

NEWS

By [Lisa Morgan](#)

Can Virtual Companies Scale?

A lot of firms start out as virtual companies, but as they grow, they move into office space. It turns out there are advantages to staying virtual, however. We explain some of them.



Modern technology has enabled more working professionals to telecommute, whether they're working for traditional companies or progressive companies. Their employers may maintain dedicated office space for each employee nevertheless. Alternatively, there may be shared workspaces that are not assigned to any one employee.

Over the past couple of decades, technology and societal changes have enabled the rise of virtual companies. Those that succeed have some kind of "secret sauce," which differs from organization to organization.



Bjorn Freeman-Benson

"If you're a virtual company, you have to work differently than if you were in an office," said Bjorn Freeman-Benson, CTO at product design platform provider [InVision](#). "We have to deliberately coordinate our work. And because we're deliberate, we scale more easily. We've got 250 – 300 employees now."

Worldwide talent pool

Virtual companies tend to be distributed by default because the talent is spread out over several geographic locations. As they grow, one of two things happens: They either move into office space because they're unable to operate efficiently, or they stay virtual by placing more emphasis on talent than where that talent resides. New York-based InVision has employees in Montana, Argentina, and other locations, for example.



Kelly Culhane

Similarly, virtual law firm [Culhane Meadows](#) has 55 partners in different locations, most of whom are senior partners with eight or more years' experience.

"I think we are the only alternative model that's truly a partnership," said Culhane Meadows Managing Partner Kelly Culhane. "You really have to use technology purposefully to maintain the standards of traditional law firms."

Culhane Meadows started out with two advantages: Fortune 100 clients and four founding partners with different areas of expertise. Those four founders are responsible for operations, finance, marketing, and technology, respectively, which provides a solid foundation from which to grow.

If a partner needs a temporary office, she rents it from temporary office space provider [Regus](#). If she needs paralegals or secretaries, they are hired on a contract basis through a temporary staffing partner.

The lower overhead enables Culhane Meadows to provide big law firm service without the big law firm price tag.

Results trump time

Managing a virtual workforce can be challenging, especially if it's done in a traditional context, not only meaning 8:00 am to 5:00 pm, but scenarios where an employee might work 40 hours one week and many more or fewer the following week.

"We don't care about butt time, we care about results," said Freeman-Benson.

His company uses Slack for collaboration. Within Slack, the company has set up different channels so that salespeople can go to a virtual "deal desk" before extending an offer. Similarly, if a customer wants to know what InVision's security policies are, a salesperson can tap into the security channel.

Some structure is good

Virtual companies often have less formal reporting structures, but not always. For example, Disney-focused MickeyTravels has a two-founder husband-and-wife team and 115 contract travel agents. Some of those travel agents have additional responsibilities, such as managing a group of contract agents or training agents.

Apparently, the business model is working well because MickeyTravels is one of the most successful Disney travel agencies in the world, being among only 12 Disney Platinum agencies.

"Our agents are well-versed on what we sell so nobody can ask them a question they don't know the answer to," said Greg Antonelle, co-founder of MickeyTravels. "The beauty of technology now is you have FaceTime, Skype, GoToMeeting, webinars, and all that stuff."



Lisa Morgan is a freelance writer who covers big data and BI for InformationWeek. She has contributed articles, reports, and other types of content to various publications and sites ranging from SD Times to the Economist Intelligent Unit. Frequent areas of coverage include big data, mobility, enterprise software, the cloud, software development, and emerging cultural issues affecting the C-suite.

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