

How to build a bigger  small business

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"We wanted to pound away at this one category."

— Timothy Porth, co-founder, Octane Fitness

How to reach mammoth goals

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"We're a very, very small company with very, very limited resources. Our focus was to take all of the resources we had and attack 'right here' — at this very narrow spot."

— Dennis Lee, co-founder, Octane Fitness

You can acquire your way to growth

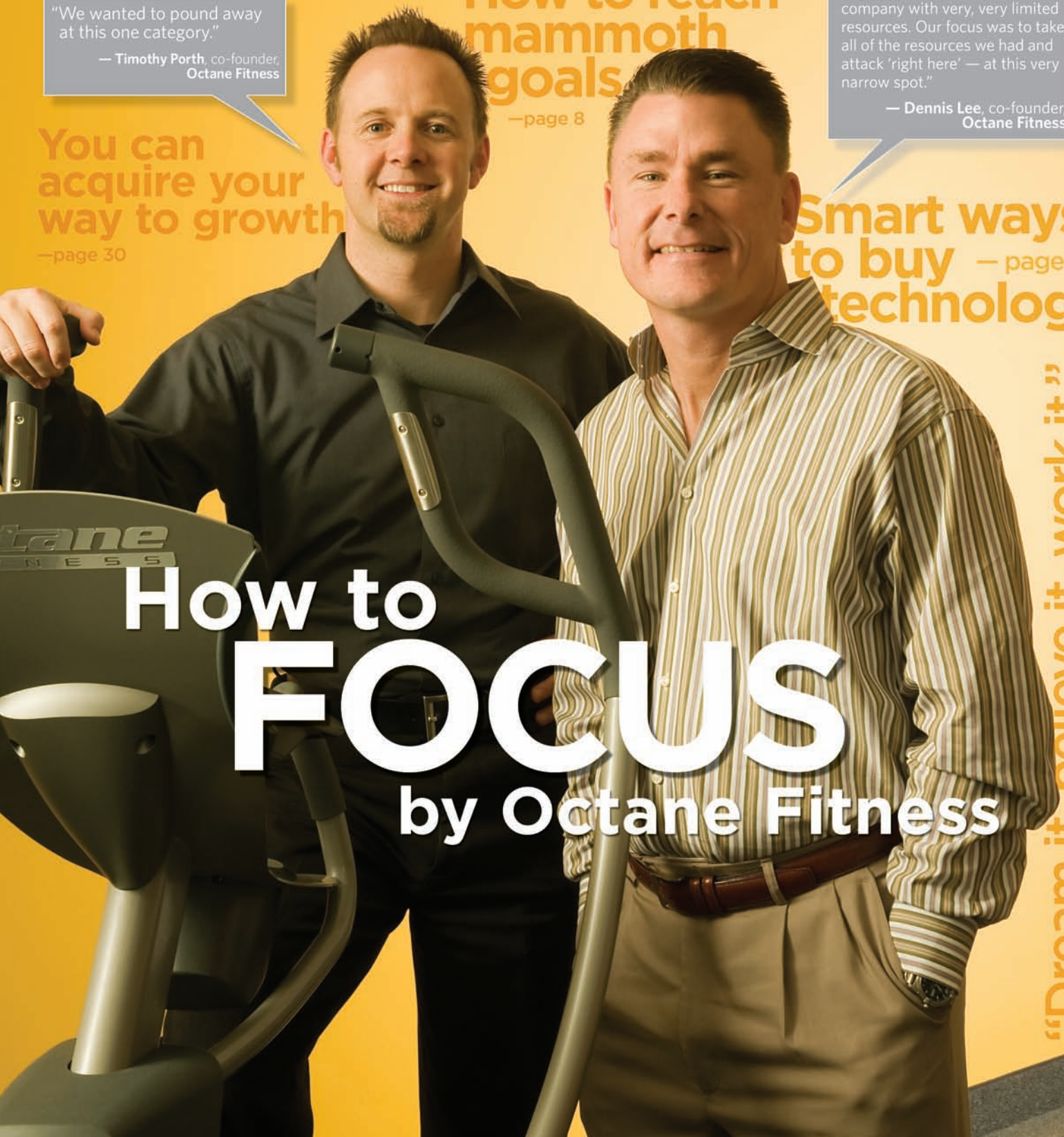
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Smart ways to buy technology

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How to **FOCUS**
by Octane Fitness

"Dream it, believe it, work it."
by Tastefully Simple's founder — page 56



Contact sport

Count on relationships for technology purchases, owners say

By Andrew Tellijohn

illustration by www.victorgad.com

JUST AS IN many other parts of running a business, finding the right technology is often a matter of who you know. So say business owners who have recently made major technology purchases, and describe here the processes they followed.

When First National Bank of Sauk Centre embarked on an expansion by acquiring two other banks, the company realized that it needed a server capable of allowing officials at all three locations to interact. But the product also had to be secure enough so if one location suffered a breach it wouldn't affect the other two.

First National, now known as Minnesota National Bank, didn't have an IT staff and it lacked the internal knowledge to accomplish such a goal on its own. But management does have a relationship with the founder of Inetium, a decade-old technology firm in Bloomington that works with businesses to create Web, infrastructure, customer relationship management and other technology strategies.

"We've been with them for as long as they've been a company," says Mike Traeger about Inetium. He's senior real estate lender with Minnesota National. "The way they understand our needs is really important."

Minnesota National contacted Inetium early in the acquisition process. The companies talked, as they frequently do. In this case Inetium recommended Microsoft Windows Server 2008, an operating system designed with features for administration, security and remote access. It is tailored specifically to alleviate the concerns of small businesses with security and compliance requirements, but small IT staffs, says Brian Johnson, director of infrastructure solutions with Inetium.

[tips]

- 1** Frequent conversations with an information technology provider, even when no upgrades are planned, can smooth the way when it's time for a new project.
- 2** Look for a vendor who is good at listening to your specific needs, not one who is wed to one particular solution.
- 3** Sometimes a company's own technology upgrade can lead to new revenue, if the savings realized can apply to customers' companies as well.

While the product just recently launched, Inetium is a licensed Microsoft provider and as such, was able to get Minnesota Bank into the so-called rapid deployment program.

"Microsoft is looking for small and medium-sized business candidates to adopt new technology ahead of the curve," Johnson says.

So, the bank got the program before almost anyone else. It is securely maintained and it allows individuals at each of the three branch offices to manage their site, but limits the exposure of each of the remote sites to off-site employees, and even hackers.

"The way this works is that it's seamless," he says. "All three branch offices can share files efficiently. It puts copies of these files in all three locations."

To this point, with the exception of one minor equipment issue, the upgrade has been flawless, Traeger says, adding that it's a long-term solution that will work within the company's existing infrastructure. Having a lot of different parts that don't interact would have been inefficient.

Johnson says to look for vendors with a willingness to enter relationships with an open mind, who will sit down with customers to find out exactly what they need rather than trying to force a less-customized product on a client.

Upgrade adds to sales

When Brad Holmberg's son Andrew wants to order a pizza, he doesn't pick up the telephone. He orders the pie online.

"If he can't get on his computer he doesn't want it," says Holmberg, master electrician with John Henry Foster Minnesota Inc., a maker of fluid power products and equipment for compressed air systems.

The desire for easy access via the computer isn't limited to his son's generation. John Henry Foster, a 70-year-old company, recently took a jump into that 21st century realm as well by spending \$20,000 to add ethernet capabilities that allow users to monitor processes and troubleshoot problems from the comfort of home. It's a technology that is used by JH Foster to add efficiencies to its paper-work flow.

But even moreso, the company is installing ethernet capabilities into the products it is manufacturing for clients, who like being able to control energy costs, troubleshoot and collect other data merely by pulling up a Web site.

"People are communicating with each other on the World Wide Web," Holmberg says. "It's getting to the point where our customers, from their home computers, they want to dial up and go into their factory and take a look at how a particular machine is running, or they want to go into their building maintenance system and find out how things are running and actually make changes. The ethernet is really the communications device that is letting things talk to each other."

He acknowledges that while these technologies are new to his industry, soon all of these industrial products are going to have ethernet ports and accompanying Web sites, where engineers will be able to do much of the building and repair from their desks.

"It's helping people make better decisions," Holmberg says. "If a guy doesn't

start learning about it right now, 10 years from now he's not going to have any skills that are of any use to anybody."

JH Foster's technology upgrades have not only helped company employees, but have also helped customers of all sizes become more efficient in how they use their compressors.

Some clients, such as St. Cloud-based Nahan Printing Co., have used JH Foster for years. After conducting an air usage study, the company soon will be switching a 100-horsepower compressor from Nahan's Sauk Centre building to its main location in St. Cloud, then replacing the old Sauk Centre one with a smaller version. JH Foster will then install a meter that will allow Nahan to better manage their air flow process, says Dan Lodermeier, Nahan maintenance HVAC and refrigeration technician.

"The compressor we have doesn't have any network capabilities," he says. "We wanted to tie it together network-wise, so we could cycle our compressors correctly."

The company had to work harder to earn the business of Chanhassen-based IWCO Direct, a direct marketing firm. The medium-sized-and-growing IWCO purchased a new air compressor system from JH Foster after interviewing three finalists about what they could offer.

JH Foster knew their equipment and were better able to illustrate through screen shots and describe in detail what they would do to make IWCO more efficient, whereas the competitors spoke more in generalizations, says Greg Newson, electrical lead.

While Newson says what JH Foster did is the same kind of work he does, he acknowledges he wouldn't have had the time to finish such a project nor would he have done it as well as JH Foster did. The more efficient process has resulted in savings approaching six figures.

"They had a track record," Newson says.

Outsourcing option

While there's knowing the right company and there's interviewing until you find the right partner, there's also something to be said for knowing your weakness and finding someone else to help solve the problem for you.



That's the approach taken by Steve Swain, vice president of business development and co-owner of Harebrain Inc. When he and his partners started the company they knew they weren't going to be good at everything.

The maker of educational tools, such as the WhisperPhone, that help learners better process and speak their language, knew their product line and sensed that the company would have a global reach. They weren't completely sure how they would get there.

But Swain knew Dee Thibodeau, co-CEO of Charter Solutions Inc., through previous networking events and Thibodeau knew Suzanne McGann, owner and president of Voyageur I.T.

"Sales is a contact sport so wear a helmet," Swain says. "Anything that gets done in this world is done through relationships."

Thibodeau introduced Swain to McGann and they hit it off. Voyageur does strategic online branding and helps strategize Web marketing and Internet lead generation for companies that range from a few employees to Fortune 500 firms.

So Swain outsourced the bulk of his online branding to Voyageur. Harebrain now sells its product at more than 500

stores in 40 countries. Many of the orders come through the Web site; other purchases are made at stores found via a store locator at the site.

"If you think about it, Web sites today are really only noticeable when they are absent," he says. "It's almost a requirement to do business today. . . . Of the 7 billion people on the planet, that is their first impression of our company."

McGann acknowledges that the work isn't necessarily sexy. But it can make a huge difference on a company's performance and return on investment. Web sites are becoming more interactive with blogs and other tools. Sometimes small businesses don't have the staffs to maximize those strategies.

"What often happens is we'll get something set up, and a year later the company has done so much more business online," she says. "And you see them really understanding that if I make this decision it will come back to me."

So far, Swain is happy. His Web site continues to evolve and his business continues to grow. And it leaves him with the opportunity to focus on the business he got into doing, which is helping kids learn.

"It is our opportunity to leave the world better than we found it," he says.

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For more than 70 years, John Henry Foster Minnesota Inc. has been the Midwest's leading air compressor systems distributor and service provider. We provide both capital and pneumatic components, allowing us the ability to partner with both the supply and demand side of compressed air systems. The company also provides consulting services, and is one of the nation's leading experts in analyzing and monitoring compressed air systems for major industrial-grade manufacturers. Our teams of air system experts bring customized client solutions in consistency, reliability and profitability.

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