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MINORITY BUSINESS ENTREPRENEUR

A portrait of Sonal Shah, a woman with dark hair, smiling, wearing a white jacket over a dark turtleneck. The background is a textured, abstract painting in shades of blue and purple.

SONAL SHAH

Northwest Software, Inc.





Great expectations

Believing in yourself can be a good business model.

By Emily Richwine

Sonal Shah's road toward entrepreneurial success began years ago, in a somewhat unlikely place. It was India, circa 1963. And while most young girls of that time were being raised to serve in the traditional female roles of wives and mothers, Sonal was being taught to reach for the stars. A doctor, a corporate manager, even a business owner—they all seemed attainable for Sonal, who has always believed anything was possible.

“I have six sisters, so there are seven of us sisters all together,” she explains. “There were no brothers. And in India, no matter how progressive they are becoming, they still look for a son, someone to carry on the family name. But my dad didn't have any sons, so he basically taught us all to be very ambitious. He always taught us that women could do what men could. I can still remember his words. ‘If you cannot be the sun of the world, try to be the moon.’ He had this old world philosophy that if others could do it, why not you? That was kind of a guiding principle for me. If others can do it, why can't I?”

That is a question Sonal Shah has been asking herself all of her life. But she has done more than ask; she has *done* it. Today she is president of **Northwest Software, Inc.**, a successful national staffing services firm which is quickly establishing itself as a leader in its field. Based in Beaverton, Oregon, Northwest Software has grown from its humble beginnings as a home-based software and information technology consulting startup into a full-service staffing firm, which today offers an array of consultant and professional recruitment services across multiple industries. In the last few years, the firm has parlayed its expertise in both technology and professional staffing to expand its offerings even more by developing its own state-of-the-art recruiting and applicant tracking system, known as EZRecruit. With that broad, expanding portfolio of services, Northwest Software now counts many of the top corporations in the world as part of its rapidly expanding client base, which includes companies like Washington Mutual, Farmers Insurance Group, Hewlett-Packard, Nordstrom, and Starbucks Coffee Company.

Washington Mutual recognized Northwest Software with one of its Best Diversity Company awards in 2005. “Northwest Software is one of our top vendors and we’re pleased to give them our business,” says Washington Mutual’s First Vice President Chandan Sharma who is a champion of the bank’s national supplier diversity program. “The company has a strong commitment to supporting businesses owned by people of color, women, veterans and people with disabilities, and it’s important that our supplier base is representative of the diverse communities we serve.”

“As a result of our growth strategy,” Sonal explains, “we have not only diversified our customer base, including the private sector and government, but we’ve also diversified into different professional, contracting, and consulting areas. We’ve always focused on how we can add value. The environment changes and you need to have a sustainable competitive advantage to stay ahead of the game. We invested in innovation so that we could continue to provide a superior quality of service and value to our customers. We developed patent-pending technology that has really helped us provide that value to our customers, that fast response time, quality of service, and a lower total cost. It has helped us compete with some of the ‘big boys’ of the industry.”

Providing value to her customers is another lesson Sonal learned at an early age. While growing up, she watched her father, an entrepreneur himself, successfully run his own company. Although she learned many other valuable lessons about business from him, Sonal initially chose a different path. After finishing high school, she studied science in college and then went on to attend medical school, intent on becoming a homeopathic physician.

“I was very young, and I always wanted to make a difference in society, so it was either medicine or engineering,” she says. “I chose medical school. I was fascinated by everything. I really wanted to learn, learn, learn and see

what I could do. It was a four-year program, plus a one-year internship. With medicine, I felt that I could make a difference in the lives of people.”

Sonal got her chance to make a real difference following her graduation from Bombay University. She worked as an intern in a local hospital, often assisting in some of the most critical emergency cases. While her medical career seemed unquestionably promising, Sonal soon experienced a life-changing event—marriage.

“I had just finished a year of internship when I met Chetan,” she recalls. “A surgeon with whom I had been working for the previous year said he’d really like me to meet his nephew who had come from the United States to visit. I was 21 then, and I was open to getting married at that time. I had finished my studies and my internship, so there was nothing that would [hold me back]. It was good timing for me.”

In traditional Indian custom, Sonal and Chetan, an established systems engineer working in the U.S., became engaged just a couple of days after meeting. They were married the following week, and by the end of the next month, Sonal had quit her job, said goodbye to family and friends, and was on her way to starting her new life with her husband in an unfamiliar, yet promising country. The couple, however, did not immediately move to the United States. To give Sonal time to get her green card, Chetan accepted a six-month overseas position in France with his U.S.-based company.

“It was a transitional time for me,” Sonal says. “I thought a lot about what I was going to do when I landed in America because homeopathy was not really too popular here at the time. There is an N.D. degree, which is doctor of naturopathy, and I could have pursued that, but I was really uncertain. In fact, I was apprehensive. It was a soul-searching time. What am I going to do with my career? My life? How is it going to be? So, more than anything else, it was a time to sit and think.”

After spending a brief time in

Florida, Sonal and Chetan settled in the Pacific Northwest, with Chetan accepting a position at Intel Corporation in Portland, Oregon. At that time, still unsure of what she wanted to do, Sonal applied to area medical schools, as well as some medical-related jobs. Although she was accepted into several medical programs, she eventually decided she wanted to start working and took a pharmaceutical sales position with Merck Sharp & Dohme (now known as Merck & Co., Inc.). While the new position definitely had its own set of challenges, Sonal felt comfortable in the industry.

“It was quite different in terms of the work environment,” she says. “There was that fear of the unknown. I was always wondering if what I was saying was right. You always wonder, culturally, am I saying the right thing by saying that? Am I going to offend someone? Am I doing the right thing? In retrospect, it was difficult. But on the other hand, I was very comfortable with the technical side. I was interacting with doctors, they knew my background, and they were very comfortable working with me. They were happy to have me. So in that sense, I was confident.”

Sonal stayed in that position for about two years before taking a product manager job with a medical instrument company. Around that same time, both Sonal and Chetan also started working on their master’s in business administration degrees. For Sonal, business was something she knew she wanted to pursue.

“People wonder, ‘If you were a medical doctor, why did you go into this?’” she says. “I saw a lot of professionals who were able to combine what they knew about medicine with business. My interest in business was sparked by a combination of things—the family background, my medical training, and those four years of working in different institutions. It led me to strive for bigger and better opportunities. I wanted to delve into something where there were no limitations.”

That hunger for a new challenge

was something Sonal shared with her husband. The couple then decided to pursue their longtime dream of starting their own business. With Chetan's background in software engineering, the pair decided to create a company within the then relatively new field of software consulting. Using \$10,000 in personal savings, they were able to open the doors of their home-based business in 1988. Initially, it was Sonal who worked full time to get the fledgling firm off of the ground while Chetan stayed in his job at Intel

"I wish I could say it was easy, but it wasn't," Sonal says. "It was really, really hard. We talked to a lot of people. We made phone calls. We networked with some of the area trade associations. People don't really want to give you the time when you are a startup with little name recognition, but we found that when you network, and you really do have value, it can be your entry into the industry."

After nearly four months of grueling hard work, Northwest Software finally got its first big break—a \$25,000 contract from a local company to develop software for one of their automated systems. That first contact, however, proved to be nothing more than their first big hurdle. The client company filed for bankruptcy shortly after the work was completed, and Northwest Software was never paid.

"So we had just \$10,000 in the bank, and our first customer owed us \$25,000," Chetan explains. "We had these engineers working for us, and we had to pay them, so we dipped into our savings. It's all about focus, and Sonal and I decided that this was not going to break us. We were going to keep focusing. We kept calling and calling, and she got her first contract at Intel. The account grew quite a bit and that saved us. We were able to take the earnings from the Intel contract and pay off that first project."

From that point, business grew, primarily by word-of-mouth. And by the end of its first year, Northwest Software was seeing a profit. At

that time, Chetan, now Northwest Software's vice president, left his position at Intel to work with Sonal full time. By the next year, the firm had secured another noteworthy client, Hewlett Packard, and over the next two



Sonal and Chetan Shah at the Northwest Minority Business Council's gala awards ceremony.

years, added several new companies to its client base. With the company just beginning to grow, Sonal and Chetan took on a new challenge—at home. They started a family, with the birth of their son, Priyam, now 13, and then a daughter, Naomi, now 10.

"We felt like we could grow our business and our family at the same time," Sonal says. "It was, of course, very, very hard to balance. I would not lie about that. If anyone asks, I tell them it's one of the toughest things you face day in and day out. You have to think every single day about how to manage it."

While her number one priority has always been family, Sonal never neglected the business. Providing value to their customers has always been at the forefront of her business strategy. In fact, she and Chetan routinely reinvested their profits into the company and strategically planned for the future. Together, they saw a new need emerging—information technology consulting.

"Companies were changing," Sonal explains. "They were automating a lot of their applications, their processes, and their infrastructure. But they were

not always ready. They did not have enough people to set up the infrastructure. And with growth...for example, growing from 1,000 to 2,000 people, they needed someone to set up their system, work stations, software processes, and applications; connect the networks; and administer the systems. So we were seeing a lot of growth in the IT industry, and it was an obvious extension from software engineering to information technology. We were really filling a need."

From 1995 to 2000, Northwest Software enjoyed the benefits of the information technology boom. And even though more and more IT consulting firms popped up, the company was able to compete with its promise of quality, professionalism, and flexibility. The business continued to grow and eventually entered into government contracting. Northwest Software, now a Small Business Administration 8(a) graduate, completed sizable projects for both the United States Department of Agriculture and the Department of Defense. By the late 1990s, the company had grown to about 70 employees and consultants nationwide. In 1998, Sonal was recognized by the U.S. Small Business Administration, which named her the region's Minority Small Business Person of the Year.

Despite consistent achievement, Sonal refused to sit back, relax, and watch her company grow. She was constantly researching and studying market trends, looking for what would come next in the industry. While no one could predict the September 11 terrorist attacks, Sonal did see one new market trend that she was able to incorporate into her business plan.

"We had noted that companies were consolidating vendors," Sonal explains. "We saw that a lot of companies wanted to work with one vendor who could provide multiple services, like IT professionals and software engineers along with non-IT professionals. They wanted to do business with a limited number of firms so they could reduce their transactional costs."

Great Expectations

Wanting to respond to the need, Sonal and Chetan once again reshaped Northwest Software by adding general professional recruiting and staffing services to the company's portfolio. However, they both knew it would take more than an expanded menu of services to get corporations to consider using Northwest Software as one of their few national vendors. The company also needed to respond to another growing trend that spread like wildfire following 9/11—the need to do more with less.

"We needed more recruiters in more cities," Sonal says. "But while the customer demanded more and more, we knew we had limited resources. We had always used technology in our business, so we used it again to develop a solution that could help us provide that service with fewer resources."

That idea, coupled with investments of more than \$8 million and more than a year of development time, spawned the company's first signature product, EZRecruit. The patent-pending product gave Northwest Software the ability to compete nationally by enhancing the company's worldwide recruiting efforts. The software, which has the tagline of "Recruiting Around the Clock," literally works full time to find, recruit, and screen job candidates from around the world. The software can also be used to pre-qualify candidates through job-specific screening. The program, developers say, is equal to 100 recruiters and has the potential to save customers millions while finding the best candidates possible.

"When we decided to invest in EZRecruit, we were wary of taking the risk," Sonal says. "The investment in time and money was significant. However, this was one of our best decisions, as it has helped us compete with larger, national companies and has increased our value proposition to our customers."

The software revolutionized the way Northwest Software did business, and it is now used for some of Northwest Software's newest projects with clients like Nordstrom and Starbucks Coffee Company. Other clients like Farmers Insurance Group are using EZRecruit internally to manage their



own staffing programs. Today, Northwest Software is a national company with more than 150 employees and consultants in more than 30 states. Some of the company's work, specifically the technical support for the EZRecruit system, is now done at the firm's second office in Bangalore, India.

Sonal has continued to look for new ways to add value to Northwest Software. Most recently, she has increased that value by developing strategic partnerships and alliances with

other minority- and woman-owned firms, national vendor management companies, and her own customers. For example, Northwest Software has worked with Nordstrom to develop a diversity staffing model, in which Northwest Software utilizes its partnerships with other diverse firms to respond to Nordstrom's staffing needs with the best possible consultants and employees. The lead diversity staffing model uniquely benefits all stakeholders as it generates value for the customer and increases diversity while consolidating suppliers. Earlier this year, the Northwest Minority Business Council recognized Northwest Software's work with Nordstrom by awarding its prestigious 2005 Summit Award.

Sonal has even more plans for Northwest Software. Much in the same way that Xerox is synonymous with the photocopying business or Hertz and Avis are synonymous with the rental car business, Sonal hopes that, one day, EZRecruit will be synonymous with the staffing industry.

"We have high ambition," Sonal, now just 43, says. "We would really like to play a major role in the human capital procurement industry. We'd like to see EZRecruit become a product where people think of staffing and EZRecruit synonymously, as the way to hire the best-qualified candidates. Change is constant. We will continue to grow and diversify. We will always exceed the status quo."

It may seem like a lofty goal now, but Sonal intends to keep reaching for the stars. ♦

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