



PETER LEE, RECORD STAFF

Xylotek Solutions CEO Doug Grosfield heads a staff of 12 based in the McPherson Centre office tower at King and Water streets in downtown Kitchener. The firm offers IT consulting services to small businesses.

Rapid success creates problems others would envy

By Matt Walcoff, Record staff

KITCHENER — It's not as if Doug Grosfield wants the constant stream of new business Xylotek Solutions Inc. has received since its creation in 2005 to dry up.

And it's not like he doesn't appreciate his devoted customer base across southern Ontario, his frequently expanding 11th-floor office or Xylotek's position in *Profit* magazine's "Hot 50" list of the fastest-growing small businesses in Canada.

But for once, he'd like to have to actually convince someone to use Xylotek's IT consulting services rather than simply respond to another plea for help.

"Because it's been such explosive growth, we've been very reactive in nature instead of proactively seeking out business," Grosfield says. "We've lacked that sense of control."

Having tripled in size from fiscal year 2006 to 2008, the firm has its share of such enviable problems.

For example, there's the issue of finding skilled employees in a community where IT professionals are in such strong demand.

The Communitel technology

Xylotek Solutions Inc.

Address: 305 King St. W., Suite 1108, Kitchener, N2G 1B9

Founded: 2005

Employees: 12

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association has helped with that, as has Xylotek's 37 1/2-hour work week.

Another problem is that the big contracts Xylotek has won have the downside of requiring a lot of expenditure before Xylotek sees the revenue. "You use a lot of personal money to float the cost of some of those things as you build credibility," Grosfield says.

Grosfield and Xylotek co-founder Michael Topp left CedarCreek Networking Inc. of Cambridge to start their company because they saw an opportunity to serve Waterloo Region's thriving but underserved small business scene.

Consulting for smaller businesses is a completely different ball game from the enterprise market, Grosfield says. Small companies expect Xylotek to enter long-term partnerships at the executive level rather than meet the

narrow guidelines of a proposal and disappear. "It's a very different skill set and a very different way of doing business," he says.

Grosfield and Topp didn't expect to be much more than a humble home-based business that would pay the bills. But the phone has been ringing off the hook since they set up shop on their own.

Grosfield, 43, said he and his partners were stumped for a long time as to why they have been so successful. He figures it has something to do with their policy of not pushing customers to buy hardware and software they don't need. He also thinks some clients may have dealt with incompetent consultants in the past.

"There are a lot of people doing this thing who probably shouldn't be," he says.

The company moved into the McPherson Centre in downtown Kitchener in 2006 and now employs 12 people. It has more than 200 long-term customers ranging from Mitchell Plastics to Cambridge Memorial Hospital and Desire2Learn Inc. More than 1,000 other companies have used Xylotek's services, Grosfield says.

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