time person to do it all is unrealistic (and can be a recipe for disaster), but hiring three may be too costly. Outsourcing your accounting team is an excellent way to get the right talent at the right time. Finance and accounting consultants can ensure that you have complete financial projections, correctly prepared monthly financial statements, appropriate finance and accounting controls, proper insurance coverage, etc.
- **Human Resources:** Like accounting and finance, HR is an area where full-time staff may not be necessary. But since human capital is a company's most important asset, you need to have the hiring processes in place to attract the right people. Outsourcing this function can get you the services of an HR generalist, a recruiter and a benefits expert in a cost-effective way.

Referrals from your trusted advisors are a great way to find outside resources for your company. Your boards of directors and advisors most likely have worked with a number of service providers or consultants they can recommend. Other service providers or your colleagues can also provide recommendations. But be sure to qualify resource referrals yourself—make sure they have the skills you need, including industry experience; the ability to give you the attention you need; and competitive costs. Always check references.

#### Tips for Maximizing Your Outsourced Dollars

When hiring service providers and consultants, look for the following qualities to be sure you get the most for your money.

- **Scalability:** Look for a business partner that can scale up and down with your company's needs and provide talent throughout your company's stages.
- **Depth:** Evaluate the depth of the "bench" you're bringing in, including senior-level talent. You're not hiring bodies to plug holes in your staff but instead forging a strategic relationship that deepens over time—can you imagine trusting them and turning to them again and again to help you solve new problems and ongoing needs?
- **The key person:** Make sure they have that special niche player you need initially. In finance and accounting, for

example, this could be someone who can act like a “heavy controller,” sliding up and down the ladder of responsibilities and roles. And make sure that person is available when you need them, which could be one day a week to start, then more as you grow.

- **Specialized skills:** There are some skills you won't need in a full-time person for a long time—or ever. But when the job calls for a specialist, you want to be sure you'll have one on hand. In the finance arena, for example, technical accounting expertise is hard to find and expensive, but usually needed only in small doses.
- **A history of smooth transitions:** Ultimately, you will want to hire full-time people to fill roles you outsource in early stages or tough economic times. Make sure the firm you hire has an excellent record of seamlessly transitioning their clients from outsourced positions to permanent hires. Check this point specifically when you call references.

#### **When is it Time to Hire Full Time Employees?**

Of course, the answer to this question is “it depends.” It depends on where your company is in its life cycle. At many life science companies, a CFO is the first finance employee, since raising funds and establishing strategic collaborations often are the highest priority. If you're experiencing rapid growth and have a substantial number of employees, it may be time for a full-time HR person. Look ahead—consider whether your current critical needs and priorities are likely to remain stable, and staff accordingly. When in doubt, discuss possibilities with your trusted advisors.

**Kathy Ryan is a founder of the RoseRyan ([www.roseryan.com](http://www.roseryan.com)) finance dream team and leads the firm as CEO & CFO. Contact her at [kryan@roseryan.com](mailto:kryan@roseryan.com) or 510-456-3056 x102 to learn more about the RoseRyan roadmap for scalable finance infrastructure and how you can access the right accounting and finance talent at the right time.**

BayBio 400 Oyster Point Blvd. Suite 221 South San Francisco CA 94080 Tel: (650) 871-7101