

STARTING SMALL

Feet first into the staging world



Have you every dreamed about starting your own AV business? Three years ago Tim Novak and John Toomey made the dream a reality by opening Novatoo AudioVisual of Carol Stream, Illinois.

I never thought that I would leave and start something new," says Novak. "But we found ourselves with the opportunity and saw that we could do this."

The pair had jointly run the rental department for a large Chicago-area audio-visual dealer, but they were never satisfied with the operation or their role in it. One of their customers approached them and suggested they start a new company with himself as silent partner. They opened TSP Audiovisual in August, 2002, but then bought out their partner and reorganized as Novatoo in December of 2004.

Partners John Toomey (left) and Tim Novak worked together as rental managers for fourteen years, then started their own business in July 2002.

Finding New Customers

In a lot of ways having an investor made the whole process easier. "Our partner had his own business," says Toomey, "so he had accounting people, graphic arts people, a lot of resources that we wouldn't have had. He put that all into motion and Tim and I went banging on doors."

For some, the fantasy of starting your own company involves soliciting your old employer's customers, but Toomey says that's just not realistic. "We did talk to some people we had known before, but most of our customers were new." Typically your old customers are loyal to your old firm, no matter how much they may like you personally. Then, too, you have to worry that your old employer may retaliate if you go after his bread and butter.

On the other hand, the way you have treated people will make a big difference in your new company's success. "I would say it's the most important factor," Novak says. "You don't know who you're going to meet with or come across. There are people I do business with now that I went to grade school with. It's true that people don't wave their hands in the air and say 'I've got something to give you,' but if you treat them properly, they will give you an opportunity."

Toomey says that in their first year of operation they were asked to donate a sound system for an annual 5K run. "We didn't really have them in mind as a customer," he says. "They just seemed like good people and we gave them a system." Nearly two years--and two events--later, one of the organizers asked if they could install a sound system in his facility. "The donation opened a door for us," Toomey says. "They still had to bid the project, but because of the relationship, we got the chance, and we won."

Novak says this habit of treating people well made it easy to line up suppliers for the fledgling firm. "People will look at your finances, measuring your debt and how much money you have, but the real credit issue is your personality. If people doubt you, if you've lied once or twice, the cost is huge. A lot of our vendors were willing to take a chance on us. Many of those original deals were done on a handshake."

Combining Rentals and System Sales

Toomey says that the small size of the company often works to their advantage. Their typical staging setup is fairly basic: one to three projectors, fast fold screens with drapery, Mackie loudspeakers, a Mackie mixing board, Shure or AT wireless mics and a couple of lighting trees. They don't limit themselves to these smaller setups, however.

"One of the trends we're seeing is a lot of price pressure," he says, "with margins continuing to slip. We're well positioned to address that, because we don't have the overhead that other firms have. We're still able to provide the service, because we'll subrent or outsource when necessary, and generally the lower overhead more than makes up for the higher cost we might have on a particular show." Novak and Toomey put in fourteen years in the rental business before they started Novatoo, and that provided a great payoff: they have established relationships with freelance technicians and producers, lighting companies, a video production company, as well as other rental firms. "We're running leaner and so in a bid situation, we might take a thinner margin and still make a healthy profit," Toomey says.

The two partners have also worked hard to build up a shuttle service at local hotels, and they're moving steadily into the AV installation market. "The biggest trend we've seen is the move to installed systems," Toomey says. "We've had several of our regular rental customers decide to install projectors, so we thought we'd better find a way to serve them."

So far Novatoo has been installing fairly basic systems: a projector, electric screen, amplifier and speakers. But Toomey says their customers have been happy with their work and have asked them to work on more complex projects. "We've starting to install control systems now and have a great freelance programmer. We're also redoing a house sound system in one of our hotels, and we even have a bid out to do 15 classrooms at a high school."

Stress, and Service

I asked Novak and Toomey how running their own company compared with managing a rental department for a larger firm.

"It's different work now," says Toomey. "Not only do you have to go out and get the job, make the delivery and do the show, but you have to come back and pay bills and budget. When you have a break, a slow week or a holiday, you still have plenty to do."

Novak says that the type of stress you're under may be the biggest change. But he sees that as an upside, despite his greater financial risk as a company owner. "There was so much energy spent trying to convince someone else of what we should do. We're a lot less afraid of making decisions now because we know we can live with the consequences."

Toomey agrees. "I feel a lot more educated now about the things



Behind the screens at a recent corporate setup. Long-term Novatoo freelancer Shawn Payton works the sound board while customer staff operate the presentation PCs.

the people I used to work for had to worry about. But I still never felt that they knew what I did at my level."

"Right now," adds Novak, "our boss is the customer. The deadlines are what we think they need to be based on what our customers are requiring. It's a whole different type of stress."

Toomey says that personal contact with customers helps to keep the stress factor down. "We've built our relationships dealing with people face to face, talking to them and finding out about their business and what's going on with their personal lives. Now the fact that we're owners of the company, and we still do that, is enormous, huge. They look you in the eye. When they're thinking of switching they have a harder time doing that, knowing us so well."

Another factor that trims stress is the diversity of the Novatoo business. They have hotel customers, corporate customers and even do private parties and shows. A lot of their business comes from word of mouth, but they also pick up jobs from subcontractors. For example, a party store they work with will refer people who need projection or sound. They'll make referrals in turn.

And then, too, they say you need to decide how big you want to be and how fast you want to grow. "It's true that you always have to be looking for more," says Toomey. "Because something's going to happen or some customer is going to leave."

"But it's not necessarily how big you get or how many customers you have," adds Novak. "We have a consistent income right now. We don't want to get too large and screw up any of the customers we already have."