

small business

Specialists in learning that lasts

Frustrated by corporate training that went in one ear and out the other, Carter McNamara started looking for a better way.

By TODD NELSON
Special to the Star Tribune

What are you — or your employees — using from that last training session?

Chances are, the manuals and materials are tucked away, untouched, in a drawer somewhere.

That wouldn't surprise Carter McNamara, founder of Minneapolis-based Authenticity Consulting. He saw the shortcomings of traditional training methods as a Honeywell supervisor in the early 1980s.

"I was just haunted that there was this big elephant in the room, and no one was saying it: Training puts data in people's heads but it doesn't develop skills," McNamara said. "I just kept thinking there's got to be something else out there."

When he couldn't find it, he largely invented the solution himself.

The result, after years of research and a couple of advanced degrees, was a new training model that McNamara calls Peer Coaching Groups. The groups offer a practical, low-cost, highly customizable approach to learning, McNamara said.

Participants solve real business problems at the company or the individual level, while coaching each other and learning to coach, he said. They're also accountable to each other for taking action on issues between meetings. After Authenticity Consulting's initial design work and setup, the groups typically become self-directed.

"My passion that keeps me awake is setting up systems by which people with hardly any money can listen to the wisdom that's out in the workplace, that we keep neglecting. There's ... a Fort Knox of wisdom in the workplace," he said. "We just have never set up any tools to actually pull [it] out. Peer coaching does that."

It's also doing well by Authenticity Consulting, despite the deep economic downturn. Revenue last year was \$750,000, according to McNamara's wife and Authenticity Consulting partner, Teri McNamara. This year's revenue could range from \$700,000 to \$850,000.

"Our business quadrupled from 2007 to 2008," she said. "It's not going to do that [this year] but there's still growth, which to me is amazing in this economy."



Teri McNamara, left, and her husband, Carter, worked with Kristin Johnstad, senior consultant at Search Institute.

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Teri and Carter McNamara

AUTHENTICITY CONSULTING

Business: Training and consulting firm offers design, implementation and evaluation of Peer Coaching Groups, plus consulting for nonprofits and a consultant training institute.

Founded: 1998

Headquarters: Minneapolis

Website: www.authenticityconsulting.com

2008 revenue: \$750,000

Employees: 15 to 20 subcontractors work as certified trainers

Executives: Carter and Teri McNamara, partners

Strategy: Grow organically, adding affiliated trainers to meet rising demand for Peer Coaching Group services.

Customized approach

Peer coaching groups "can be much less expensive than one-on-one coaching, depending on the application," Carter McNamara said. Authenticity Consulting customizes charges based on what a client wants, Teri McNamara said. The company also does continuing quality monitoring of group work.

Authenticity Consulting al-

so works with nonprofit organizations and operates a consultant training institute. The company's online Free Management Library (www.managementhelp.org/) gets more than 1 million visits a month, making it one of the busiest management sites on the Web, Carter McNamara said.

Authenticity Consulting enjoys a loyal following among a

diverse group of clients, from Fortune 500 companies to governmental bodies and nonprofits. Clients that are cutting back are likely to drop "external talking-head trainers" rather than the peer coaching groups, Teri McNamara said.

The company, founded in 1998, has just two employees — the McNamaras. But it has a network of 15 to 20 certified facilitators the McNamaras have trained. The network's global reach, with facilitators throughout the country and on most continents, helped relatively tiny Authenticity Consulting win a coveted position as a vendor to software giant Microsoft.

"We wanted something that could be implemented anywhere in the world with success, with just minor tweaking," Karan Rhodes, the head of Microsoft's high-potential leadership development program, said from Atlanta. The program works with 1,600 employees, or about 4 percent of Microsoft's workforce, identified for their potential to move into key leadership roles in the company.

"To build that kind of development opportunity required taking the best practices and research, which Authenticity provided," Rhodes said.

Authenticity's flexibility also was a plus, Rhodes said, because it incorporated some elements of Microsoft's corporate culture into the development experience. Group members bring in their most-pressing business or professional challenges, work to get some insight into those challenges and propose potential solu-

tions, Rhodes said.

The groups have helped employees learn about each other and what they do and, because they include people from different parts of the company, also have encouraged participants to network with peers in other departments.

"What appealed to us about Carter ... was the simplicity of the approach with a high degree of effectiveness," Rhodes said.

Dan Johnson, executive director of Kinship of Greater Minneapolis, has taken part in a peer coaching group for nonprofit leaders that McNamara helped launch 15 years ago.

"It's really a mentoring kind of experience," Johnson said. "I've found that much more valuable than an academic classroom setting. When you get down to the reality of situations and say how do you deal with X, Y, Z, this is a lot more helpful and practical. That's what's kept us coming back all these years."

Action learning

Authenticity Consulting's Peer Coaching Model is a more practical form of an education method called action learning, Carter McNamara said. In that method, small groups of participants study their own actions and experiences to improve performance. Business schools in this country began using action learning in the 1980s after it was developed in Europe in the first half of the 20th century.

The action learning method has two hallmarks, he said. Group members must take action between meetings. And

when they meet, members interact only by asking questions. To that, he added a dose of practicality from the field of coaching, easing the questions-only approach and allowing participants to share advice and materials.

Carter McNamara has advanced degrees from the University of St. Thomas and Union Institute & University in Ohio. But Carter and Teri McNamara have extensive leadership and management experience.

"I was in the trenches being responsible to do a budget and fire somebody," Carter McNamara said. "That's one of the reasons we get clients ... we can talk business."

The expert says: David Deeds, the Schulze professor of entrepreneurship at the University of St. Thomas Opus College of Business, said the McNamaras' slow-growth strategy has both pluses and minuses, and raises issues that most entrepreneurs must address at some point.

"From the perspective of cash flow, cash flow management and keeping the business pure, this type of growth that they're planning makes a lot of sense," Deeds said. "They'll be able to self-fund it, they won't take on a lot of debt and they're lowering the risk of bankruptcy."

However, the approach also runs the risk that a competitor might move in to try to seize the growth opportunity, Deeds said.

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Carter McNamara, founder of Authenticity Consulting

outside consultant

Q I am an online retail Mompreneur. My business is small but steady, with great possibilities of growth. I've never taken a business loan to expand my business and would like to know how to gauge if it's a good idea, and how to know when the timing is right.

LANAE PAAVERUD
Old World Limited

A Obtaining a small-business loan to expand your business can be a good idea, but it wouldn't be the first place I would look for financing. I would try to avoid debt if reasonably possible. When you obtain a bank loan for your business, you are taking on added fixed monthly interest and principal payments. If business takes a downturn, these added costs could drive you out of business and affect your personal financial life, too.

My preferred source of funds is in-

ternally generated cash.

If your business is steady and profitable, I would reinvest that money into the business to grow modestly over time.

Another source of financing for your retail business may be from your suppliers. If you need to increase your inventory to support your growth, make sure you are getting the most favorable credit terms from your suppliers. By giving you 10, 15 or even 30 days to pay, suppliers act

like a short-term lender.

If neither of those options will do the trick, and you need to invest in inventory or revenue-producing equipment, a bank loan may be the way to go. You will then need to demonstrate to the lender that your business has the cash flow to cover the interest and principal payments.

If the purpose of the loan is to cover business losses or to catch up on overdue bills, it is unlikely that you will find a willing lender. In such a case, I would

confer with your CPA or other trusted advisers to evaluate the long-term viability of your business.

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Answers are provided by the John M. Morrison Center for Entrepreneurship at the University of St. Thomas. E-mail questions to consultant@startribune.com.