

# BUSINESS MONDAY

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## Working outside the box

By Jec Ballou

Free Press Correspondent

[SOUTH BURLINGTON]

Forget about trying to swing by the office of TGM Consulting. It doesn't exist. But an engineering team with lots of experience does.

Following the lead of the software development industry, which has used an office-less business model for several years, Philip Matcovich and his two partners opened their virtual doors for business six weeks ago.

Matcovich, along with Philippe Trotin and Matthias Glaese, have created a somewhat unique operation within the consulting field. Besides no office, there are no employees. TGM relies on a team of about a dozen independent contractors, which allows the firm to offer top notch service while keeping costs minimal.

"Normally, you try to have some money when you (go into business)," joked Matcovich. "But we didn't." So, the people behind TGM decided to cut all unnecessary overhead costs and focus just on delivering serv-

ice and staying small. They each work from their homes and collaborate over the Internet.

TGM's creation originated from a lesson learned from the past and an ailing economy. Matcovich recognized that several firms were too reliant on one or two big

clients, setting themselves up for failure in lean economic times.

He, along with Glaese and Trotin, worked for Hallam Associates — a South Burlington-based company that does engineering design and construction, control systems integration, and

software development — for the past seven and a half years, during which time that company depended almost entirely on business from IBM.

IBM on June 4 announced it was cutting 988 jobs at its plant in Essex Junction, in part to trim costs in the face

of the continued slowdown in the semiconductor industry. IBM so far has cut nearly 7,000 jobs in various divisions around the country in the past month.

This month's cuts follow 475 jobs lost from the

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Photos by ALISON REDLICH, Free Press

From left, Matthias J. Glaese, Philippe R. Trotin and Philip Matcovich are managing partners of TGM Consulting LLC. TGM uses an office-less business model for their engineering consulting business.

### Amid statewide job cuts, three entrepreneurs think big

# TGM: Making the virtual office work

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Vermont site at the end of January.

Job cuts came at Hallam last November, and again in January and March when IBM suffered financial slow-downs. Unhappy with the limited client focus at the firm, Matcovich resigned in early March, already drafting plans for a firm with diverse—and multiple—clients.

When he considered the virtual office option, Matcovich knew it was possible to start with little money. He rounded up the dozen professionals eventually laid off by Hallam and formed a team of contractors. He calls this group very teamwork oriented, with projects passed around among the consultants who have all been affected by IBM's slowdown.

"It's a heavily networked model as opposed to a hierarchy model," said Matcovich, who was a project manager for IBM's major renovation of Building 973, one of the main manufacturing buildings on the Essex Junction campus. "Think of it like

a broker—bringing clients and resources together.

"Our paradigm is that we want to find out someone's problem and then put together a team for it."

Matcovich added that in a traditional hierarchy business model, other engineers are seen as enemies or competition. In this networked model, fellow engineers are seen as valuable resources and consultants. With low overhead, TGM is able to pass on the money it saves to its team. Matcovich anticipates revenues of \$1 million within 2003.

If TGM hits that mark, it will be able to provide decent earnings to numerous engineers throughout Chittenden County who would otherwise be without work in today's economy, Matcovich said. It allows engineers who suddenly lost their jobs because of IBM's cutbacks to have some income while recovering and planning for the future.

TGM offers consulting in three areas: engineering, marketing and

strategic planning, and e-commerce. Matcovich said it is strongest in engineering and can plan sites for semiconductor, industrial and institutional clients throughout Vermont, New Hampshire, New York, and Massachusetts.

To collaborate on projects while working remotely at home, TGM consultants utilize the company's Web site, which allows file sharing, offers bulletin boards and other tools.

The virtual office-independent contractor model is not new, and TGM's founders turned to one local company—Guillot Vivian Viehmann Architects Inc. in Burlington—with a similar set-up for advice a few months back.

Dough Viehmann of Guillot Vivian Viehmann Architects relies on a few independent contractors who do drafting from home. This arrangement allows the company to grow without overstepping zoning restrictions for the number of employees allowed on-site at the current office, he said.



ALISON REDLICH, Free Press

Philippe Trotting (left), Philip Matcovich and Matthias Glaese, managing partners of TGM Consulting LLC, gather Tuesday in a conference room at Technology Park in South Burlington.

"From our point of view, it allows us to expand our business and create a larger pool of people to choose from," he said. "From the employee's point of view, it allows them to be independent and work from home."

Viehmann said the model works very well and people can choose to be either an independent contractor for them or a full-time, payroll employee. The model, and the Internet, allows the company to draw on expertise from anywhere, even from overseas.

"It (the business model) definitely opens up a lot of possibilities," Viehmann said.

So far, Matcovich and his team are enjoying the change of working at home as opposed to a "real" office. He conducts business from his car phone, in between demonstrations at trade shows, and around time with his family.

Matcovich said his unorthodox business model runs smoothly because he has personally worked with each of his independent contractors on past projects

for IBM. Otherwise, it would not function well. The set up also has allowed Matcovich to create what he thinks is a recession-proof model that has his company going after small clients with small jobs instead of relying on big ones.

For example, typical TGM clients, Matcovich said, would be manufacturing operations with about 50 employees or a machine building company with as few as six workers. TGM does have the resources for very large and complex projects and will take those, too, but it will not make the mistake of focusing the whole company on them, he said.

Matcovich acknowledged that Vermont's engineering sector will be slow to recover from the present economic slowdown, and some engineers will likely leave the area in search of new opportunities. But if the region's remaining professionals work together, they can survive this recession—and possibly create a new business model at the same time.