EXECUTIVE INTERVIEW
by Emily Sopensky

STEVEN PAPERMASTER OF BSG, INC.

Steven Papermaster, Chairman BSG, Inc.

With oil and gas prices spiraling downwards, real estate plummeting, and the space effort severely disheartened by the Challenger explosion, Houston suffered a huge economic downturn in the late '80s. Without financial backing, Steven Papermaster was able to piece together a computer consulting company that turned out to increase at least 50% each year and in the last three years by 100%. "Houston in '87 was a good place to have no money," Papermaster concludes. Of course, it didn't hurt to have vision either.

Steven Papermaster is Chairman and founder of BSG, Inc., a service-oriented company that provides clients a customized approach to developing a flexible technology infrastructure. A wholly owned company of Medaphis Corporation, BSG evolved from a business plan that Papermaster developed while at The University of Texas. Of course, to make it interesting, he followed a few other paths before founding BSG. As a teenager he brought the first Coney Island stand to Galveston beaches ("It was way cool to be making money while hanging out at the beach."); as a longshoreman, he unloaded cargoes of choice coffee (his taste goes to Ethiopian beans); and as a consultant on a two-year stint at Arthur Andersen ("I was too uncontainable to stay any longer.").

To satisfy a long-term personal and professional goal, he moved BSG's headquarters to Austin four years ago. With offices around the country, Papermaster refers to Austin as the "virtual headquarters."

In his late thirties, Papermaster appears to be too young to lead a $400-million company that in turn is leading older well-established, enterprise-wide systems into the 21st century. But he possesses three traits that make him and his company successful — a natural entrepreneurial spirit, a system-wide perspective and unrelenting focus. What follows are some of Papermaster's views on his organization, the economy, and U.S. business.

Q: Your tag line "Leading the change together" is intriguing to me. In those simple words, you've captured the essence of what is needed to thrive in today's global economy. How do you implement that?

A: One molecule at a time. One minute at a time. One person at a time. Of course, focus is critical, too.

Q: A professor at The Wharton School teaches a very popular course on Ambiguous Authority. The premise is that with so many organizations being restructured, reengineered, merged, acquired or otherwise treated as Play Doh®, the managers who remain are overtaxed, and decisions become mired in muck; management takes place in an environment of ambiguity. Given that state of affairs, how do you and BSG get the results that you do and do so quickly?

A: The people at BSG and our clients are constantly confronted with ambiguity. Not everyone is comfortable working where direction is unclear. Nor will they ever be. Some thrive on it. But you can teach people to work with it and in it, regardless of their comfort zone. The same is true for our clients.

Part of our success comes from empowered decision-making, which means that managers have the ability to make decisions of importance. Some decisions are dictated. Too much empowerment means that no decisions are made or they are made in a vacuum. Yet, facts and figures do not provide all the answers. We often have to teach people to think, while maintaining mutual trust and respect. The secret is providing a structure that supports balanced decision-making.

Q: Your company just went through a merger recently. While this is the current vogue in corporate growth, it seems that the only mergers that survive and thrive are those that manage the corporate culture merger as well. Would you like to comment on that?

A: Corporate culture is extremely important and our merger was compatible. This was also a good merger because it allowed us to strategically leapfrog in a very competitive industry. We're still a small company compared to the EDSes of the world. While BSG's rate of growth has certainly been admirable, it still would take us a while before we could compete at the next level. This merger places us in a different position for competing. With [the global economy] evolving at a much faster pace, time is also in the equation. It's a matter of evolve, adapt, or die.

Q: At the Texas Software Symposium this spring, you quoted Henry David Thoreau. Who are your influences in motivation, leadership, and business?

A: I don't believe there's been anything new said about management or motivation in the last 40 years. There is no one or two who influence my thinking; my sources are all around. Some are better storytellers than others are.

Q: I assume that each company that BSG works with has recognized a problem that must be solved. Do you seek out companies with problems? Or do they find you?

A: Both. Some know they have a problem but haven't identified it yet. Others know specifically what needs to be fixed. And there are those who think they know what needs fixing but discover another problem in the process. We are a process-oriented company. Much of our time is spent in management consulting and in helping them understand change.

Q: In general, where do you think the weaknesses are in American business today?

A: There is too much preoccupation with potential consequences. A paranoia about running naked. There's a difference between technology companies and those corporations seeking the status quo. It's the same as running from the raindrops but not being worried about getting wet [as opposed to] running fast to avoid getting wet. You'll get wet about the same amount, regardless, but if you're not focused on getting wet, it doesn't matter.

The other problem with American business is the focus on overly diversifying in search of a horizontal balance. [This strategy] provides too broad a front.

Q: Do you think today's political climate supports businesses, especially technology businesses?

A: The political climate is less relevant. It's economics that support technology. It's the realization that information yields the highest return. And that information and technology are the drivers to the deployment of capital.

Q: Now that you've set aside managing a lot of the day-to-day operations to focus more on strategy and the growth of your company, how is your relationship with your employees going to change?

A: I spend close to 99% of my time clearing off my desk so that I can spend time with people, establishing and maintaining relationships. It's important for companies to articulate their stories. You

ASC CALENDAR

November 4
ASC Monthly Meeting
Emerging Markets/Technology:
Human Centered Interfaces
Contact: 305-0035

November 5
ASC HR BUG Web Workshop
Advanced Training
Contact: 305-0032

November 12-13
2nd Annual International Business
Conference, Driskill Hotel
Contact: 836-2818
(800) 555-0106

December 1-2
Texas Capital Access
Forum Conference
Contact Jim Ronay, 467-2100

December 2
ASC Monthly Meeting
Business Issues: Alliances
Contact: 305-0035

December 3
ASC HR BUG Web Workshop
Basic Training
Contact: 305-0032

December 10
ASC HR BUG Web Workshop
Intermediate Training
Contact: 305-0032

January 6
ASC Monthly Meeting – TBA

February 3
ASC Monthly Meeting – TBA

March 3
ASC Monthly Meeting – TBA

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can create the future; but then you have to let it go, knowing that you can't always control outcomes. Another thing: We aim to embed change in everything, to anticipate the cascading effect of massive change in the global economy.

Q: Would you tell me about the Velcro® spider?

[Papermaster's eyes roll skyward and I hear a discrete sigh. He knows I am referring to a company meeting held a few years ago, where the lights were dimmed as employees entered the room. The CEO, incognito as a Velcro spider, ran down the aisle, hurtled into the air, and slammed onto the Velcro wall — all to demonstrate focus and stick-to-it-iveness.]

He answers: "Every company needs stories, myths, and legends to enrich its culture."

I don't doubt his sincerity, but do I perceive a smile lurking?

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