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Crunch Time

Consulting Firm Hurt by Attacks Turns to Public Sector to Survive

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THIS IS WHAT Marnic Technologies, a small information-technology consulting firm on the 93rd floor of the south tower of the World Trade Center, lost when the skyscraper collapsed:

Accounting files.

Tax documents.

Hard and soft copies of marketing brochures.

Lab equipment valued at about \$35,000.

Proposals for five projects.

Contact information and resumes for 500 consultants the company needs for individual jobs.

About \$250,000 in contracts it couldn't continue or had to turn down.

The total is "easily \$500,000," founder and president Patrick Duroseau estimates. That's a fairly devastating sum for a company hoping to bring in revenues of \$1.5 million this year.

Mr. Duroseau, who made a dramatic escape from the flaming tower, is now consumed with a far less dramatic task: rebuilding his firm, step by painstaking step. He is fortunate that neither he nor any of his four New York employees perished in the attack. Now, he has to rescue his business.

To succeed, he's had to contend with the inefficiency of a 10-person staff working in 10 different places (their homes), a cash crunch, a time-consuming search for new office space and the uncomfortable task of calling companies with whom Marnic has outstanding proposals to find out what, in fact, it proposed. That is in addition to coping with the psychological scars from that horrific morning.

"Not only did we lose revenue from projects we can't complete, but we have to spend time and money to rebuild back to Sept. 10," he says. "That's very costly."

FROM SEPT. 11 until the end of October, Marnic had no revenue coming in. About 90% of its clients were in New York City, and most of them were in the financial-services industry, which sunk into a bad slump after the terrorist attacks.

But there was another problem. In the first couple of weeks after the attacks, Mr. Duroseau says he "was not in a mental state to work." He had been handling a project for Merrill Lynch, which lost scores of people, records and technology when the trade center fell. Merrill put that work on hold to focus on recovery of data, and offered Mr. Duroseau some new work associated with that effort.

But Mr. Duroseau was so shaken by what he experienced on Sept. 11 that he couldn't commit to a project in Manhattan. On Sept. 25, he says, he forced himself to go into the city, experiencing heart palpitations when he did, to explain why he had to turn down the work. A Merrill official says the firm understood.

"I'm a person who lives with a laptop all day long and all night long," says Mr. Duroseau, who founded the firm in 1997. But after Sept. 11, he didn't turn it on. He didn't answer the phone. He didn't even leave the house until Friday, the 14th, to go to church. He spent time with his wife and baby daughter at home in Baltimore, where they were living for the year while his wife completed her residency at a Maryland hospital.

Then, as he tells it, one day he woke up and told himself, "OK, time to move on."

He got his two partners, Leo Robinson in Brooklyn and Ola Fakinled in Columbia, Md., on a conference call. There were two orders of business: 1. Determine what they had lost. 2. Answer the question: Where do we go to get business now, to generate some revenue while we rebuild?

The industry that had been their bread and butter was in shambles, so they decided to look to the public sector. "We had wanted to get into government and thought here's a little catalyst," he says.

THE ATTRACTION was that although government work was less profitable, it was also less risky. Private-sector companies can be quick to shelve a project, but once the government allocates money for a contract, it's unlikely to take it away. Also, because Mr. Duroseau is black, Marnic could get advantageous treatment in competing for U.S. government contracts under the minority-contractors program.

So over the past few weeks, Marnic has recreated its business plan and strategy. It hired two outside consultants who had extensive contacts in the public sector and were familiar with the terms and pricing of government contracts. It submitted several bids for public projects, and is one of several firms teaming up with **Qwest Communications** to compete for a Maryland state contract. It also received a \$95,000 low-interest loan from

the federal Small Business Administration to help cover its losses, and a \$1,500 grant from the Manhattan Chamber of Commerce. Meanwhile, some new private contracts have come through.

So, Mr. Duroseau says, he and his colleagues are getting back in the swing. "Everyone is on a mission. We've all kind of picked up and moved on."

Still, it's difficult. When Mr. Duroseau was scouting out office space in Tysons Corner, Va., recently, he looked up and saw its twin suburban office towers. The image made his eyes cloud with tears.

How Marnic ultimately fares in an economic period that will be difficult for any business, let alone one that has lost so much, is a question that won't be answered for some time.

"There's potential money and there's real money," Mr. Duroseau explains. At the moment, he concludes: "I have a lot of potential money."

E-mail comments to crunchtime@wsj.com¹

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