

For Profit IT Management Consulting with Profits going to Charitable Non-Profit Partners



Michael I. Pirron
CEO
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CEO/CFO: *Mr. Pirron, what is concept behind Impact Makers?*

Mr. Pirron: Impact Makers is the IT consulting company in the Newman's Own model. We are the Newman's Own of consultants. We are a for profit IT management consulting company that charges market rates to our clients and pays market salaries. One major difference is that all of our profits, over the life of our company, go to our charitable non-profit partners and we are also owned by two non-profit public charities. Therefore, if a liquidity event happens, all of the proceeds from that liquidity event would go to fund our non-profit charitable partners. We exist to maximize community stake holder value, rather than private individual shareholder value.

CEO/CFO: *What was the impetus for that model and why is that important?*

Mr. Pirron: It was me and a laptop when I started it, although most people think that I am a trust fund kid and that is why I was able to do this. When I grew up my parents had a small gift shop and so I come from very middle class background. I started with Andersen Consulting and was overseas on international projects. I was on projects all over Europe, the Middle East, India and Africa for years. I also did a great deal of traveling in the developing world. I realized that even though I am a middle class professional, I am already wealthier than 99.9% of the planet. I was looking around at the people that I was working with and the clients that we were working for, and it just was not values aligned for me. I was also very interested in the idea of traditional enterprise, but using the power of business to solve social and environmental issues. The one thing that I knew that I could do and was intrigued with was to use my own experience, training and background to get into the social enterprise space, figure out how to do well and at the same time do good at the same time. I went back and got an MBA from Kellogg and wrote a paper about taking the Andersen Consulting model and putting it onto a Newman's Own model of 100% profits to charities. Fast forward to 9 years ago now, when I had an opportunity to take a contract and rather than taking it as a contract with me, I decided to start it as a model. It was literally me, a laptop and \$50. I was thinking that it was me living my values and having a lifestyle business. However, the lifestyle part of the business may have gone away, but we have grown tremendously. We are over 100 people now and have made the Inc. 500 three years in a row. Therefore, from a pure economic and capitalist metric, we are successful.

CEO/CFO: *Who is using your services and when might a company or government agency turn to Impact Makers?*

Mr. Pirron: We are about 30% state and local governments and about 45% healthcare, with large insurers, as well as large hospital systems. Then the balance is other commercial clients. We have four practice areas. We do governance, risk and compliance, so security risk analysis, security risk, risk assessment and HIPAA assessment in the healthcare space. Another practice is a complex program and project management. We manage large projects and programs for our clients and we do project assessment and project quality reviews. The next practice is a digital practice of web and mobile strategy and implementation. Then the fourth one is management and IT consulting. The management consulting is for CIOs, which would include organizational assessment, change management and process improvement kind of work.

CEO/CFO: *Are there types of projects that you would prefer to work on if you have a choice?*

Mr. Pirron: We always prefer to work on projects where the clients take a partnering approach. Our approach is that we partner and look at the long-term. We want to add value. Our approach is not to set up shop. We want to come in,

implement and then leave, because we do not want to make our clients dependent on us. Then because we have done a good job, they will bring us in for the next project. We want to work on the interesting and value adding projects, not just that we need access and capacity, but that are strategic and something that they need our expertise for. Therefore, when it becomes a partnership, it is a very strategic project that is very high profile. That is our sweet spot.

CEO CFO: *When you are starting with a company and assessing what they have and need, what might you put in the mix that others may not see as important?*

Mr. Pirron: You do not have to fully outsource a large project. We have really interesting partnering approaches. If you have a large project that you are considering and you think that you will need to fully outsource it to a company, then they will develop it and know it, so this is where you will be dependent on them. Rather than doing that, we feel that you should consider a blended team of our leadership and your developers, so that the cost is less, since you are using your own internal staff. Then our leadership would manage the project making us accountable for the delivery in a blended team approach and at the end of that project, your team of developers has built it, so they would know how to maintain it. We often take that kind of approach that other organization do not even think about.

CEO CFO: *Security and compliance are two hot button issues. How do you know what is right for each of your clients?*

Mr. Pirron: We listen and we work with our clients to understand what their particular IT security and compliance needs are. We also work with them to identify gaps, and then we put in place plans, processes and methodology to fill those gaps. We do not have any special tool sets, although we have our own unique methodology. The most important thing is that we are not bringing a “one size fits all” approach to the client but, rather, we are customizing our support to meet the needs that the client has expressed.

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CEO CFO: *Is the social consciousness at Impact Makers important for your clients?*

Mr. Pirron: That is a great question. When you look at companies that have a product, and not service, and they sell to consumers and not businesses, B2C product based businesses, there is a growing demand from conscientious consumers, who buy products because they look at the social impact mission of the company, and that is important because of the brand. For us, our clients, the corporations are not there, and I do not know if they should be. I like the fact that we compete on capabilities and price. That is how companies purchase. At this time, there is no procurement preference for social impact. With that said, our model is often a tie breaker in a competitive bid, and it also often gets us in the door to talk to C-level people who care about the social impact of their company in the community. However, it does not win us work. Having also said that, we are a services business, and people are our asset, so the model helps us attract talent. That is true not just of our model, but also our culture. For two years in a row we have won Top Workplaces in our region, from anonymous surveys of our staff. This is a place that people want to work. In 9 years we have had 7 people leave, which for IT consulting where there are turnover rates of 20% annually in some companies, that is phenomenal. Therefore, people want to work with us and stay here, giving us an advantage in the labor market. It also gives us good people and because we have good people, we do good delivery. For our clients, our people stay longer, so on projects they stay from beginning to end, which is meaningful and adds value to our clients.

CEO CFO: *What have you learned over the years? How is Impact Makers a better, stronger company today?*

Mr. Pirron: The one mistake that I made was that I started the company with just me. It was an opportunistic way to start it. However, it was just me for many years and it took a long time to build up to enough mass to be able to get over the hump where we are not a bunch of individual contributors selling and doing, but we can start to build infrastructure and grow, and be a real organization that can develop. Therefore, I took some time and we did it organically, which I am very proud of, because it would have been easier to start with three or four people from the beginning and bring in enough revenue to put that in place right away. Even though we have grown really fast, it would have been that much faster if we had gotten there much sooner. The most important thing is that we have been successful and we are a company that just does the right thing. Our model lets us do that because we do not have Wall Street pushing on us, looking for us to be profitable. I report to a volunteer board and they hold me accountable to maximize profits, but it is profits over the long term. We look at longer value to clients because of this, so we are able to partner with our clients and we have a little more space to do the right thing. We have never put in a change request for the same scope of work and said that it is going to cost more. If we bid on it, we honor our commitment and deliver at that cost. In addition, the leadership team has

the backs of our employees if they do the right thing for the client. That is part of our culture and our secret sauce. It has helped us grow.

CEOFO: *How have you decided where to focus your community efforts?*

Mr. Pirron: Our volunteer board has a committee that focuses on our non-profit partners. By charter, in our articles of incorporation, we are required to work with charities that are secular, apolitical, 501(c)3, local to where we are doing business and help people help themselves. Essentially, our volunteer board makes that decision within those criteria. It has tended to focus on two areas that are also meaningful to our clients, which would be in the health safety net, or in the free clinic space and in working with kids from disadvantaged backgrounds to help them navigate the education and social sectors. That is how we choose our partners and then we have ongoing relationships with them. We give them a recurring revenue and it is really an innovative capacity building model. We commit contractually to recurring revenue to them, regardless of our profitability and at the end of the year we look at what our profits are and figure out how share out at that point. We have often worked with community foundations, where we are doing work to identify a short list of organizations that meet our criteria. Then from there we work with them to find the right partner. We also do pro-bono consulting.

CEOFO: *Put it together for our readers. Why is Impact Makers a company to watch?*

Mr. Pirron: We have made a \$1 million, cumulative impact to date and we hope to within the next ten years to have made a \$100 million impact in the communities where we do business. That is important because we are doing something really game changing. We are a group of middle class professionals doing the same work that we have always done, but structuring it differently and collectively making the same impact in the community as large foundations in the communities where we are doing work. We are proving that within a capitalist society, you can start a company that is not about individual wealth creation, but does the same thing for job creation and value to our clients as any other company out there, and operates in every way as a for profit business. However, its focus is to maximize community impact. That is a model that we hope others will emulate and we are trying to pave that path. In addition, we are going out and raising capital, in very unique ways, from foundations and individual investors that want to see us grow. Therefore, if we can grow, be successful and make returns for the non-profits that we have, that is a game changer.

Interview conducted by: Lynn Fosse, Senior Editor, CEOFO Magazine



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