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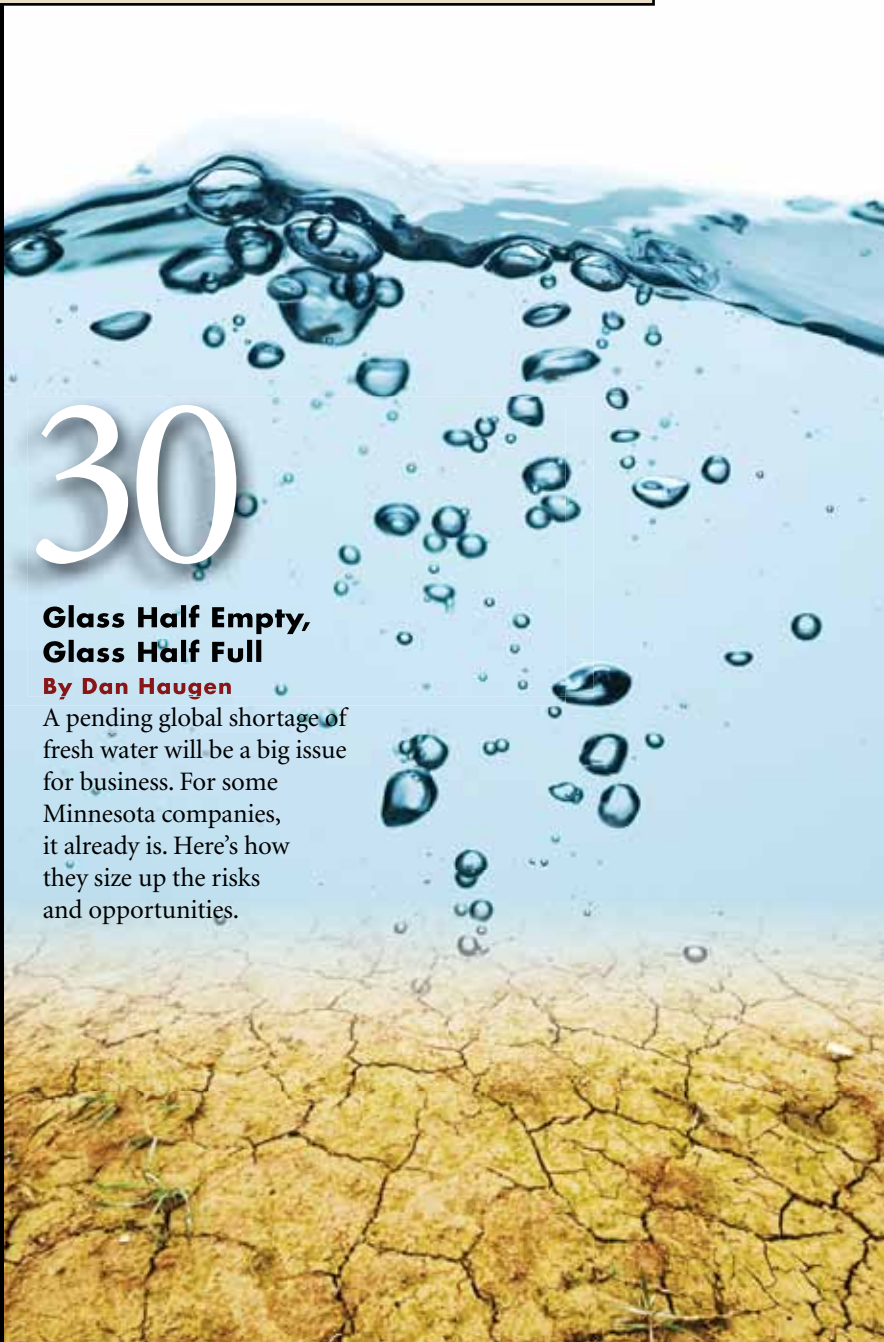
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Twin Cities BUSINESS

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There are many easy ways to make your business greener—and just as many ways to save thousands along the way. In this special 10-page supplement, local companies share how they've cut down on energy use. Also: a look at a first-of-its-kind campaign driving change and saving energy along the Central Corridor.



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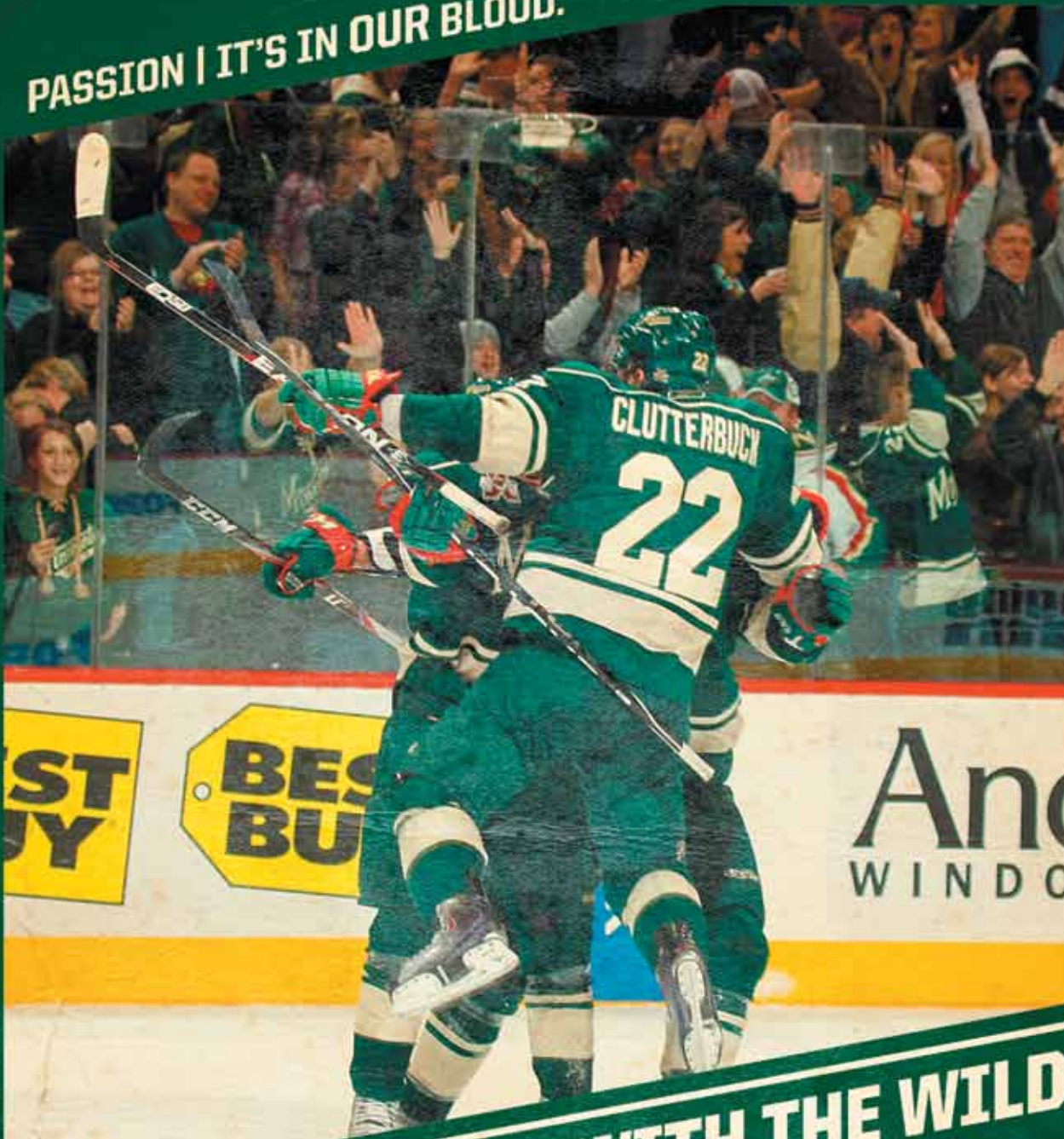
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editor's note

DALE KURSCHNER | DKURSCHNER@TCBMAG.COM

Wake Up and Smell the Ginseng

If we don't better support our early-stage companies, China soon might.

One of the many strange but interesting things to happen in Wisconsin over the years was the quick takeover during mid-1980s of one its most prized assets—central Wisconsin farmland.

As farmers found it increasingly difficult to make money raising traditional crops for American buyers, they decided to grow ginseng, a perennial herb with scarlet berries and an aromatic root valued in Asian medicines, for Chinese buyers. While Wisconsin had always grown this crop in small batches, demand for it from Asia increased nearly tenfold within a few years. What had for decades accounted for less than a few hundred acres of production became several thousand almost overnight.

Could the same fate be in store for those cultivating American intellectual property?

Similar to Wisconsin farmers in the 1980s, owners of capital-hungry businesses with innovative products and services are finding American support scarce. Meanwhile, China is positioned to lend a hand, and in the process, begin purchasing our nation's most promising intellectual property at bargain prices.

This would of course be great for entrepreneurs, who would finally receive a financial reward for their hard work. Investors who previously backed their companies also would receive a return on their investments. But would it be good for our country? Would we grow the innovations only to see another country purchase them and reap the benefits from our toil, both in terms of ROI and job creation?

The question has already popped up a few times, most recently with Cirrus Industries in Duluth. Freshman U.S. Representative from Minnesota Chip Cravaack claimed earlier this year that the company's pending purchase by a Chinese aviation firm would hurt employment, and that its technology ultimately would be used against us by the Chinese military. He went so far as to

ask a federal committee to block the sale.

Others have raised similar concerns regarding how China might use our own technology to its advantage, and to our disadvantage. And the U.S. Committee on Foreign Investments does keep an eye out for activity that could potentially weaken national security. I haven't heard much discussion yet, however, over what would happen if China began to purchase our latest advances in pharmaceuticals, medical technology, and biotechnology.

The Chinese government allows for much faster testing of new medicines and medical devices than does the U.S. Food and Drug Administration. A company such as New Brighton's Acorn Cardiovascular—now defunct due to FDA issues—would have made it in China. Concerns over the stem cell research? Not there. And when it comes to patent protection, guess who's leading the charge: China. (See the story on page 57.) As things stand today, it's plausible that China could soon acquire our more promising medical technology and biotech startups, or at least their intellectual property, and eventually become more advanced in health care than we are.

Dialogue about how to better support early-stage companies must now include at least some consideration of who's ready to come in and take over if we don't get our act together. Another U.S. Representative from Minnesota, Erik Paulsen, touched on this point on June 2 when he told a House Government and Oversight subcommittee that the medical technology industry is at

risk of drying up and moving overseas to Europe and China.

China's the one with all the cash. With \$2.3 trillion in foreign currency reserves, it has cornered the worldwide debt market. After investing billions of dollars in the last 10 years into dozens of nations including Italy, Greece, India, the Philippines, and several in Africa, China is the largest investor in other countries' infrastructure needs. And it is increasingly becoming the largest trad-



ing partner with other nations. A recent study from the Asia Society reported that China might invest \$1 trillion in markets outside its borders before 2020, with much of it possibly going toward U.S. interests.

All this brings up the nagging question batted about for more than a decade in the Twin Cities—how can we rebuild what was once a robust environment for early-stage companies? In keeping with *Twin Cities Business's* policy of always looking for solutions, I'll toss out this suggestion: What if we created our own local stock exchange? We could call it the Twin Cities Exchange, or TCX.

Academics, executives, and money managers are on the verge of establishing such a local exchange in Lancaster, Pennsylvania. State legislators are examining doing something similar in Hawaii. In both instances, the idea is to create full-fledged electronic exchanges where

companies would pay relatively small fees to have their shares listed.

Our previous strength as a financial center and incubator for start-ups was due mostly to the fact that we had an active micro- and small-cap stock market in the Twin Cities. A few investors could provide seed capital to a company. Next, a dozen or two other investors would buy into its private placement offering. Then a hundred or so would buy into its initial public offering. And later, thousands would trade in and out of the company's newly minted stock.

Along the way, investors in each of the earlier rounds of financing received a return on their investments, and they poured at least a portion of these returns into new opportunities. The system worked well for more than three decades. But due to regulatory and industry changes, the local market for small-cap stocks died in the late 1990s, and with it, the means through which investors could make a return on their pre-IPO investments.

TCX could help bring this back, providing local companies with the capital they need but aren't getting right now. And under U.S. securities laws, companies wanting to keep costs down and avoid registering an offering with the SEC could still go public if they agreed to incorporate in Minnesota, sell shares only to Minnesota residents, and do most of their business in this state.

This, by itself, is of course not enough. But combined with other efforts and support from public and private leaders, it could become the cornerstone to a new approach for supporting our state's most promising companies, cultivating intellectual property, and generating financial returns for entrepreneurs and investors.

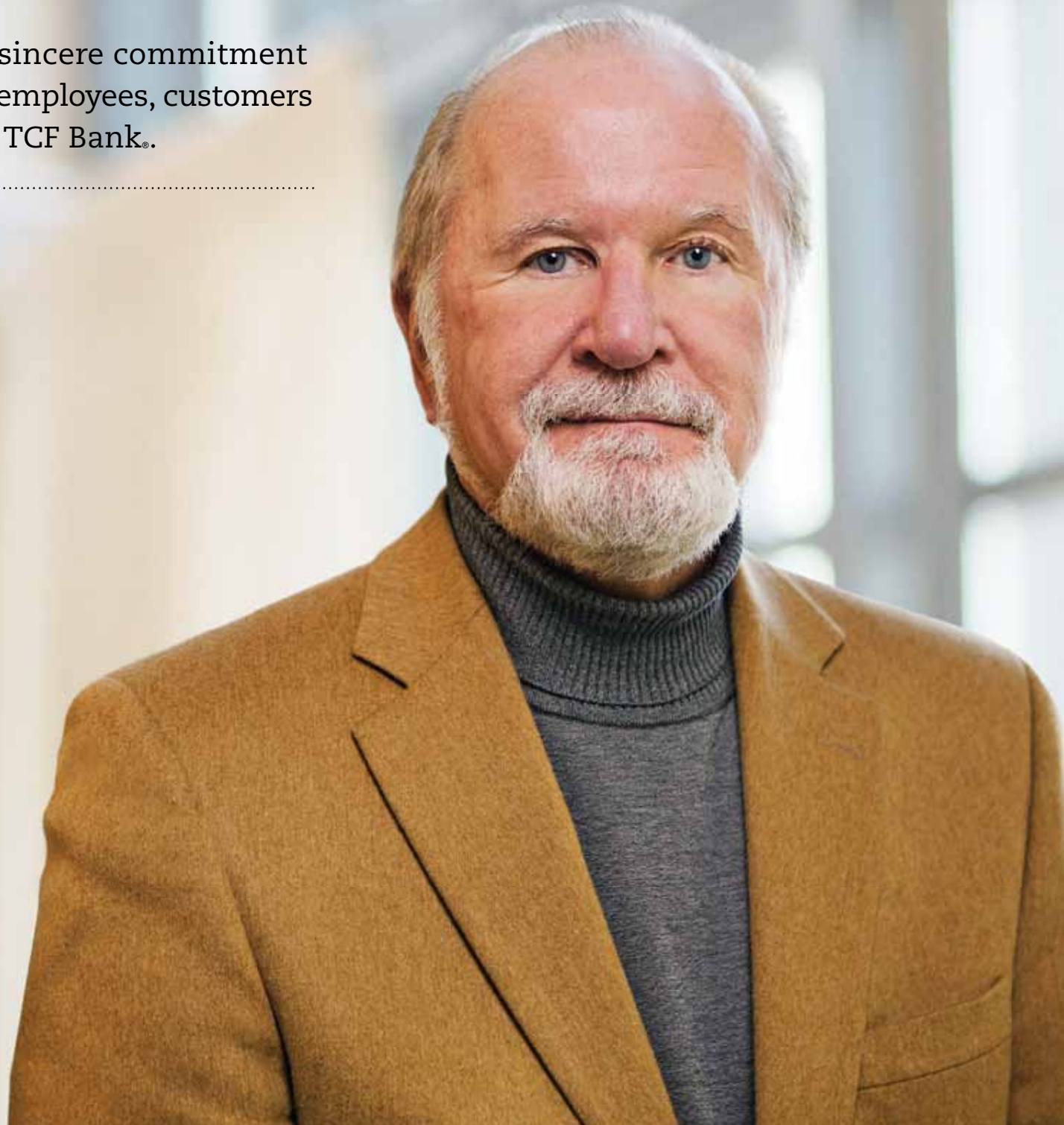
And it would be far better than continuing to simply whine about the problem, while our overseas competition methodically and quietly prepares to beat us at our own game. **TCB**

ON THE WEB

It's already starting across the pond, as this June 7 *Wall Street Journal* article reports: on.wsj.com/10IkSr

Congratulations, Bill, on your induction
into the Minnesota Business Hall of Fame.

Thank you for your sincere commitment
to the shareholders, employees, customers
and communities of TCF Bank.



*William A. Cooper,
Chairman of the Board & Chief Executive Officer
TCF Financial Corporation*



Starters

news | trends | personalities

A Bird's-Eye View of the Ballpark

Who says the best seats are in the stadium?

One day, your office overlooks a parking lot, the next, a Major League Baseball stadium—or so it goes for lucky Minneapolis businesses.

When Target Field was built a stone's throw from his law firm, Bill Hart, a partner at Meagher and Geer, jockeyed for the corner office on the 44th floor of 33 South Sixth. He furnished it with restored seats from the old Met Stadium—signed by Harmon Killebrew and Tony Oliva—bobbleheads, autographed photos, even “a little feast of fake food” with replicas of hotdogs, popcorn boxes, and Coke cups. Whenever the sound of fireworks signals a homerun, Hart swivels in his chair to watch the batter rounding the bases, and has binoculars on hand for a closer look.

Hart has visited many downtown offices and says, “by the greatest of good fortunes, you can see [Target Field] from ours best. Everybody's clients want to come see the view,” he laughs. “I get interrupted at least a couple times a month.”

A player in the legal push to keep the Twins in town a decade ago, when Carl Pohlad considered selling to the league, Hart now has an unobstructed view of the team he worked to preserve.

“To end up with a catbird seat is pretty rich,” he says. “It's a lucky coincidence, but a welcome one.” —*Jake Anderson*



In addition to Bill Hart's “skybox” at Meagher and Geer, the firm has a luxury box behind home plate for entertaining clients. Hart can spot its occupants from his window.

Who Else Has Skybox Offices?

Dorsey & Whitney, LLP 50 South Sixth

Attorney and Partner Skip Durocher has a straight shot down the first-base line from his 24th-floor corner office, and a telescope at his window is trained on home plate. He auctioned off a chance to watch the season's opening pitch from his enviable vantage point, and raised “a nice sum of money” for the United Way.

Bassford Remele 33 South Sixth

“We actually host tailgating luncheons for our clients” in the law firm's 38th-floor offices, Bassford's Janet Nelson says. Employees don Twins apparel, decorate the office, and serve Murray's steak sandwiches and other ballpark fare—and, of course, we have peanuts and Cracker Jack.”

Olson, Ford Center, 420 North Fifth

The brand agency takes over the top four floors of the Ford Center this fall. Chief Brand Officer Tom Fugleberg says the firm will create “an awesome rooftop deck and infuse the baseball experience” at its new digs. “Did it play a role in our choosing the spot? Absolutely.”

Winthrop & Weinstine, Capella Tower, 225 South Sixth

The law firm, which occupies floors from 33rd to 37th, has views of the stadium from individual attorneys' offices, and “visitors who come into our lobby get a great view of Target Field,” Deb Cochran says. “There's a peek-a-boo view of first base, so we're always looking for Joe [Mauer].”

Evans Larson Communications 411 North Washington

Susan Evans says you don't have to work at the top of a skyscraper to enjoy proximity to Target Field. Even from her second-floor office in the North Loop, she can check the score: “The big screen faces our offices, we hear the crowd, hear the fireworks—it's so much fun!”

—J. A.



For Bauer, **Olson** anthropologists find “hockey truths”



Every sport has its own tribal culture. And then there's hockey. Most Minnesotans know this. Still, Minneapolis-based ad agency Olson employed its “brand anthropology” method—lots of time at the rink with players—to develop the campaign for Bauer's

new Vapor APX skates. In earlier work for Bauer, Olson even sent its anthropologists to Russia, Canada, and other hockey hot spots to live with high-school players. The message from rink rats? “If you don't speak the language”—not the jargon, but the ethos—“you're toast,” says Olson Creative Director Derek Bitter.

Strategy

The Bauer Vapor X60 had already locked in many pro and amateur players. Olson needed to show that the Vapor APX model—with a one-piece molded boot that's lighter and stiffer—justified the remake. At the same time, the agency applied “hockey truths” gleaned from its research: that hockey, more than most, is an “all-in” sport, requiring year-long dedication, cold commutes for early morning ice time, and considerable time in locker rooms donning layers of equipment. It all builds bonds between players and families. And “players have a very personal relationship with their skates,” Bitter says.



Creative Brief

“Mirror,” a 60-second spot, is divided neatly down the middle. Bauer's technology, design, and development work are the focus of the first 30 seconds. The other half goes to the human aspect of hockey, showing pro players prepping for game time. The NHLers attention to detail mirrors the methodical work of Bauer's engineers. The combination pays off in the tagline “We advanced the skate. So you can change the game.”

The Buy

A 60-second spot is a rarity these days and sounds luxurious, but it ran sparingly on television—just once during the National Hockey League playoffs on cable channel Versus, for instance. Instead, like most of the campaign, it ran on line, with heavy emphasis on social media sites. Olson expects word of mouth in hockey's tight, tribal culture to “do most of the heavy lifting,” says Dennis Ryan, the agency's new chief creative officer. It better: The budget for paid media, split equally between online, print, and TV, is less than \$100,000—a small fraction of what Nike might spend to launch a new shoe, for instance.

Pouring **More** Venture Capital Into **Water**

Read more about how water issues could affect businesses in the feature story that starts on page 30.

U.S. venture capital investments in water treatment technologies—still a small segment of VC overall—doubled in 2010 over levels in 2009 and 2008, according to a MoneyTree report from PricewaterhouseCoopers and the National Venture Capital Association. Investors are beginning to pay more attention to both the opportunities and risks presented by a potential global shortage of fresh water.



Can This **Bull** Keep Running?

Leuthold Weeden says yes, cautiously.

Could the recent bull market in stocks continue for another year? Possibly, according to Leuthold Weeden Capital Management, the Minneapolis investment shop founded by market-cycle guru Steve Leuthold.

Portfolio manager Doug Ramsey said at a spring forecast event on May 16 that the Standard & Poor's 500 could peak at 1,500 to 1,550 next spring. The index's last tops came in March 2000 (1,527) and October 2007 (1,565).

“I think we'll flirt with those highs,” Ramsey said, citing stock prices' momentum, accelerating dividend growth, and the strength of the economic recovery. In early June, he said even with recent declines, he believes the market will

remain positive in the longer term.

But can this bull really keep running? Leuthold's Major Trend Index, an armada of 190 indicators, had fallen to 1.03 by early June—into neutral ground (0.95 to 1.05) instead of bullish for the first time since December.

A year ago, the firm's three largest funds were 70 percent in equities. In mid-May, their managers cut back to 60 percent. Ramsey said if the index stays neutral much longer, their equity position could fall to 50 percent.

So while the party's not over, it appears the hour is getting late

—Dave Beal



We congratulate our CEO, Guy Mingo, and the other business leaders he joins as 2011 inductees into the Twin Cities Business Minnesota Business Hall of Fame.



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UPCOMING EVENTS

Friday, July 15, 2011
 Matt Meents, CEO, Reside Solutions
 The Social Enterprise: New Trends in Customer Engagement



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Watching **Famous Dave**

An episode of hyper-reality TV.

A few hundred people found themselves in a most surreal situation one Sunday night in May: eating Famous Dave's ribs in Famous Dave's house while watching Famous Dave on TV with Famous Dave in the room. Barbecue in 4D.

Famous **Dave Anderson** (left) and his faithful smoke master **Charlie Torgerson** have been among the contestants on the Food Network's *Best In Smoke* lately, a reality TV series that pits some of the top barbecue professionals in the country against each other. Coming into episode three, which partygoers watched that night, Anderson and Torgerson were among the four teams that were still smokin' hot. They made it to the final episode, only to be beaten by Brooklyn's Matt Lang—who won with tofu.

At an event where reality had so many layers, it made sense that local TV personalities (KSTP's Joe Schmit, KARE 11's Mike Pomeranz) showed up to watch TV—and to line up with everyone else for saucy baby back ribs, smoked chicken thighs, and pulled pork. Also there: Amy Mills, author of *Peace, Love & Barbecue* and a judge on *Best In Smoke*.

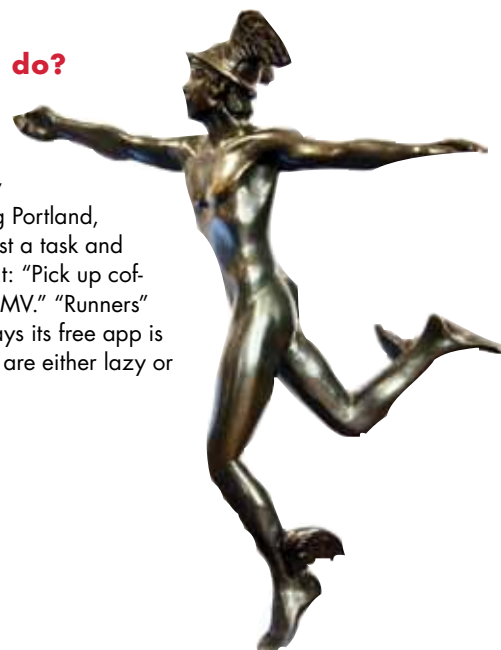
As that night's episode started, it was clear the battle was intense. Indeed, Famous Dave rolled through the house in a wheelchair as a result of a knee injury incurred during taping (he fell from a six-foot ladder when he was setting up his smoker). When the mesquite chips fell where they may, he had avoided elimination by the skin of his crispy chicken—which some viewers had just downed their final bite of. —Stephanie March

Mike Pomeranz, KARE 11 news anchor, developed his own recipe for the Fielder's Choice Barbecue Sauce he launched earlier this year. It's at Byerly's, Lunds, Kowalski's, and other retailers. He's sharing proceeds with local charities. More at aroundthegrill.com.



All that stuff you need to do? "Someone's on it," as

the tagline goes at AirRun (airrun.com). The new peer-to-peer-commerce app for iPhone launched in May with localized service in cities including Portland, Miami, and Minneapolis. "Seekers" post a task and the fee they'll pay someone else to do it: "Pick up coffee beans," "Get in line for me at the DMV." "Runners" sign on to do the jobs. The company says its free app is "perfect for Minneapolis residents who are either lazy or unemployed." —Denise Logeland



MOBILE MED-TECH

Call it health on wheels: Medtronic and Ford Motor Company recently unveiled a prototype for an in-car glucose-monitoring system for diabetics. It links a Medtronic device to Ford's Sync communications technology via a Bluetooth wireless connection, and displays a person's blood-sugar level on Sync's in-dash screen. Medtronic says it's in discussions with other companies—IBM, Cisco, Apple, Verizon, Qualcomm—about potential partnerships. Ford cites data showing that 78 percent of U.S. consumers are interested in "mobile health solutions." —Melissa Loth



North Dakota Taps Minnesota to Fill Job Openings

Officials from North Dakota held two events in Minnesota in mid-May in an effort to attract businesses and employees to the state and help fill its 17,000 job openings.

On May 12, North Dakota Governor Jack Dalrymple and his wife hosted a business reception and dinner in Minneapolis for 150 guests. The following day, about 400 people attended a career fair in Minneapolis that featured 35 North Dakota employers and community leaders. Paul Lucy, director of North Dakota's economic development and finance division, says North Dakota's jobs are spread across many industries, but there is a large need for workers in the oil industry, particularly in western North Dakota. The biotech, health care, manufacturing, and IT industries are other sectors that have employee shortages, Lucy says. —M. L.

TOP TICKETS Megan Wiley

Fleet Foxes Play the State

Seattle indie rock stars Fleet Foxes return to Minneapolis, touring in support of their sophomore record, *Helplessness Blues*. The new CD's lyrics capture a darker, more brooding version of the band than what's heard on their wildly successful, self-titled 2008 debut album. **July 17, 7:30 P.M., \$32, State Theatre, Minneapolis, 612-339-7007, hennepintheatretrust.org.**



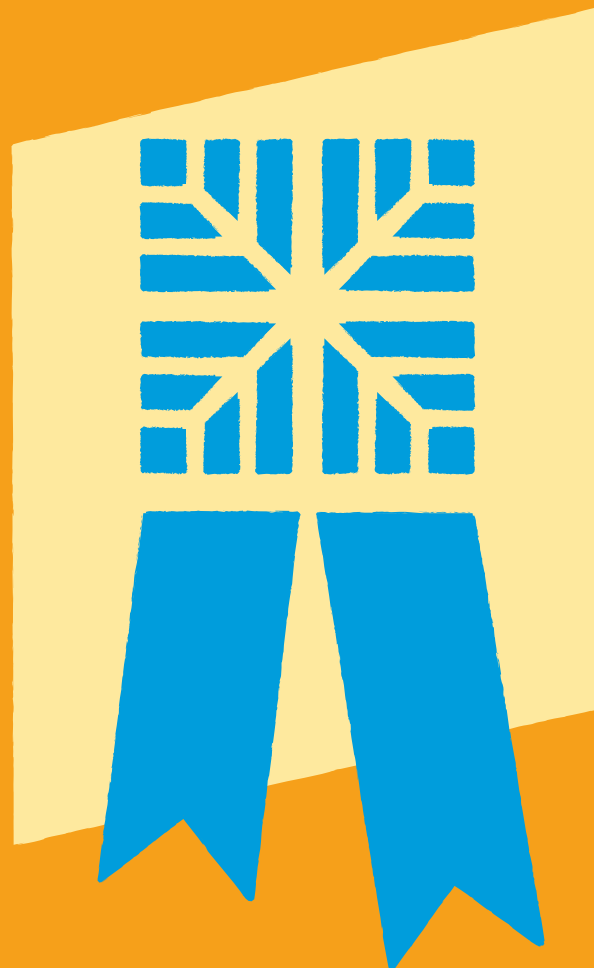
SEAN PECKNOID

Barbette Hosts Bastille Day

At Barbette's annual Bastille Day festival, the holiday may be French, the food may be French, but the sounds are pure Minneapolis.

This zero-waste street fair has music from Rogue Valley, Pink Mink, and National Bird, as well as performances by buxom burlesque beauty Foxy Tann, the Inflammati Fire Circus, North Star Roller Girls, and more.

July 17, 3:00–10:00 P.M., free admission, Barbette, Minneapolis, 612-827-5710, barbette.com.



Congratulations Mary Brainerd



on being inducted into the Twin Cities Business Hall of Fame

From all of us at HealthPartners, thank you for your dedication to the HealthPartners mission: "Improving the health of our members, patients and the community." Congratulations on your achievement and for making our organization one of the most trusted partners in health care, health promotion and health plan services in the country.

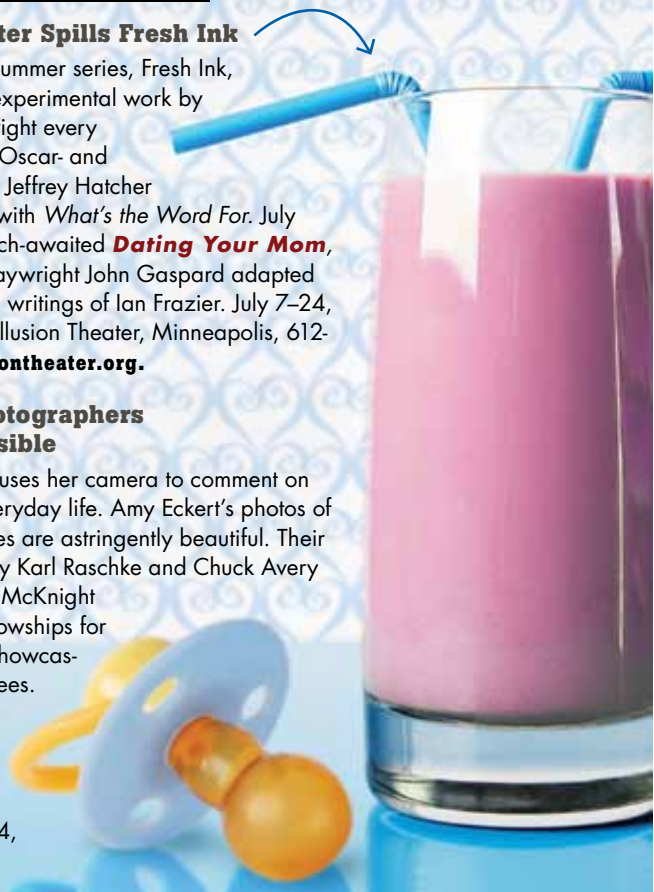
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Illusion Theater Spills Fresh Ink

Illusion's annual summer series, Fresh Ink, showcases new experimental work by a notable playwright every weekend in July. Oscar- and Edgar-nominated Jeffrey Hatcher opens the series with *What's the Word For*. July ends with the much-awaited **Dating Your Mom**, which veteran playwright John Gaspard adapted from the hilarious writings of Ian Frazier. July 7-24, times vary, \$15, Illusion Theater, Minneapolis, 612-339-4944, illusiontheater.org.

McKnight Photographers Curate the Visible

Gina Dabrowski uses her camera to comment on the detritus of everyday life. Amy Eckert's photos of people and places are astringently beautiful. Their work and work by Karl Raschke and Chuck Avery is on view as the McKnight Photography Fellowships for Artists program showcases its 2010 grantees. Through July 30, free, Midway Contemporary Art, Minneapolis, 612-605-4504, midwayart.org.



After winning \$125,000 worth of free media and the title "2010 Small Agency of the Year" from the American Association of Advertising Agencies, **Mono decided to "regift."** The Minneapolis agency issued a request for proposals, inviting companies to pitch themselves as clients and recipients of the free ad space: "In exchange for the cost of production plus a standard agency fee, Mono will give away \$125,000 in OOH [out of home] media to implement a campaign we concept and produce for you in markets nationwide." RFPs were due May 27; watch for the resulting campaign to appear as soon as July 1. —J. A.



You could call General Mills an "academy company," says Tom Forsythe, vice president of corporate communications. Each year for the past 30, "alumni" from the company have organized a reunion, he says: reminiscences are made, news is caught up on, and all the while, resumés and post-Golden Valley careers are compared. Among the attendees this spring: **Ann Fudge**, former CEO of **Young & Rubicam Brands** and a member of President Barack Obama's National Commission on Fiscal Responsibility and Reform; **David Murphy**, president and COO of **Red Wing Shoe Company**; and **Tanna Moore**, CEO of the **Meritas** global law firm alliance. Forsythe says General Mills had no role in the reunion until two years ago, when General Mills CEO and 2007 retiree Steve Sanger got invited. This year, Sanger joined the planning committee. —D. L.



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CONGRATULATIONS, CHRIS TWOMEY



Congratulations, Chris, on being named to the Minnesota Business Hall of Fame – a fitting tribute to a distinguished career.

We thank you for your continued service, leadership and guidance on The Toro Company's Board of Directors.



TORO

DINING | Tricia Cornell

Masu Raises the Bar on Japanese Bar Food To sushi, add izakaya munchies.

There were sheepish looks across the table as the waiter at Masu made room to set down the seventh and eighth courses. But he was unfazed: "Let me know when you're ready for more."

The menu of izakaya dishes—pickles, dumplings, tempura, and other crunchy, flavor-packed snacks—is meant for grazing. It's Japanese pub food. Indeed, it prompted an order for a round of bright, clean Sapporos after the first few bites.

Tsukemono, pickled vegetables, set the stage for duck gyoza, ordinary-looking potstickers, but filled with smoky, rich duck spiked with ginger. Briny tuna jerky came in a showy, volcano-shaped cooker. Hot avocado and oyster tempura went fast, the avocado holding together in its crispy batter just long enough to reach the tongue and melt away.

Stephan Hesse, Masu's corporate executive chef, places izakaya food in a trend of small-plate dining that started with the popularity of tapas some years ago and is now firmly established: "Everyone can enjoy a bunch of different flavors without having a huge plate of food."

But izakaya is now a trend in its own right. Uptown's Moto-i—which bills itself as the first sake brewpub outside of Japan—has been serving izakaya-style food since 2008. And this summer, John Ng and Lina Goh, co-owners of the Minneapolis skyway eatery Zen Box, will open Zen Box Izakaya in the Mill District. No sushi, but plenty of small plates to share, Goh says: "We love to eat and hang out with our friends, have a beer or a glass of wine and talk. It's our dream hangout."



Masu Sushi & Robata
612-332-6278
masusushiandrobata.com
330 East Hennepin Ave
Minneapolis

Robata, flame-grilled skewers, are stacked with scallops, pork belly, chicken, and bacon-wrapped tomatoes.

CRAIG BARES

SMALL BITES | RESTAURANT NEWS

Delta Air Lines' new partnership with New York-based **OTG Management** will bring **12 new restaurants to Concourse G** in the Lindbergh Terminal starting in January 2012. OTG, which manages acclaimed restaurants in New York's LaGuardia and J. F. K. airports, is consulting with Minnesota chefs including **Lenny Russo of Heartland, Russell Klein of Meritage, and Doug Flicker of Piccolo.**

Sam Bonin and **Joe Wagner**, owners of the popular **Northeast Social** restaurant, bring their American bistro fare to south Minneapolis late this summer. **Eat Street Social** will open at 26th Street and Nicollet Avenue. —T. C.

We congratulate our "mane" man and
business partner Paul D. Finkelstein
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Let the **Games** Begin!

Summer is the season to mix business and fun, American style. Here are some ways to be a good sport.

By Melinda Nelson

If you and your clients have been spending too much time inside stuffy conference rooms, an all-American outdoor sporting event will recharge the adrenaline and reinvigorate your hunger for victory. From major and minor league baseball to Division 2 soccer, Nascar to horse racing, here are some rousing ways to spend a summer evening.

Baseball

Minnesota Twins: Minnesota's second season of outdoor professional baseball is in full swing at Target Field, recently named Sports Facility of the Year by both *Street & Smith's Sports Business Journal* and *Sports Business Daily*. No worries if you don't have a private suite—there's not a bad seat in the house. Treat your VIP guests to a great dinner at one of several nearby restaurants before heading to the ballpark. Or venture over early and take in local food specialties served in the park, including the Giant Juicy Turkey Sandwich, a Minnesota State Fair fave since 1959; the Walk A Taco from El Burrito Mercado; the Minneapple Pie from the Atsidakos family of Peter's Grill fame; or smoked bratwurst from Kramarczuk's, accompanied by a Farm Girl Saison from Stillwater-based Lift Bridge Brewery. *Target Field, Minneapolis, 800-33-TWINS, minnesota.twins.mlb.com*

St. Paul Saints: Take your out-of-town clients to a memorable, vintage-style ballgame. Since joining the Northern League in 1993, the Saints have become one of the most successful teams in independent baseball, drawing more than 4 million fans to Midway Stadium for a signature mix of real talent, humor, and irreverent, "only-in-St. Paul" experiences including haircuts and professional massages in the stands. Don't miss the only walleye sandwich in the league, washed down with a frosty Pig's Eye beer. Highlights of the July home schedule include the Gary Southshore RailCats, July 7-10; the Winnipeg Goldeyes, July 11-13; the

Sioux City Explorers, July 22-24; and the Kansas City T Bones, July 25-27. *Midway Stadium, St. Paul, 651-644-6659, saintsbaseball.com*

Tennis

Aquatennial Plaza Tennis Classic: It may not be Wimbledon, but it's the closest we'll have this summer in the Cities. Many of the best players in the United States Tennis Association's Northern League will compete in men's singles and doubles, women's singles and doubles, and mixed doubles. July 6-8 and July 11-15. *One Financial Plaza, Minneapolis, 952-358-3287, northern.usta.com*

The Other Football

Division 2 Soccer: If you have a client with a taste for what most of the world refers to as "real football," the NSC Minnesota Stars put on a good show. Founded in 2010 by the National Sports Center after the financial demise of the Minnesota Thunder, the Stars include former Thunder players, and 2010 league top scorers Simone Bracalello and Brian Cvilikas. Highlights of the July home schedule include the Carolina Railhawks on July 9, the Puerto Rico Islanders on July 17, and the Montreal Impact on July 22. Skip the typical stadium fare in



favor of a VIP-style steak dinner before or after the game at nearby Axel's Bonfire. *National Sports Center, Blaine, 763-792-7355, nscminnesota.com; Axel's Bonfire, Blaine, 763-398-2475, axelsbonfire.com*

Racing

Horses: If your guests love the thrill of the chase, treat them to an afternoon at the races. Located 25 minutes southwest of downtown Minneapolis, Canterbury Park offers live horse racing, simulcast racing, and a card club with blackjack and other games. It features a one-mile oval track with three chutes and a 7/8-mile inner oval turf course. Inside the clubhouse are private tables offering full-menu service, TVs, and walkabout tellers that take wagers directly from your table. Highlights of the July schedule include Extreme Race Day on July 17, and Fillies Race for Hope on July 31. *Canterbury Park Racetrack and Card Club, Shakopee, 952-445-7223, canterburypark.com*

Nascar: If your client is one of the many millions of Americans with a passion for Nascar, an evening at Elko Speedway is a winner. Long considered the Midwest's premier racing facility, Elko Speedway features a high-banked, 3/8-mile paved oval with outside and inside track lights for dynamic night viewing. To whet the appetite for a full-throttle evening, stop at Famous Dave's in Burnsville for a good ol' boy-



"Plan B" for a Possible Washout

Big, burly thunderstorms are a regular feature of summer in Minnesota—especially thus far in 2011. When lightning strikes, skip the stadium seats and head to a comfortable bar with large TVs, good beer, and a colorful crowd. At Brit's Pub on Nicollet Mall, enjoy a pint of Fuller's London Pride or locally brewed Surly Furious and watch soccer and rugby from around the world. At BLVD, Dean Vlahos's new restaurant just off I-394 and Hopkins Crossroads, the bar offers an ideal spot for watching sports and the highly entertaining mix of power brokers and the women who orbit around them. *Brit's Pub, Minneapolis, 612-332-3908, britspub.com; BLVD Kitchen & Bar, Minnetonka, 763-398-3200, blvdkitchen.com*



style BBQ dinner before heading down I-35 to Elko. July highlights include the Summer Dirt Nationals, July 14–16, and Nascar All-American Racing and a live outdoor concert with vintage

southern rockers .38 Special on July 23. *Famous Dave's*, 12721 County Road 5, Burnsville, 952-882-9933, **famous-daves.com**; *Elko Speedway*, Elko, 952-461-7223, **elkospeedway.com** **TCB**

EVENTS



{July 1–10}

Panic! In this Edgar Award–winning play from local writer/actor Joseph Goodrich, Henry Lockwood goes to Paris, circa 1963, for the premiere of his new film, only to discover desperate women, power-hungry men, and murder most foul. Park Square Theatre, St. Paul, 651-291-7005, **parksquaretheatre.org**

{July 2}

Eddie Vedder, with special guest Glen Hansard

In between recording a new album with Pearl Jam and celebrating the band's 20th anniversary this fall, Vedder is in town to promote his new solo album of ukulele songs. Orpheum Theatre, Minneapolis, 612-339-7007, **hennepintheatretrust.org**

{July 15}

The Suburbs! Back in 1978 when new wave was really new, the Suburbs put Minneapolis on the map with their distinctive, offbeat mix of funk, disco, jazz, and rock. Decades later, the original band members (sans the late Bruce Allen) take on suburbia for one memorable evening. Minnesota Zoo Amphitheater, Apple Valley, 952-431-9200, **mnzoo.org**

{July 23}

The U2 360° Tour! Just over a year since U2 rescheduled their June 2010 show due to lead singer Bono's emergency back surgery, the clan will descend on Dinkytown towards the end of the band's worldwide tour. TCF Bank Stadium, Minneapolis, 612-624-5072, **stadium.gophersports.com**



Congratulations to Paul Finkelstein on induction into the Minnesota Business Hall of Fame.

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{ July 8-9 }

Cities 97 Basilica Block Party | It may be crowded, but this is one of those quintessential summer events where it's impossible not to run into someone you know. Olson CEO Kevin DiLorenzo has entertained clients and even closed deals at the Basilica's big bash. "[It] is the perfect event for blending business with fun," he says. "The social aspect of the event supports real conversation and candor." This year's music lineup includes Michael Franti, G. Love, **Ray LaMontagne** (at left), David Gray, the Jayhawks, and guitarist (and local ad man) Stuart D'Rozario. A portion of the VIP ticket price is tax deductible. **5 P.M., \$45-\$250, Basilica of St. Mary, Minneapolis, 800-745-3000, basilicablockparty.org**



Keep your eyes peeled for Bill Clinton in downtown Minneapolis this month. The former prez is giving the keynote address at Walden University's commencement July 30.

{ July 25 }

Paul Adelman Golf Classic and Party | This annual event raises money for the Paul Adelman Children with Disabilities Endowment Fund, an endowment of the Minneapolis Jewish Federation's Jewish Community Foundation. The golf begins with a shotgun start; afterwards, golfers and nongolfers gather for Paul's Party, with hors d'oeuvres, a wine raffle, and a live auction (items include a 14-ticket Twins suite). According to John Hallberg, CEO of the Children's Cancer Research Fund, the event tends to draw active businesspeople: Nearly half of last year's participants were entrepreneurs and business owners.

11 A.M., \$350 for golf, \$100 for party, Oak Ridge Country Club, Hopkins, 952-935-7721, paul-adelmanendowmentfund.com

Plugged In

What are July's hottest social scenes? The month's A-list of galas, gatherings, and cultural events.

You know how important networking is for your career and personal life. Each month, "Plugged In" helps you sift through all the options on where some of the region's most accomplished leaders will be gathering.

BY ANNA BEFORT



{ July 23 }



The Minnesota Orchestra's Sommerfest Finale | This typically

sold-out finale concludes Sommerfest's three weeks of music. Grammy Award-winning conductor Andrew Litton will be at the helm again this year, conducting Richard Strauss's comic opera *Der Rosenkavalier*. Free pre- and post-show music on Peavey Plaza by local jazz/swing band Davina and the Vagabonds will encourage further mingling and merriment. **7:30 P.M., \$25-\$60, Orchestra Hall, Minneapolis, 612-371-5656, minnesotaorchestra.org**

{ July 22 }

The Como Park Zoo's Sunset Affair | Dorsey & Whitney's

Marianne Short also recommends this annual event supporting the country's last entirely free city zoo and botanical garden. **Hundreds of attendees from the Twin Cities' business, philanthropy, and arts scenes will come to Como Zoo** for cocktails, a silent auction, and a sit-down dinner. This year's event is a South American soiree incorporating exotic flora and fauna, live entertainment, and animal encounters—think flamingos and sloths from the zoo's collection. **5:30 P.M., \$150, Como Park Zoo and Conservatory, St. Paul, 651-487-8229, comozoo-conservatory.org**



{ July 11 }

Parkinson's Golf and Bridge Challenge |

Last year, a record number of attendees raised funds for the Struthers Parkinson's Center at Methodist Hospital. "Just walking around Minikahda with a cocktail or an iced tea is a big part of the event," says Dorsey & Whitney managing partner Marianne Short. "And it's a very strong business-connected event." **8 A.M., 1 P.M., \$50-\$275, The Minikahda Club, Minneapolis, 612-926-1601, parknicollet.com/foundation**



On the course (above, from left): Julie Yeazle of RJM Construction, Joel Schurke of Park Nicollet, and RJM's Joe Maddy and Bob Jossart.

SAVE THE DATE

July is a slow time for local events, but it's when some of fall's hottest tickets go on sale. Some dates to note:

July 7: Single tickets go on sale for Park Square Theatre's 2011-2012 season. Snag seats for the season-opening night of Tony- and Pulitzer Prize-winning **August: Osage County** (directed by local theater whiz Leah Cooper) on September 9, or the Midwest premiere of Guthrie and Jungle Theater vet Joel Sass's **Oliver Twist** on October 14.

July 8: Secure your spot for opening night of the Minnesota Orchestra's 109th season. Osmo Vänskä opens the season September 29 with Ravel's **Boléro** and the world premiere of a new concerto by Minnesota composer Stephen Paulus.

July 18: Book tickets for the Minnesota Opera's season opener, a new production of Mozart's boundary-pushing comedy **Cosi Fan Tutte** on September 24.

{ July 21 }

Twin Cities Business 2011 Minnesota Business Hall of Fame Awards | This year's gala honors HealthPartners' Mary Brainerd, TCF Financial's Bill Cooper, Regis Corporation's Paul Finkelstein, Marsden Holding's Guy Mingo, and Arctic Cat's Chris Twomey. The event, says Padilla Speer Beardsley CEO Lynn Casey, "always brings forward an interesting group of business leaders whose stories never fail to compel and inspire." **5:30 P.M., \$120, Hilton Minneapolis, 612-336-9288, tcbmag.com/halloffame**

{ July 21 }

Finally, We Are All Young Again opening reception

| In the Minneapolis Institute of Arts' latest exhibition, local artists Adam Caillier and Michael Mott use a grab bag of artistic media—photography, writing, sculpture, even slide projection—to explore ideas of creative expression and interactivity. The show officially opens July 22; the day before, art lovers and community supporters gather to meet the artists and get a free sneak peek. **7 P.M., Minneapolis Institute of Arts, 612-870-3000, artsmia.org**



SUMMER HOT SPOTS

Olson CEO Kevin

DiLorenzo weighs in on where to do business during high summer:

- ▷ The patio at Cafe Lurcat
- ▷ The rooftop at Seven (at right)
- ▷ The sidewalk at Barrio Tequila Bar in downtown Minneapolis
- ▷ Dockside seating at Maynard's and Lord Fletcher's on Lake Minnetonka



MUST-READ

In Drive: The Surprising Truth About What Motivates Us, best-selling author Daniel Pink insists most businesses haven't figured out what motivates people to do good work. Drawing on decades of scientific research, he posits that external motivators like money are not the key; autonomy, mastery, and purpose are. *Drive* also highlights companies that are successfully exploring new ways of motivating employees, including a case study of Best Buy's results-oriented work environment.

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Spotlight

people and companies to watch

Money Where the Mouth Is

After operating under the radar, sports gear maker Shock Doctor is ready to do some shouting.

Ever so quietly, Shock Doctor has been growing annually at double-digit rates for the last decade. But according to Tony Armand, who became the Plymouth-based sports gear manufacturer's CEO in April 2010, the company's voice and sales volume are about to go up. "We want Minnesotans to know that we're here, a company that revolutionized a product and that's looking out for young athletes everywhere," he says.

So who is this Shock Doctor? According to athletic retail market analyst

pyramid, Shock Doctor does sell some guards to pro baseball, hockey, football, and basketball players, though that's of course a very small market.

Why Shock Doctor's dominance among younger athletes? "We provide a very visibly distinctive product," Turkbas says. "And our package communicates the technical innovations." The eye-catching package design has helped Shock Doctor stand out from what Turkbas calls "the wall of mouthguards" at sporting goods retailers.

Shock Doctor retails more than a dozen different mouthguards and holds seven mouthguard patents. According to Turkbas, the company seeks to improve the technology of its guards

so that that they are better fitting and "lower in profile"—lighter, smaller, yet still protective.

Last year, Shock Doctor launched a custom program that targets parents who are willing to spend around \$150 for a precision mouthguard. The custom kit includes a mouthguard form, moldable filler, and a prepaid postage box. "Our dental professionals will customize a mouthguard, complete with choice of color and the customer's name on the mouthguard," Armand says.

That said, Armand believes that Shock Doctor's newest products have the biggest growth potential. One is the ShockSkin line, introduced late in 2009, comprising formfitting football and hockey underclothing that combines protection with seamless pads that "move with the body, giving the athlete

more protection without taking away any flexibility," he says.

Another new product family is the Performance Sports Therapy line, introduced in June 2011. "We looked at what was available in



Tony Armand's got game at Providence Academy in Plymouth, whose football team members are Shock Doctor mouthguard customers.

sports wraps, and it was mostly uncomfortable, poorly designed black things," Armand says. "So we basically started over." After extensive athlete-focused testing, the result is more than 20 wraps and supports for joints and other parts of the body.

Armand was president and CEO of Bravo Sports, a San Diego recreational goods company, before joining Shock Doctor. The company he now leads was founded in 1992 as E-Z Gard Industries. It renamed itself after its original mouthguard brand in 2000; eight years later, it became a portfolio company of Minneapolis-based Norwest Equity Partners. Before Armand came on board, Shock Doctor was focused on business-to-business marketing, targeting its communications to sporting goods retailers like Dick's and Sports Authority. "We sell product in more than 8,000 retail

locations in 51 countries," Armand says, as well as on line.

However, Shock Doctor now is boosting its business-to-consumer presence via trade publications, social media, and partnerships with youth sports organizations. It now also has a spokesman: San Diego Chargers running back Ryan Mathews. The once-guarded Shock Doctor is starting to mouth off.

—Michael Lotti



SportsScanINFO, it commands 90 percent of the U.S. market for athletic mouthguards, which are used mostly by hockey, football, and lacrosse players. Jay Turkbas, Shock Doctor's senior vice president of product development and marketing, describes that market as a pyramid. The broad base is kids age 8 to 15, where Shock Doctor rules. Past 15, fewer and fewer young people play organized sports, and high schools and colleges typically provide guards (usually lower-end products, Turkbas says). At the top of the

ON THE WEB

Shock Doctor isn't the only locally based athletic mouthguard company. Sink your teeth into this TCB piece on Bite Tech: bit.ly/iUYMda



Shock Doctor sees new market opportunities for its custom mouthguard system (far left) and its ShockSkin protective undergarments.



Thinking Big, Designing Small

DesignWise Medical uses a social enterprise model to develop medical devices for small children.

Having decided to devote the rest of his career to underserved medical markets, mechanical engineer Brad Slaker looked first at prospects in the developing world. Instead, he discovered an opportunity right here in the U.S., in the pediatric medical device industry.

"As you go toward younger and smaller children, the more gaps exist in available devices," Slaker says. "Physicians often modify or jury-rig adult devices. There's a lot of making do with what's available."

Slaker has worked in the Twin Cities medical device field for more than two decades, with stints at Boston Scientific

and Zimmer Spine. In 2008, he started DesignWise Medical, a Minneapolis-based nonprofit design shop for niche medical devices for newborns and young children.

The small size of the pediatrics market required Slaker to think outside the traditional for-profit mold to design a business model that relies on volunteers. Medical professionals and parents help Slaker determine the need for new devices, while volunteers and students design the products. The company has worked with nearly 200 volunteers, both students and professionals, who've donated more than 21,500 hours.

One DesignWise product is a mask



DesignWise CEO Brad Slaker at Gillette Children's Hospital in St. Paul, where he and a group of design students recently uncovered unmet device needs.



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DesignWise's Overnight Pediatric Oxygen Delivery system features a playful tentlike structure. Nozzles direct oxygen toward the child's nose and mouth, obviating the need for masks and nasal cannulas.

and filter system for nebulizers, which are devices that administer inhaled medications in the form of a mist. Slaker's group designed this product for a physician at Children's Hospitals and Clinics who wanted to test the therapeutic effects of a particular chemical agent to induce coughing. Traditional nebulizer masks would have allowed the agent to escape into the atmosphere, irritating the eyes of the patients and their caretakers.

DesignWise is currently conducting an electronics project for Children's involving in-hospital blood oxygen monitors. These monitors sound an alarm alerting hospital staff that an infant's blood oxygen is outside the normal range. DesignWise is developing a closed-loop feature for these monitors that would adjust oxygen delivery automatically, instead of depending on the response times of hospital personnel. The closed-loop oxygen system could have a huge impact on premature infants, says Andrea Lampland, a neonatologist at Children's.

Another DesignWise project, the Overnight Pediatric Oxygen Delivery system (OPOD), eliminates the need for oxygen masks and nasal cannulas that need to be taped to a child's face at night. An open tentlike structure fits over the child's upper body. Thermal sensors inside the OPOD detect where the child's head is and directs oxygen toward the child's nose and mouth. If the child moves out from under the "tent," an alarm notifies caretakers.

Developing the OPOD has required the assistance of 29 students and 10 professional volunteers; William Mitchell College of Law students helped with patent filing. The development cost so far, according to Slaker, is \$18,000, compared with more than \$154,000 had the volunteers received a market rate.

"The potential for fiscal return is not there for the for-profit companies," Slaker says. "Our target is to be able to



DesignWise also is working on a new type of monitor that can adjust oxygen levels automatically.


develop products for about a fifth of the [conventional] cost."

Students who work with the company get hands-on, real-world experience. For instance, design students from the University of Wisconsin-Stout recently shadowed pediatric intensive care nurses to identify gaps in the device market before developing product concepts, according to Jennifer Astwood, an industrial design professor at Stout.

Pat Gerber, a former medical device developer who's now a software engineer for Bloomington-based Toro, donates four hours a month to mentor student volunteers. "I love working with the engineering students," Gerber says. "They are so eager to learn." Most of DesignWise's funding to develop products to date has come from individuals, including Slaker. The company is seeking corporate sponsors and partners to bring its first products to market.

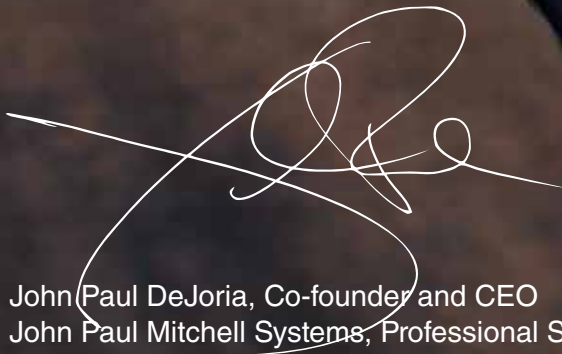
Slaker says that calls from local and national volunteers continue to pour into DesignWise. "The Twin Cities is one of the few places where a volunteer medical device design company could fly," he says. **TCB**

—Fran Howard



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GLASS HALF EMPTY, GLASS HALF FULL

A projected global shortage of fresh water will be a big issue for business. For some Minnesota companies, it already is. Here's how they size up the risks and opportunities.

By Dan Haugen



RUNNING DRY

Drought in Australia and a dry, hot summer in the Pacific Northwest in 2007 contributed to a serious global hops shortage. It increased production costs for beer makers around the world, including Twin Cities brewers Surly and Summit.

Craft brewers that didn't have big supplies locked in were especially hard hit. Surly found itself paying 300 percent more than it had a couple years earlier for a pound of hops.

The company ate half of that increase, but consumers paid the other half when Surly raised

the prices on its beers.

"Barley is this year's big question mark, with weather around the world the way it is," Ansari says. Given his company's reliance on agricultural inputs, "water has a pretty close relationship" to the bottom line.

For consumers, paying extra for a can of Bender or Furious is "small beer," so to speak. But we can expect more scenarios in which water scarcity ripples through the economy.

Continued on page 32

A \$600 BILLION MARKET

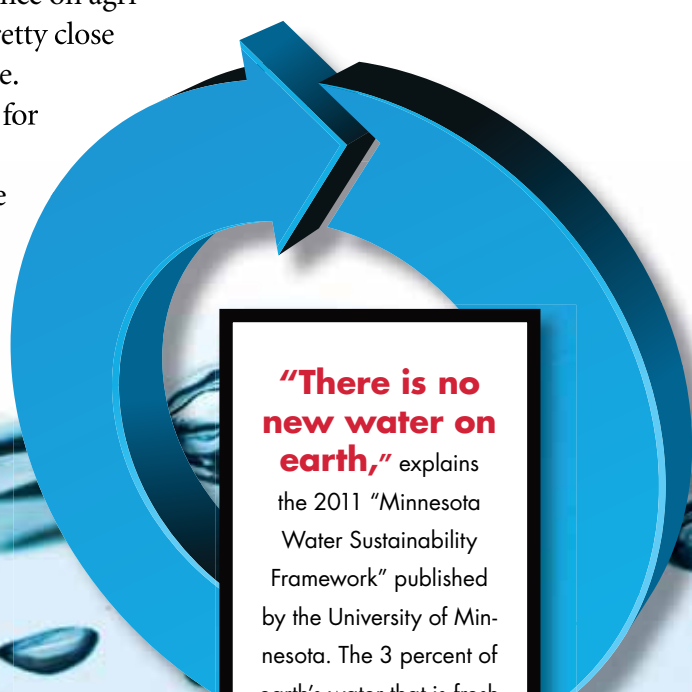
Pentair became the "official sustainable water partner" of the Minnesota Twins last year—not because downtown Minneapolis has a water scarcity problem, but because Pentair and Minnesota have a sustainable water opportunity.

Target Field is a showcase for a high-tech water reuse system from Golden Valley-based Pentair. It collects rainfall and irrigation water that lands on the field, filters it, disinfects it with ultraviolet light, and stores it in underground tanks so it can be used later to water the field and clean the stadium. The system helped

Target Field earn the highest LEED (Leadership in Energy and Environmental Design) rating of any major league ballpark in the country, as well as conserve an estimated 2 million gallons of water during the stadium's first season.

Randy Hogan, Pentair's CEO, said during a cleantech and renewable energy conference earlier this year that green marketing drove the Target Field deal, but that in fast-growth economies like India, China, and Latin America, demand for water reuse systems is driven by pure economics.

Continued on page 34



"There is no new water on earth," explains

the 2011 "Minnesota Water Sustainability Framework" published by the University of Minnesota. The 3 percent of earth's water that is fresh water cycles repeatedly through the phases of precipitation, storage (in ice and snow; lakes, marshes, streams, and rivers; groundwater and underground aquifers; and plants) and finally evaporation before it condenses in the atmosphere and falls again as precipitation. Desalination plants can turn salt water to fresh water, but using present-day technology, desalination requires high energy inputs and adds cost.



Running Dry, continued from page 31

A report two years ago from the 2030 Water Resources Group—which includes McKinsey & Company, the World Bank, and several global food and beverage companies—projected that the world will use 40 percent more water in 2030 than it does today. And already, population growth and economic development are placing unsustainable demands on the global fresh water supply. Climate change is likely to make the problem worse.

Not a believer in climate change or scary water-shortage statistics? Some in the financial sector are. Ceres, a Boston-based alliance of environmental groups and institutional investors with about \$10 trillion under management, is pressing companies to assess and disclose their water-related risks. And last year, the Securities and Exchange Commission issued guidance saying that among the climate change–related information that companies may need to reveal if it could impinge on their financial results is the “availability and quality of water” for their operations.

Eden Prairie–based Supervalu includes drought among the potential business risks it identifies to investors, noting that drought can affect the quantity and quality of crops and adversely affect the cost and availability of certain products its supermarkets carry. The company has been reporting weather and similar risks for some time, but added the drought factor in 2008, according to Supervalu spokesperson Mike Siemienas, a year when withering crops sent global grain prices soaring.

Bloomberg added “ESG”—environmental, social, and governance—metrics to its terminals for investment professionals two years ago, including data on companies’ water usage as a potential business risk. Thomson Reuters followed suit.

It’s not hard to conceive of a world in which water costs more, says General Mills’ Jerry Lynch. The company is cutting back its water use sooner rather than later.

Jina Penn-Tracy, a Minneapolis financial advisor and founder of Raeheart Financial, says that use of such data to make investment decisions isn’t yet widespread, but mainstream investors, especially institutional ones, increasingly think about water as a risk factor. “It’s really new. It’s a new conversation that’s happening,” Penn-Tracy says.

Unless you work in Minnesota’s water technology sector, however, it’s probably not a conversation that you’ve heard in the boardroom or the breakroom. Here in the Land of 10,000 Lakes, running short of water might seem like a particularly distant prospect. But in some ways, economic development in the state is already constrained by limited water supplies. Cargill walked away from a

proposed ethanol plant near Pipestone in 2005 because it couldn’t secure the more than 350 million gallons of water that it would need annually to operate. An ethanol plant that did get built, Granite Falls Energy, began drawing 400 gallons of water per minute out of the ground in 2006, and neighbors complained that their wells were going dry. The plant now draws water from the Minnesota River instead, but the state has the option to cut off that supply in times of drought.

It’s understandable that most businesses aren’t focused on water issues yet, says David Kurzman, who manages a \$30 million cleantech investment fund for Leuthold Weeden Capital Management in Minneapolis. “As is human nature, we tend not to talk about things until they’re crises,” he says. “Water is generally further down the checklist, but that said, it should absolutely be part of the disaster recovery plan” for any company. “Most businesses in manufacturing and many in the service industry would come to a screeching halt if access or the cost of water suddenly became prohibitive.

“At what point does this hit people’s radars, and when does it become a political issue, something that people pay attention to?” Kurzman asks. “I don’t have a good answer to that, but it will happen.”

It’s already happening in some companies. Coca-Cola is in the midst of assessing “water vulnerabilities” at every one of its bottling plants by 2013, and is buying water efficiency systems from the water technologies division of General Electric, which has a plant in Minnetonka. Both Coca-Cola and Pepsi have projected that if they don’t become more water efficient at their plants in northern China, within 15 to 20 years they’ll have insufficient water to operate there.

It’s not just the food and beverage industry that needs to worry about water. Also vulnerable is the power industry, the biggest user of water in Minnesota. A full 60 percent of the water used in the state is drawn from lakes and rivers to generate energy or cool equipment inside power plants.

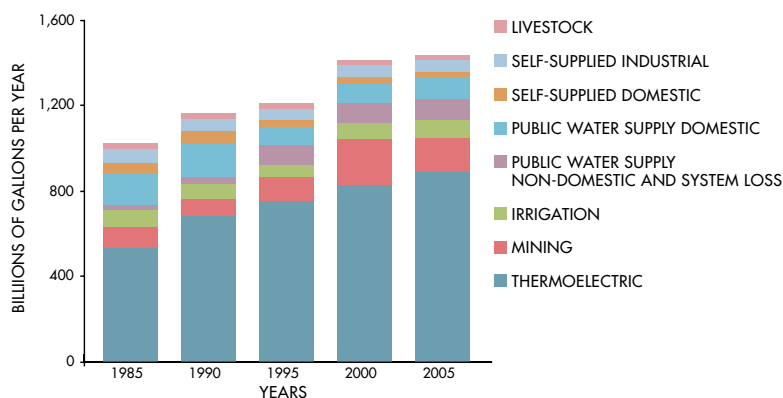
“The less water there is, or the warmer the water, the less effective it is to cool the plants,” says Ramsay Sawaya, Xcel Energy’s director of risk analytics. In 2006, for instance, Xcel had to reduce power generation at its Monticello nuclear plant because drought conditions and low water levels caused water temperatures to warm beyond the point at which Xcel is permitted to use then discharge it. When that happens, Xcel has to make up the difference by buying more expensive electricity on the open market or firing up less efficient power plants. The added expense is passed on to Xcel customers. (Sawaya says the risk of loss for investors is small in all of this. However, in 2007, Xcel faced pressure from the New York Attorney General’s office to make better risk disclosures to investors and as a result, the company added climate change–related drought as a risk factor in its financial reporting.)

“From an industrial perspective, it’s real time,” Joe Such says about water scarcity. “People are feeling it today.” Such heads up GE’s water technology business in Minnetonka, which makes pumps, filters, and membranes that industrial and municipal customers use to clean and conserve water. He says for compa-

Who’s Taking Big Drinks?

A look at Minnesota’s biggest users of fresh water shows growing and shifting demand in the past 20 years, but the chart can also be misleading. Thermoelectric power generation, at 60 percent of total water use, is the biggest category, but that use is mostly “nonconsumptive”—i.e., the water is drawn from a river or other surface source, used for once-through cooling of power-generating equipment, and returned to the source. Focusing on “consumptive” use, in which the source is diminished, the three biggest draws on the state’s water are mining (26 percent), domestic use (22 percent), and agriculture (19 percent).

Minnesota Water Use by Major Category, 1985–2005



nies that want to build or expand a plant, “when they go ask about water, it’s not like it used to be—‘No problem, you can have it.’” In that way, water scarcity has the potential to constrain manufacturers, builders, and developers.

General Mills has been thinking about how water scarcity could affect its business. Water runs through the history of the Golden Valley–based food processor, notes Chief Sustainability Officer Jerry Lynch, starting with the company’s founding as a pair of flour mills at St. Anthony Falls. Water is just as critical for the company now, nourishing the crops it buys from suppliers; as an ingredient in soups, doughs, and other products; and for heating, cooling, and cleaning processing equipment. “It’s one of the fundamental natural resources that we rely on for our business,” Lynch says.

In 2006, General Mills began tracking water use at all of its company-owned plants, setting a goal of reducing water use by 5 percent by 2010. It ended up surpassing that goal and set a more aggressive target of 20 percent reduction from its 2006 levels by 2015.

“There isn’t any place where we’re particularly concerned about our own operations as we looked at this,” Lynch says. “We haven’t identified any particular outstanding risks, but . . . because we’re so dependent on Mother Nature, we want to make sure we’re being as proactive as we can.”

There is still very little cost associated with water, but with a look at the forecasts for global water usage and availability, it isn’t hard to conceive of a world in which water costs more, Lynch adds. General Mills has chosen to tighten up now rather than wait.

Ceres is encouraging more companies to do so-called “water accounting.”

However, in order to be meaningful for investors, the assessments need to go beyond company-wide numbers and drill down into local and regional risks in the water basins where both the company and its suppliers have operations, says Brooke Barton, who leads Ceres’ work on water scarcity issues.

“We advise companies to spend a good amount of effort understanding not just where their owned-and-operated sites are, but really go deeper in their supply chains,” Barton says. In general, global companies face “much higher uncertainty about water.”

The Twin Cities are fortunate to

The Most Vulnerable Industries

Highly dependent on water as an ingredient or as an essential element in their processes, these industries are some of the most vulnerable to water scarcity, according to water-risk reports from J. P. Morgan, Ceres, and others. Minnesota has major employers and operations in all of these industries, although, for the most part, their specific water vulnerabilities aren’t known—exactly the situation that investor groups like Ceres would like to change.

- **Food and Beverages/Agriculture**
- **Electrical Power Generation**
- **Semiconductor Manufacturing**
- **Mining**
- **Paper/Pulp**

sit on a bowl of deep, healthy aquifers, but even those aren’t bottomless and will face growing demands as the region’s population grows. Minnesota’s population is projected to grow by about 22 percent, to 6.4 million people, by 2035, and water use in the state is increasing at a rate about 1.6 times faster than population, according to a 2011 University of Minnesota report, the “Minnesota Water Sustainability Framework” (available at wrc.umn.edu).

“The problem is, especially for our groundwater, we’re not really sure what we have,” says Faye Sleeper, co-director of the university’s Water Resource Center, which produced the report. Underground aquifers supply about 75 percent of the state’s drinking water, the report says. It’s not known how long it takes these aquifers to recharge, though there’s evidence that it’s a very long time.

The Metropolitan Council issued a report on the Twin Cities’ water supplies in March 2010 and concluded that they appear adequate to meet projected demands, but that they aren’t evenly distributed. Pockets around the metro, including the Interstate 94 corridor and an area north of St. Paul near Hugo, may need to connect to adjacent water systems.

But the biggest and most immediate water risks are to Minnesota companies with operations in more arid parts of the world, including some parts of the U.S., according to Adam Rix, a managing partner with St. Paul–based TurningPoint Capital Partners and founder of consulting group the Watermark Initiative. Rix says companies have damaged their reputations and faced regulatory backlash by not understanding how water is valued and perceived in the

different parts of the world where they do business.

“I think the first place to start for any Minnesota company that wants to operate outside of Minnesota would be with an appreciation of how water affects politics, economics, social behavior, and cultural norms,” Rix says.

Awareness of water scarcity may be building at a drip, Ceres’ Barton says, but “it’s not an issue we’re going to see go away.”

What Are the Risks for Business?

Ultimately, stymied growth and profits could result from these water-related risks.

Physical: Company operations or those of a supplier are disrupted due to lack of available water; the cost of water goes up or more capital must be used to treat or extract water; customers can’t get the water needed to use the company’s product or service.

Regulatory: The company’s rights to access water or to discharge used water are limited, suspended, or withdrawn; customers’ use of products or services is restricted or forbidden for reasons of water scarcity or maintaining water quality.

Reputation: The brand suffers as the company competes with municipal water systems or other users for scarce water resources; the company is perceived as “guilty by association” for a supplier company’s water use or water pollution.

Litigation: The company is sued by other users for depleting or harming water supplies.

Sources: J. P. Morgan, Ceres

Any Minnesota company that wants to operate elsewhere should start with an appreciation of how water affects politics, economics, and social behavior there, says consultant Adam Rix.



\$600 Billion Market, continued from page 31

“No longer can you just rely on the water infrastructure to be there for you like you have in the developed world,” says Todd Gleason, Pentair’s vice president of strategy and marketing. “And they’re not going to build if for you. You need to manage it yourself.”

Pentair designed a water reuse system for a Ritz Carlton hotel in Bangalore, India. It’s one of the world’s fastest-growing cities, and population growth, pollution, and erratic rainfall patterns are already straining the water supply there. Bangalore is growing so fast that infrastructure isn’t keeping up, which pushes new burdens onto developers.

That’s where Pentair sees an opportunity. The company predicts that the market for water reuse systems will grow to \$8.4 billion by 2016. A more comprehensive University of Wisconsin–Milwaukee analysis last fall estimated that the world market for water-related equipment and operations will grow from

about \$483 billion in 2010 to \$600 billion by 2016. That’s about as large as the market for cell phones today.

Investment bank Goldman Sachs said in a 2008 report that water is “the petroleum for the next century,” and advised investing for the long term in water reuse, filtration, desalination, and testing, as well as water infrastructure. Pentair was one of the investments the bank recommended, and the company is among a cluster of big players in water technology that have headquarters or major footprints in the Twin Cities. Pentair’s water division employs about 550 people here, producing filters and pumps. Others include Dow Water and Process Solutions, a subsidiary of the global chemical giant that employs around 600 people in Edina, and GE Water and Process Technologies, which has about 500 employees in Minnetonka. (The acquisition of Minnetonka-based Osmonics in 2003 brought GE to Minnesota to set up shop). Maplewood-based 3M makes water filters as well as sensors that are used to detect leaks in water infrastructure.

Water and a more scarce supply of it are “a tremendous opportunity for, I would say, 30 different companies here in town,” says Adam Rix of TurningPoint Capital Partners in St. Paul, a venture capital and private equity firm that invests in water-related companies. Ultimately, Rix says, the opportunity is not just for companies with water technologies but for others that service or supply industries where there’s incentive to reduce water consumption. He cites as examples Bloomington-based Toro, with its production and sale of water-efficient irrigation systems and monitoring tools used for lawns, golf courses, and in agriculture; St Paul-based Ecolab, with cleaning and sanitizing systems; and Cargill, with its giant-sized role in global food production.

The Twin Cities are among a handful in North America that are emerging as hubs of water technology. Others include Milwaukee, Toronto, Boston, and Philadelphia. Pentair’s decision to transform itself was one development that helped put Minnesota on the water industry map.

Pentair’s origins in the 1960s were in inflatable, electrical, and mechanical devices, and then the paper industry. In later decades, it grew into a diversified industrial company. But 11 years ago, it decided to make a big bet on water technology, going on a water-focused acquisition spree between 2000 and 2007.

“We were dabbling in water,” Gleason says. “We had experience with some pumps and pool products.” But Pentair saw “an exciting growth opportunity and felt that if we really doubled or tripled or quadrupled down our investment, both organically and inorganically, we could be a leader in water.” Today the company’s water unit accounts for about \$2 billion in annual sales, roughly two-thirds of the company’s total sales.

Steve Riedel is a representative in the Minnesota Trade Office who specializes in environmental industries. He says that besides the presence of big businesses like Pentair, GE, and Dow here, the factors raising Minnesota’s profile in the water industry are water-focused research at the University of Minnesota (see “Minnesota’s Newest Water Start-Up” on the facing page), and a growing cluster of small and medium-sized companies that have water-related products and services—some of them founded by former employees of those big global players.

Considering their size, some of these smaller companies have surprising reach, but that’s the nature of the water market, Riedel explains. Even a company like Flatwater Fleet, based near Duluth with just a few dozen employees who

The Twin Cities are among a handful in North America that are emerging as hubs of water technology, including Milwaukee, Toronto, Boston, and Philadelphia.

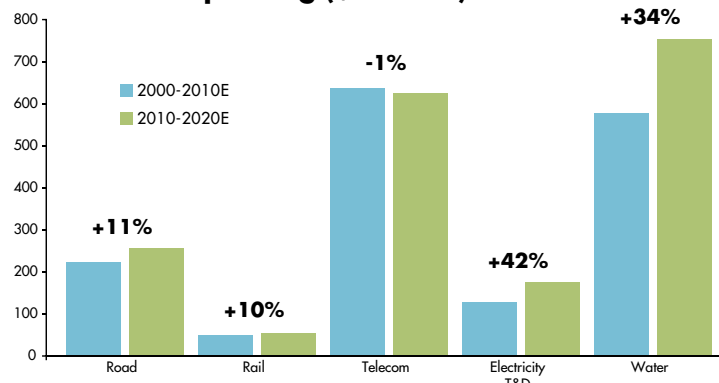
Where Are the Opportunities?

When Goldman Sachs peered into the water industry’s depths in a 2008 report titled “The Essentials of Investing in the Water Sector, Version 2.0,” it projected a market in which items like valves and pumps would see healthy growth, but would become increasingly commoditized. The future, the investment bank said, would belong to higher-tech, higher-margin businesses in water testing, filtration, desalination, and reuse.

That lines up with recent trends in venture investing. Cleantech investments as a broad category made up about 23 percent (\$5.1 billion) of U.S. venture investments in 2010; water-related technologies were just a fraction (3 percent) of the fraction at \$257 million, but that was up from \$140 million in 2009, according to West Coast research firms the Cleantech Group and Clean Edge. Most of the start-up and investment activity is in three areas: water monitoring, metering, and analysis; water efficiency and reuse; and treatment of water and wastewater. The Artemis Project, a consulting firm based in San Francisco, names an annual top 50 of the world’s most promising water-technology start-ups at artemistop50.com.

Meanwhile, Calvert Investments, the Maryland firm that manages the Calvert Global Water Fund, projects steeply increased spending on water infrastructure.

Estimated Average Annual Global Infrastructure Spending (\$ Billions)



Source: Calvert Investments, Organization for Economic Cooperation and Development (OECD)

make equipment to rehabilitate wells by flushing out sediment, is able to sell into about 60 countries where fresh water is at a premium. Riedel says a midsized company locally, Aeration Industries International based in Chaska, has sales in about 90 countries, selling a technology that puts oxygen into water in order to clean it.

Riedel says there's still work to do to get the word out about Minnesota's water sector. He's organized about a dozen education and networking events for water-centric companies in the past few years as their numbers have grown, and he says those firms are beginning to share business leads and export opportunities with each other. Last March, he attended a water conference in India with Minneapolis-based Environmental Products of Minnesota, which has developed and patented a hand-cranked water purification system that can be used where electricity is unavailable.

In Israel, about 15 percent of the country's potable water supply passes

through made-in-Minnesota membranes from Dow at a desalination plant in Hadera. Layers of thin plastic let pure water pass through, but block salt and other contaminants. Dow Water and Process Solutions makes water purification membranes around the clock, seven

days a week, ranging from small ones you'd find in a home water pitcher or restaurant kitchen to industrial-sized products. The company also has made sales in China, where purification membranes were incorporated into water reuse systems built during the lead-up to the 2008 Beijing Olympic Games.

"The fresh water sources are slowly becoming harder to come by. As industrialization goes up, the demand for water goes up," says Snehal Desai, director of global marketing for Dow Water and Process Solutions. "Those two things

Measure It to Manage It

- MnTAP, the Minnesota Technical Assistance Program, an outreach and assistance program for business from the University of Minnesota, helps companies find ways to reduce water use and improve wastewater discharge. MnTAP also publishes a list of environmental consulting firms that have expertise in water and wastewater management (mntap.umn.edu/potw/water.html).
- The Water Footprint Network, an international consortium of companies and nonprofits, offers an extensive guide for businesses interested in reducing their water impact. "The Water Footprint Assessment Manual: Setting the Global Standard," is downloadable at waterfootprint.org.
- The Coca-Cola Company, together with the Nature Conservancy, published three case studies last fall drawn from its efforts to reduce its water use: "Product Water Footprint Assessments: Practical Application in Corporate Water Stewardship" can be downloaded via a link in the September 8, 2010, press release in the press center at thecoca-colacompany.com.

Minnesota's Newest Water Start-Up

NewWater, a Twin Cities company launched last summer with technology licensed from the University of Minnesota, exemplifies a new generation of water businesses aimed at cleaning up limited fresh water supplies. NewWater's filtration system uses proprietary enzymes developed at the U as a catalyst. They cause bacteria to digest and break down atrazine, a widely used herbicide that is linked to cancers and other health risks. Atrazine is a significant municipal water treatment problem in agricultural regions.

have really put pressure on taking the less obvious sources of water and trying to make them usable, and that's where our technology has really fit in."

That pressure is creating opportunity for engineering companies, as well. Historically, most wastewater treatment plants have treated water only to a level that would make it safe, or legal, to be discharged and diluted into a lake, river, or stream.

Dave Anderson, general manager at Lemna Technologies, a Minneapolis civil engineering firm that specializes in wastewater treatment, says that in the past half decade or so, the company has been seeing more requests for facilities that can treat water to make it safe enough for other uses, especially in arid regions that depend on irrigation for agriculture.

"Worldwide, water is scarce, clean water especially," Anderson says.

One project that Lemna worked on is a municipal facility that it designed and built in Cuauhtémoc, Mexico, where stricter water quality regulations recently went into effect. The treatment plant is one of the largest in the world, Anderson says. Moving water through three five-acre ponds, Lemna's system uses

screens, baffles, and bacteria to treat sewer water at a rate of 280 liters a second. The effluent, or discharge, is used to irrigate apple orchards and cool a nearby power plant. Anderson says Lemna expects more work in Mexico as cities seek to comply with new water quality regulations and address water scarcity issues.

Similar developments are taking place in the southwestern United States. Later this year, the city of Oxnard, California, will open its "Advanced Water Purification Facility," which will reclaim wastewater from the municipal system for crop irrigation and industrial uses.

3M is looking at a different kind of water reclamation. It hopes that its recent venture into leak-detection technology might also be seen as a solution to water scarcity problems. 3M's licensed technology is built around highly sensitive microphones that can detect the sound of a leaky pipe. One product is a wand that lets water department workers walk around and listen for leaks at strategic points on the street. Another is a set of devices that can be attached to pipes by magnet and remotely transmit data and alerts when they detect possible leaks.

So far, most of these detection systems have been sold in the United States and Europe to cities that want to catch leaks before they become expensive infrastructure problems—sinkholes or sewer backups. James Miller, global marketing manager for 3M's water leak detection business, sees other potential for the sensors. He says that in many cities, about 20 percent of municipal water is lost to leaks.

"A real simple solution is to stop the leaks," Miller says.

There's room in the water market for all kinds of solutions. It'll take the proverbial silver bullet, not a lead bullet, to deal with projected shortfalls, says GE's Joe Such.

Looking at the risks posed by water scarcity, he says, "The glass-half-full [view] is people are recognizing it, and we and others have the technology to solve this problem today." **TCB**

Freelance writer Dan Haugen covers technology, the environment, and other issues for TCB.

Congratulations

As a sponsor of the Minnesota Business Hall of Fame dinner and program, Federated Insurance proudly shines the spotlight on the exceptional business accomplishments of this year's inductees.

Their vision and leadership have been instrumental to the success of Minnesota's business community.

The 2011 Minnesota Business Hall of Fame inductees:

Mary Brainerd
President & CEO
HealthPartners

Bill Cooper
Chairman & CEO
TCF Financial

Paul Finkelstein
Chairman & CEO
Regis Corporation

Guy Mingo
CEO
Marsden Holding

Christopher Twomey
Chairman & Retired CEO
Arctic Cat

Minnesota Business Hall of Fame



Honoring Five Lifetimes of Achievement

Mary K. Brainerd HealthPartners **William A. Cooper** TCF Financial
Paul Finkelstein Regis Corporation **Guy C. Mingo** Marsden Holding
Christopher A. Twomey Arctic Cat Corporation

The inductees into the Minnesota Business Hall of Fame this year join an elite group of individuals who rank among the most accomplished and respected Minnesota business leaders of all time.

Each of this year's honorees has transformed a small, local operation into a position of industry leadership. Each achieved through unrelenting waves of business, economic, and, in some instances, political challenges. Each is truly inspiring—both to their colleagues and peers, as well as to the next generation (and beyond) of business leaders in Minnesota.

Here, then, are the members of the Minnesota Business Hall of Fame's class of 2011:

Mary K. Brainerd CEO since 2002, Brainerd has doubled the revenues of Bloomington-based HealthPartners, the country's largest not-for-profit, consumer-managed health care organization. She also directed the development of a partnership between HealthPartners and insurance giant Cigna that has expanded HealthPartners' geographic presence even further.

William A. Cooper The straight-shooting CEO of TCF Financial for most of the past 26 years, Cooper guided its transition from troubled Twin Cities thrift to a multi-state banking system that has delivered 64 consecutive quarters of profit.

Paul Finkelstein Since joining Regis Corporation as COO in 1987—he has been its CEO since 1996—Finkelstein has grown the Edina-based hair salon management firm into a Fortune 1000

company. Regis has expanded from 500 stores with sales of \$150 million in 1987 to nearly 12,500 stores turning \$2.4 billion in 2010.

Guy C. Mingo Three years after quitting high school at age 16 to work full time, Mingo became Marsden Building Maintenance's youngest-ever district manager. He then worked his way up the ranks until, at age 42, he was named the St. Paul-based company's CEO. Under his leadership, Marsden Holding has become one of the largest privately owned facility-service providers in the United States. For the past three years, Marsden Holding has had record growth in income.

Christopher A. Twomey During Twomey's 24-year tenure as CEO of Arctic Cat, the Thief River Falls-based snowmobile manufacturer enjoyed 22 years of profitability, thriving on a base of intensely loyal customers. In 1990, he took the company public. Five years later, he led Arctic Cat into the ATV business, which now accounts for half of the company's \$465 million revenue.

Each of their stories is told on the following 10 pages. Please also join us in honoring them at a gala Minnesota Business Hall of Fame dinner on July 21.

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A health partner and leader.

Mary K. Brainerd

HealthPartners

To Brainerd, leadership means developing a “shared ownership of [HealthPartners’] direction, so it’s our idea, not my idea, that is very important. I also have very little faith in positional authority, the ‘because I said so’ model, because nothing will last if you do it from that perspective.”

By Brian Lambert

In the nine years that Mary Brainerd has been CEO and president of Bloomington-based HealthPartners, the country’s largest not-for-profit, consumer-managed health care organization, barely a day has gone by without some aspect of health care dominating the headlines, or the attention of various government entities.

In short, Brainerd is working in a very complex industry. What’s more, HealthPartners is both an insurer, offering numerous different plans to individuals and businesses, and an operator of 70 medical and dental clinics and four hospitals, including Regions in St. Paul. Balancing those two different components isn’t easy. Still, during Brainerd’s leadership as CEO, HealthPartners’ revenues have doubled to roughly \$3.6 billion. HealthPartners now claims 12,400 employees (up from 10,000 nine years ago), 1.36 million members (again, double pre-Brainerd), 500,000 patients under the care of 800 HealthPartners doctors (with tens of thousands more in its insurance network) and 60 dentists.

So how has Brainerd driven this growth? In large part, by not driving at all. To Brainerd, leadership requires a collaborative mindset. “Alignment of what you want to accomplish,” as she puts it, is essential to a high-functioning operation. “That means clear direction and agreement—shared ownership of the direction, so it’s *our* idea, not *my* idea, that is very important,” Brainerd says. “I also have very little faith in positional authority, the ‘because I said so’ model, because nothing will last if you do it from that perspective.

“Physicians particularly often have the view that, ‘If they just reported to



me, I could make it happen,” Brainerd adds. “And my view is, ‘If it happens only because they report to you, it’s not going to work’. So if you can’t get there through influence, persuasion, and involvement, you haven’t gotten any

change that’s going to stick.”

Given those sentiments, it’s not surprising to hear Brainerd say that “I’ve always enjoyed the management part of the job, which not everyone does. I love working with people. It’s my favorite

HEALTH WISE

1953 Born in St. Paul.

1975 Earns a BA from the University of Minnesota; awarded an MBA from the University of St. Thomas four years later.

1983 Becomes a marketing instructor at Metropolitan State University.

1984 Joins Blue Cross Blue Shield of Minnesota as vice president of health services; named senior vice president and chief marketing officer in 1992.

1994 Hired by MedCenters and Contracted Care Systems as executive director and chief operating officer; MedCenters and HealthPartners merge that same year.

2002 Named CEO and president of HealthPartners.

2004 Cofounds the Itasca Project; becomes the organization's chair in 2008.

2005 Awarded the Jean Harris Award from the Women's Health Leadership Trust.

2006 HealthPartners forms an alliance with national insurance giant Cigna; the partnership offers Minnesota-based companies a coast-to-coast health network.

2007 HealthPartners wins the National Quality Healthcare Award from the National Quality Forum, a Washington, D.C.-headquartered organization promoting patient safety.

part of what I do. I get energy from it. Whatever impact you think you can have as an individual, you can multiply that by thousands if you can work effectively with others in an organization."

HealthPartners' past board chair, Thomas Brinsko, says that "Mary's ability to lead with integrity and compassion for the health needs of the community has set her apart in the health care industry. Her leadership style has attracted a tremendous staff to successfully lead an organization during a transitional phase in the industry."

Brainerd has an iconoclastic streak for a CEO in a business frequently criticized for placing financial performance ahead of consumer satisfaction. She tells a story of struggling with pushback from within the HealthPartners culture in her early days in the corner office and being impressed by an internal Medtronic initiative reasserting to its staff that its primary business was not the profitability of medical devices, but rather "saving lives." What Brainerd translated to HealthPartners was that

"I believe not-for-profit is a good model for health care, because I think it's important to put consumers first, not shareholders. I've served and serve on some for-profit, publicly traded boards, and this, I'm quite certain, is a better fit for me."

job number one was not "learning how to run hospitals like businesses, like you always hear people say," but rather "making a difference for patients."

Brainerd is emphatic on the need to both ensure affordability in her industry (HealthPartners has several technology initiatives designed to do just that) and dramatically raise public consciousness on the value of prevention, particularly in regards to obesity and type 2 diabetes.

"There's no question we need to change the way health care is paid for in this country," she says. "The model that says the more money you get paid for

the more procedures you perform isn't working too well for us. If current trends for obesity and chronic illness continue on the tracks we see today, no matter what else we do, we're not going to have an affordable health care system."

Brainerd's ability to think critically and creatively about her job, her company, and its industry may be rooted in the fact that she earned a BA from the University of Minnesota in philosophy. She didn't set out to work in the health care field. Seeking a college internship "that offered both credits and money," Brainerd found a spot with the Minnesota Department of Health, working for the deputy commissioner. The internship offered a remarkable vantage point for observing the convergence of finance, technology, politics, and person-to-person skills required of a huge industry rooted in an often emotional facet of human life.

"I felt that I had a holistic view of health," is how she remembers her thinking as an MBA student. "I felt the work was worth investing a career in and it felt like a fit for the things I thought were really important."

During Brainerd's tenure as HealthPartners' CEO, the company has won numerous industry awards (as has she). Case in point: For six consecutive years, HealthPartners has been listed in the top 50 health plans in *U.S. News's* annual health care rankings.

Brainerd says that she has "no idea" what she'd do were she to retire, other than devote more time to the Itasca Project, the local consortium of CEOs and government leaders that she cofounded to promote the Twin Cities region's economic vitality. But she's clearly happy where she is.

"I believe not-for-profit is a good model for health care, because I think it's important to put consumers first, not shareholders," Brainerd says. "I've served and serve on some for-profit, publicly traded boards, and this, I'm quite certain, is a better fit for me." Why? "Because I get to say patients and consumers come first." But aren't there for-profit executives who also say that? "Yes," she says with a laugh, "but that isn't what happens when you look at quarterly earnings. And I know that for sure, too."



(From top) Mary Brainerd addressing the 2011 HealthPartners annual meeting; taking a meeting with Regions Hospital's therapy dogs, 2008; helping band eaglets for the Audubon Society, 2009; ribbon-cutting at HealthPartners' new clinic in Cottage Grove, 2010.

Police officer, CPA, and now a top Minnesota banker.

William A. Cooper

TCF Financial Corporation

"I understand the way people, the guy on the street, thinks in terms of their finances, because I was there. I don't understand investment banking and international banking and all that jazz. But I understand people, and what their motives are."

By Brian Lambert

Everyone enjoys being called "a tough competitor." It's a badge of honor. Some just deserve it more. Like, for instance, William Cooper—call him Bill—the ex-Detroit beat cop, certified public accountant, and current CEO of TCF Financial Corporation, the state's second-largest largest locally based bank holding company ranked by assets (behind U.S. Bancorp).

Cooper is a guy who relishes the notion that he gets rolled by no one. These days, that includes the Federal Reserve, which Cooper is famously suing over dramatic cuts to debit card swipe fees—income from those fees added up to 9 percent of TCF's 2010 revenues.

"The basic philosophy here," Cooper says in TCF's Wayzata headquarters, "is and always has been, 'a little number times a big number equals a big number.'" Translation: TCF's strategy, ever since Cooper arrived 26 years ago, is to serve what he refers to as the "Joe Lunch-Bucket" crowd, a middle-class clientele that sees value in free checking accounts, accessible locations, and opening and closing times that extend beyond the classic banker's hours. TCF's 2.1 million account holders, Cooper says, represent "a number you'd normally associate with a bank five times our size."

Since Cooper's ascendancy, "The number [total assets] got bigger," he says with a laugh. "But the basic philosophy hasn't changed."

TCF's history can be traced back to 1923; in time, it became known as Twin City Federal, one of the most prominent savings and loans in Minnesota. But by 1985, when Cooper joined TCF as CEO after serving as president of Huntington Bank in Columbus, Ohio,



the thrift was reeling from a series of near-catastrophic overreaches. It was by no means alone: The deregulation of the thrift industry in the 1970s had opened the door to bad investments; some savings and loans lost millions.

With regulators looming, Cooper aggressively cut costs—35 officers were removed in his first 18 months. He also took the company public and began rebranding TCF as the bank for the small depositor.

BILL COOPER'S BEAT

1943 Born in Detroit.

1963 Joins the Detroit police force, where he serves for four years.

1965 Graduates from Wayne State University with a degree in accounting.

1973 Joins Michigan National Bank in Detroit as assistant treasurer after working as a certified public accountant; later serves as senior vice president and controller at parent company Michigan National Corporation.

1985 Appointed CEO of TCF Bank after serving as president of Huntington Bank in Ohio.

1987 Holding company TCF Financial Corporation formed.

1997 Named chairman of the Minnesota Republican Party.

2006 Retires as TCF Financial's CEO, remaining as board chair.

2008 Returns as CEO.

2010 TCF Financial files suit against the Federal Reserve over a provision in the recently enacted financial reform legislation that limits how much banks can charge retailers for debit card transactions.

2011 TCF records its 64th consecutive profitable quarter.

Shortly after forming holding company TCF Financial in 1987, Cooper's baby passed the \$1 billion mark in consumer loans. After several more years on the brink, Cooper righted the ship to the point that by 1993, TCF claimed 18 percent of the Minnesota consumer banking market, a hefty uptick from 8 percent when he took over. A steady series of acquisitions, mainly across

the upper Midwest, but lately into Colorado and Arizona, has resulted in TCF managing \$18 billion in assets and operating more than 440 branches in seven states, including a sizable presence in the Chicago area.

Peter Bell, former chair of the Metropolitan Council and a TCF executive vice president from 1994 to 1999, has known Cooper for 20 years. "Bill is one of the smartest people I know, both a visionary and a detail person," says Bell, who now sits on the TCF Financial board. "When he came to TCF, it was collapsing. But through force of personality, he made it into of the most profitable financial institutions in America." Bell also cites Cooper's work as chairman of a group called Friends of Education, where he "has driven a positive education agenda in the state."

"We're kind of like a 1950s bank. We take deposits from lots of people, and we make loans to people who we think will pay it back."

Cooper served as TCF's chairman and CEO from 1987 until 2006, when he relinquished the CEO duties. He returned as CEO in 2008 at the board's request. Though he has just two more years on his current contract, at age 67 Cooper gives no indication of being the sort of guy looking forward to playing golf seven days a week.

Cooper is proud of TCF's 64 consecutive quarters of profit (as of April 2011). But for all he has done to brawn up TCF, an equally important factor in the company's success may be what he hasn't done. TCF Financial survived the 2008 financial meltdown by studiously avoiding the easy big-money traps other banks did not.

"Most of the problems with the subprime [mortgages] came through companies who sold off mortgages they originated," Cooper says. "They did not eat what they killed. Here, we put everything on a balance sheet."

Cooper loves old sayings. Among them, which he cites in the context of avoiding the subprime/derivatives meltdown, is the one that goes, "There's nothing more dangerous than a bond trader who has made money twice."

"We had no interest in participating in the derivatives game," Cooper says. "It was all a Vegas thing. A big casino. We knew that."

Cooper also asserts that "the big investment firms, Goldman Sachs, Lehman Brothers, and the rest were out to screw you. They'd screw you in a heartbeat, and they knew ever so much more about it than you do. So our thinking was, 'Why cross swords with a guy who knows a hell of a lot more about sword fighting than you do?'"

Cooper's strategy also has largely kept TCF out of the credit card game (the company has twice had credit card portfolios, both times selling them). TCF also has eschewed the national lending business, "where you put \$5 million into some big shopping center or something," Cooper says. Occasionally, its specialty finance group lends out of TCF's markets, with some loans nationally and in Canada.

Cooper also says that TCF has never made any unsecured loans of any kind. "You don't pay us, we take something back. It's real old school," he says. "I tell people, 'We're kind of like a 1950s bank. We take deposits from lots of people, and we make loans to people who we think will pay it back.' And even with that, you still lose some money. You just don't lose so much."

Cooper says that he "never had the dream to be a banker." An early CPA job—simultaneous with his police gig—led to a position as assistant treasurer in 1973 with Detroit-based Michigan National Bank, the first rung on his banking career.

"But I do have a natural inclination for it, particularly consumer banking," Cooper observes. "And the reason is the way I grew up. I didn't go to Yale, okay? I understand the way people, the guy on the street, thinks in terms of their finances, because I was there. I don't understand investment banking and international banking and all that jazz. But I understand people, and what their motives are."



(From top) Bill Cooper at his Wayzata office; with University of Minnesota Athletic Director Joel Maturi (left) and President Robert Bruininks after TCF Bank wins the naming rights to the U's new football stadium, 2005; in the mid-'90s with former Senator Rudy Boschwitz (right) and former Vice President Dan Quayle; early in his TCF career.

Looking good in Edina—and nationwide.

Paul Finkelstein

Regis Corporation

“I was born into the beauty business,” Paul Finkelstein says. He moved on from his family’s New York-based salon business to join Regis Corporation in Minnesota. Under his leadership, Regis has made more than 500 acquisitions; it’s now the largest salon company in the United States.

By Brian Lambert

No one’s success is ever ensured, but Paul Finkelstein had as many of the critical assets in place as he began his career as anyone could hope.

Born into a comfortable Long Island family sustained by a chain of department store–based beauty salons, Finkelstein added an undergraduate education at the University of Pennsylvania’s Wharton School of Business before earning an MBA at Harvard. (His master’s thesis was on “rolling up” beauty salons into a larger business.) Combining ambition, business savvy, and a tightly disciplined focus with a frequently disarming sense of humor, Finkelstein was the right guy in the right place at the right time when Myron Kunin, Jr., who’d founded and ran Edina-based Regis Corporation, decided to retire in 1987.

“I was born into the beauty business,” Finkelstein says. He shrugs when someone expresses surprise at the size of the Regis he has built since becoming its CEO. “A lot of smart people don’t follow our stock,” he notes. (Regis [NYSE: RGS] ranked 730 in *Fortune*’s 2009 public company listings.)

Finkelstein joined Regis as COO. He was named president and CEO in 1996. (Last winter, Randy Pearce was appointed president.) Under Finkelstein’s leadership, Regis aggressively accumulated chains of salons, growing from 500 stores turning \$150 million in annual sales in 1987 to nearly 12,500 stores turning \$2.4 billion in 2010 (\$3.9 billion including franchisees).

Under the Regis umbrella are more than 50 salon brands, including Supercuts, MasterCuts, Cost Cutters, First Choice HairCutters, Best Cuts, Famous Hair, MagiCuts, and Cool Cuts 4 Kids.



Regis also operates the higher-market Vidal Sassoon chain, as well as Hair Club for Men and Women (to cover what Finkelstein calls “the hair loss consumer”). This year, Regis introduced a new low-cost men’s salon concept called

Pro-Cuts, which has a sports theme. The first Pro-Cuts opened in Maple Grove in February.

“We keep the names of the best salon chains we acquire because they all have brand equity,” Finkelstein says,

A STYLISH CAREER

1942 Born in New York, raised in Great Neck, Long Island; later graduates with a bachelor's degree from the Wharton School of Business and earns an MBA from the Harvard Business School.

1966 Joins Glemby International, an operator of department store-based salons owned by his family; holds various executive positions until 1981.

1984 Named CEO of Turner Hall Corporation, an investment firm, until its purchase by Revlon in 1986.

1987 Joins Regis Corporation as COO.

1991 Regis goes public again after a brief period as a private company.

1996 Named CEO and president of Regis.

1996 Directs Regis's purchase of 153 salons operating in Walmart stores.

1997 Oversees the acquisition of Supercuts, which soon is generating 40 percent of Regis's income; Regis makes more than 500 acquisitions during the next 15 years.

2004 Named Regis's board chair.

2011 Randy Pearce is named president of Regis; Finkelstein retains CEO and board chair titles.

"and because it costs \$3,000 per store to change out signs. The only one we didn't keep was an operation called HeadHunters. We thought that was an image we could improve on."

Finkelstein tells how he left Glemby International, his family's beauty business, when he recognized "a recipe for

disaster" in "14 different Finkelstein owners, not counting spouses." He left Glemby in 1981 and held executive positions at other companies. But he saw as his best, most career-enhancing move a jump to Regis, a publicly traded competitor. According to Finkelstein, his family was less than thrilled.

"The short story is, we are Russian Jews, [the Kunins] were German Jews, and the German Jews didn't like the Russian Jews too much," he says. "Needless to say, that decision shortened my youngest son's bar mitzvah list considerably. That was it for family, obviously. But I did it because I wanted to make a living, and I love the beauty industry."

Early in his career at Regis, Finkelstein followed the Kunins' mall-based strategy. But after the first few years—after helping to take the company private in 1988 and then, with some

"We keep the names of the best salon chains we acquire because they all have brand equity. The only one we didn't keep was an operation called HeadHunters. We thought that was an image we could improve on."

near-desperate banking intrigue, back public again in '91—Finkelstein saw a shift in real estate trends toward strip malls for salons. This model included both corporate ownership of salons and franchising.

Another key move came in 1996 when Finkelstein directed Regis's purchase of 153 salons from a group operating SmartStyle shops within Walmart stores. "Today, we have nearly 2,500 [Walmart locations] generating almost \$600 million in systemwide sales," Finkelstein says.

Barely six months later, Regis purchased Supercuts; within 18 months, "Supercuts was generating 40 percent of our income," Finkelstein recalls. With that, Regis became the go-to destination

for any chain looking for a buyer. "We made over 500 [acquisition] deals in 15 years," he says. The feverish pace has made Regis 10 times the size of its closest competitor, though it commands only 4 percent of the American beauty industry.

Regis's biggest local competitor, Ray Barton, board chairman of Edina-headquartered Great Clips, says Finkelstein "brilliantly executed his plan. Paul is a very focused operator. The most significant part of his legacy may be the opportunities he created for people coming out of beauty school. Prior to him, a stylist might be able to move from salon to salon increasing their commission maybe 5 percent. Under Paul's plan, they had the opportunity to manage their own shops, move up as a district manager, and more, if they were so inclined."

For his part, Finkelstein readily credits Regis's general counsel Eric Bakken and senior vice president of finance Mark Fosland for their roles in handling the torrent of acquisitions over the years.

"It was the smallest acquisition department you could ever imagine—three people," Finkelstein says. "But it was easily 20 percent of our time, and incredibly efficient. We were on a roll. It helped that all but five or six [of the acquisitions] were asset deals as opposed to stock, so we really couldn't get hurt. We were able to get three- and four-year paybacks on very solid businesses, and really nobody else was doing it."

Finkelstein adds that sellers saw that "we were fair, we respected confidentiality, and we were quick. Because the one thing that kills most deals is time. Beyond that, we liked small boxes. We liked low break-even points, and we stayed with our strategy."

Finkelstein is candid about Regis's struggles in a belt-tightening time that has customers stretching out the intervals between salon appointments. He acknowledges the "significant dilution" that took place two years ago when the company felt required to raise new equity to avoid "bumping up against a financial debt covenant." But, Finkelstein says, "We did what had to be done. Because above all, while you can take a lot of chances, you never bet the farm."



(From top) Paul Finkelstein at the Regis salon in Ridgedale in 2003; ringing the opening bell at the New York Stock Exchange (where his company's stock trades) in 2003; presenting a \$400,000 check raised through the Clip for the Cure breast cancer fundraiser, 2010; with his corporate colleagues in Times Square, 2002.

A high-school dropout driven to succeed.

Guy C. Mingo

Marsden Holding, LLC

Guy Mingo went right to work at age 16 and hasn't slowed down since. After becoming CEO of St. Paul building maintenance and security company Marsden Holding at age 42, Mingo has made it a national leader through a savvy acquisition strategy.

By Patricia Kelly

At 51, Guy Mingo may seem rather young to be inducted into the Minnesota Business Hall of Fame. But he's always lived ahead of schedule.

"I was eager to get going," he says, "and I've never looked back."

Mingo quit high school at 16 to work full time. Three years later, he became Marsden Building Maintenance's youngest-ever district manager, responsible for almost 25 percent of the company's revenue. At 23, he was a husband, father, and homeowner; at 24, promoted to vice president of operations; at 42, made CEO of St. Paul-based Marsden Holding, LLC, now one of the largest privately owned facility service providers in the U.S. With services including office cleaning, building security, and HVAC system maintenance, Marsden currently owns 12 companies operating in 32 states; last year, it posted revenues of \$110 million. For the past three years, Marsden Holding has had record growth in income.

Since becoming CEO in 2002, Mingo has led the company through a whirlwind of acquisitions, with the goal of doubling in size every five years. The recent economic downturn has left him champing at the bit. "I wanted to reach \$250 million in revenue by the end of 2010, and had the market not changed, we would have been well past it," he says. "We weren't ready to slow down."

Mingo was raised in north Minneapolis, one of six kids. "I came from a broken, alcoholic home, and grew up on welfare," he recalls. He got his first job at a convenience store in the neighborhood, and happily quit school to work 16-hour days, six days a week.

Storeowner Monroe Hordoff took Mingo under his wing, entrusting him



with the job of night manager. "I was a pretty quiet kid," Mingo recalls. "But at the store, I met customers from all walks of life, and I got excited about serving people. Monroe taught me: If you're going to do something, do it in a

quality way or don't do it at all."

When business slowed at the store, Mingo's girlfriend since middle school (and now wife of 29 years), Patsy Riddle, urged him to join her at Marsden Building Maintenance. He started as a

MAN IN MOTION

1960 Born in Minneapolis.

1976 Takes his first job at a Country Boy grocery store in north Minneapolis.

1978 Starts at Marsden as a part-time janitor.

1979 Promoted to account manager for the Radisson hotel in downtown Minneapolis.

1984 Named district manager for the southwest suburbs.

1992 Promoted to vice president of operations.

1995 Becomes president of Marsden Building Maintenance.

1997 Becomes a minority partner at Marsden.

2002 Named CEO of Marsden Holding.

part-time janitor, cleaning the Hennepin County Government Center in Minneapolis. But he moved up quickly, from managing six cleaners at the downtown Minneapolis Radisson hotel to overseeing the 125 workers who cleaned 5 million square feet of office space every day in the southwest suburbs.

Mingo recalls that when he first met company founder and CEO Skip Marsden, Sr., he was careful not to reveal his age. (Marsden himself had left home at 15 to join the Merchant Marine.) The two men hit it off, and Mingo had another mentor.

"Skip would give the shirt off his back to anyone who needed it, to anyone who was the underdog," Mingo recalls. "With Skip, everything had to be top quality. He was a hard driver and passionate, but he also had fun. We hunted and golfed together for more than 20 years."

In 1995, Marsden promoted Mingo to president of Marsden Building Maintenance, a \$25 million business that was growing fast, adding two or

three large accounts every month. With its purchase of two small local janitorial companies, Mingo got his first taste of growth through acquisition. With Marsden's successful purchase of Milwaukee-based Clean Power in 2000, Mingo believed that his company could become a "hometown team with national strength."

"The decision to grow our footprint was about survival," Mingo says. "As the economy became more global, we found ourselves up against national companies in bidding. We were losing long-term building-maintenance customers because the hiring decision wasn't local anymore."

Mingo says that Skip Marsden was reluctant to take the risk of expansion. "But I pushed him pretty hard," Mingo recalls. "I felt confident that if we picked

"I was very excited to be CEO, and scared at the same time . . . But failure was something I always feared more."

the right companies, who shared our values, we would succeed. Buying Clean Power showed Skip we could do it. They doubled in size the first five years we owned them."

In 2002, Marsden sold his company to Encore One, a trust established by the Rauenhorst family. He recommended that Mingo become the first CEO of the newly created Marsden Holding, comprising Marsden Building Maintenance, Clean Power, and American Security (purchased in 1976). "I was very excited to be CEO, and scared at the same time," Mingo recalls. "Truth be told, being scared was not that uncommon for me. But I had so much drive to succeed, I guess failure was something I always feared more."

From 2003 to 2007, Mingo oversaw the acquisition of 21 companies. "We looked for larger-platform companies, with \$10-plus million in revenue, in markets that had a lot of growth potential," he says. Smaller companies

in existing markets were folded under Marsden's local brand. Larger companies were allowed to keep their names and management teams, as long as they met Mingo's ground rules: adherence to the Marsden code of conduct (pledging to run their businesses ethically and to treat their customers and employees fairly), and a commitment to grow their businesses by a minimum of 10 percent each year.

Mingo encourages Marsden Holding companies to grow "organically," with local, feet-on-the-street sales teams that know their communities. "If I don't like the way something is going, I can get deeply involved," he says. "But I like them to have the latitude to do it their way."

Tom Marek, a partner at Oppenheimer, Wolff & Donnelly and the mergers and acquisitions counsel for Marsden Holding since 2001, says that "Guy's got quite a combination of terrific qualities. He's got the vision to move his organization forward and grow, as well as the skills he needs to manage day-to-day operations. He's really an everyman—able to communicate easily with his employees, his peers, and the business owners he's trying to woo."

Mingo, Marek adds, "expects you to perform at a high level. He makes that clear. You definitely want to be Johnny-on-the-spot and ready to go when you're working with him. But he's also fun, quick to put things in perspective, and makes sure we look at the bright side, the fun side of things."

Mingo points out the fact that more than 90 percent of Marsden Holding's managers started out as cleaners. The path to advancement at Marsden is transparent: Every step to every job is mapped out in the "Career Pathways Manual"—and everybody knows the top boss's story.

"I tell our employees that working at Marsden isn't just a job, and they should never be embarrassed to do a cleaning job," Mingo says. Most of Marsden's work force, he adds "comes in at entry level. A lot of them are uneducated; most are unaware that they can ever do anything more than just be a cleaner. But they find out when they get in this organization that that's the furthest thing from the truth."



(From top) Guy Mingo in his St. Paul office; with his family; lifting weights with (at left) Chris Norgren, president of Marsden Building Maintenance, and Steven Klein, president of Marsden subsidiary American Security; with members of his executive team in 2010.

Keeping the Cat roaring on the trail—and off.

Christopher A. Twomey

Arctic Cat Corporation

Chris Twomey didn't intend to become an Arctic Cat executive when he first called on the company. But once he got in the driver's seat, he got it running at full throttle—not only in snowmobiles but also in ATVs. Recession and a decade of meager snowfalls have been obstacles, but Arctic Cat is profitable again.

By Patricia Kelly

When Chris Twomey visited Arctic Cat for the first time in the spring of 1983, he didn't want to talk about snowmobiles. He wanted to talk about wooden crates.

As executive director of the Occupational Development Center, a group of workshops in northern Minnesota, Twomey wanted the Thief River Falls snowmobile company, then called Arctco, to give his workshops the business of building its shipping crates.

Twomey got the business for his workshops—and, inadvertently, a new job for himself. He says he took a pay cut to become Arctco's director of corporate administration. Three years later, he was the company's CEO. "They gave me an opportunity, and it's been a great ride ever since," Twomey says.

During Twomey's 24-year tenure as CEO, Arctic Cat enjoyed 22 years of profitability, thriving on a base of intensely brand-loyal customers. In 1990, Twomey took the company public (Nasdaq: ACAT). Six years later, he led the company, renamed Arctic Cat Corporation the year before, into the all-terrain vehicle (ATV) business, which accounted for half of the company's \$465 million revenue in fiscal 2011 (which ended in March).

Over the years, Twomey has steered the company over some considerable bumps in the road. A five-year foray into the personal watercraft business was unsuccessful, resulting in a \$21.5 million restructuring charge. Ten years of light snowfall beginning in 1997 eventually brought the snowmobile industry to its knees. And the recent recession cut the ATV industry in half, leading to the first-ever losses at Arctic Cat, in 2008 and 2009, and an employee



layoff of 12 percent.

But Twomey steered the company back to profitability in fiscal 2010. "Sales this year are up by about \$15 million," he says. "And our profitability will be up dramatically because we're doing things

much more efficiently. We asked our people to do more with less. And they pulled together and did it."

Arctic Cat lead director Ken Roering, a professor at the University of Minnesota's Carlson School of Manage-

TWOMEY'S TRAIL

1948 Born in Grand Forks, North Dakota.

1971 Graduates with a geology degree from the University of North Dakota.

1983 Joins Arctco (Arctic Cat's predecessor) as director of corporate administration.

1986 Becomes president and CEO.

1990 Arctco becomes a publicly traded company (Nasdaq: ACAT).

1993 Arctco enters the personal watercraft business.

1995 Arctco changes its name to Arctic Cat.

1996 Arctic Cat enters the ATV business.

2003 Becomes chairman of the board.

2008 Named to the Snowmobile Hall of Fame.

2010 Arctic Cat builds its 1 millionth snowmobile.

2011 Retires as CEO but remains executive chairman.

ment, describes Twomey as “a roll-up-your-sleeves CEO. He understood the importance of providing strategic direction to the organization, but he'd also be on the manufacturing line, talking with people. He knew a lot of employees by name, and when the need for layoffs came, it was agonizing for him.”

The business that Twomey joined in 1983 was created by employees of the former Arctic Enterprises snowmobile company, which had gone bankrupt in 1981. One of his first jobs was to persuade former Arctic Enterprises vendors and dealers to do business with Arctco. “It took a lot of talking and handholding and explaining to them how we were

different,” Twomey recalls. “I had about 500 vendors to call, and the first morning I successfully completed only two calls. But things fell in line quickly after that, because the vendors liked the new team that was bringing the Cat back.”

Twomey calls himself a collaborative manager: “I loved talking about ideas with everybody. And I mean everybody. People could come into my office and talk about anything they wanted to. Some of the greatest ideas for our products have come from our employees and our customers.”

Twomey worked hard on building strong relationships with dealers, vendors, and especially with his employees, who've never unionized. “Chris made certain there were profit-sharing opportunities in place, and whenever we needed to fill a new position, we looked

“When you can make people happy, and drive profits to make your shareholders happy, business just doesn't get much better than that.”

inside the organization first,” Roering says.

Employees talked openly at quarterly roundtable meetings. There was no preferred parking or executive entrance. “If you wanted to park in front, you had to get there at 6 A.M.,” Twomey says. “And we all walked in the same door.”

Last summer, the company celebrated the production of its 1 millionth snowmobile, and about 1,000 employees signed their names on its shiny surface. Twomey proudly points out that 29 of the signatories have been with Arctic Cat since 1983, when the employee headcount was only 99.

The first year Arctco was in business, it reached \$7.5 million in sales and built 2,755 machines—to order only (a practice still in effect today). John Deere and Kawasaki exited the snowmobile business within two years, leaving Arctco with three competitors: Polaris, Skidoo, and Yamaha. Early on, Arctic

Cat committed to continually making significant changes to its product lines.

By 1990, the year Arctic Cat went public, revenues were about \$300 million. “We even grew through the 1991 recession because our customers loved our product,” Twomey says. “And we [also] had good snow.”

When the good snows ceased in 1997 and didn't return for 10 years, Twomey's drive to enter the ATV business in 1996 made all the difference. While industrywide sales of snowmobiles fell by 60 percent from Minnesota to the East Coast, sales of ATVs climbed. Twomey says that the ATV industry grew for 13 years straight, 11 at double-digit rates. “And we were outperforming the industry in our ATV sales,” he says.

During his last years as CEO, Twomey reduced the number of Arctic Cat dealers by about 25 percent (to 500), with no loss in market share. This year, the company will introduce five new ATVs and three new off-highway vehicles (ATVs with room for a front-seat passenger). In fiscal 2015, Arctic Cat will begin building its own snowmobile engines, ending a 25-plus-year relationship with Suzuki Motor Corporation. The snowmobile engines will be built at Arctic Cat's St. Cloud manufacturing facility, which has been cranking out ATV engines since 2007. Twomey says that this move will allow the company to better meet regulatory requirements, provide its customers with signature Arctic Cat engine performance, and potentially reduce costs.

Roering says what he most admires about Twomey is that he has “a passion for the business that just never went away. On weekends, he'd be out snowmobiling or ATVing with his managers. He wasn't one to tell them what to do; he was out there playing with them.”

The past few years, Twomey acknowledges, have been “very, very difficult. But I got a lot of satisfaction from people telling me how they use our snowmobiles and ATVs for family outings—the great experiences they have, the thrill and the excitement. When you can make people happy, and drive profits to make your shareholders happy, business just doesn't get much better than that.” **TCB**



(From top) Chris Twomey accepting JobZone designation for Arctic Cat's St. Cloud plant from Governor Tim Pawlenty, 2005; preparing to climb Mount Fuji in 1994; in Stockholm for an investor visit for Arctic Cat's 1990 IPO; on an on-road ATV ride in Austria.

Minnesota Business Hall of Fame

Past Honorees

By Nataleeya Boss

2010

Michael Berman drove the development of successful med-tech products at SciMed Life Systems and directed its revenue growth from \$300 million to \$1.5 billion within five years. At the time of his induction, Berman had cofounded two business incubators and cofounded or joined the boards of 14 medical device companies.

James Dolan amassed a portfolio of 64 legal journals and business newspapers in 21 U.S. markets; executed a successful public stock offering in a hostile market; created a mortgage default-processing and document-review business; and built the Dolan Company into an enterprise with \$300 million in revenue.

David Fraunshuh became one of the nation's largest private developers of medical facilities. In recent years, his development projects have generated \$300 million to \$1 billion per year.

Richard Knowlton embraced new food-processing technologies, assessed changing customer tastes, and transformed the company now called Hormel Foods Corporation from a traditional meatpacker into an international seller of branded packaged food products.

John Lindahl is managing general partner of Norwest Equity Partners, which last year had \$4.6 billion in capital under management and a fund of \$1.2 billion. Lindahl has financed the Buca di Beppo restaurant chain, Life Time Fitness, and dozens of other companies.

2009

Michael Fiterman transformed a \$20 million box and burlap bag making company into a \$500 million producer of corrugated cartons, plastic extrusion products, health care equipment, office products, and high-tech machine tools, eventually taking Liberty Diversified Industries global.

Dennis Frandsen's post-high school business cutting lumber led to the acquisition and eventual development of forested land. During his 59-year career, Frandsen Corporation went on to purchase 38 community banks totaling \$1.5 billion in assets, and to acquire several plastic-molding and manufacturing operations.

Viet Ngo is a designer and builder of water-treatment facilities and other large-scale projects in the Americas, Europe, Africa, and Asia. As of 2009, his firm, Lemna International, employed 600 individuals and had completed more than 300 projects in 26 years, including a solid-waste treatment plant in Ho Chi Minh City and a natural gas compression plant in Nigeria.

Carl Platou transformed Fairview Hospital into a seven-hospital, 90-clinic health care system, and established the concept of multiple-hospital systems through which most U.S. health care is now delivered. He also led the effort to fund a world-class biomedical research park at the University of Minnesota.

2008

Lee Anderson, Sr., transformed a small-scale installer of insulation into

the \$1.5 billion APi Group of companies, which serves the commercial-construction industry and has become a leading contractor in environmental-protection equipment for the power industry. Anderson executed more than 40 acquisitions; he also became the owner of several banks.

Gary Holmes is CEO and president of CSM Corporation, which in 2008 was an \$800 million real-estate development and management company with more than 200 residential, commercial, industrial, retail, and hotel properties in 16 states.

Horst Rechelbacher founded Aveda Corporation, a seller of plant-based hair-care products through 25,000 stores, salons, and spas. After selling Aveda for \$300 million, he started Intelligent Nutrients, a producer of all-organic cosmetics and personal-care products.

Guy Schoenecker founded BI, which at the time of his induction was a \$485 million leader in customized incentive-marketing programs, with operations in Australia, China, Dubai, and the United Kingdom.

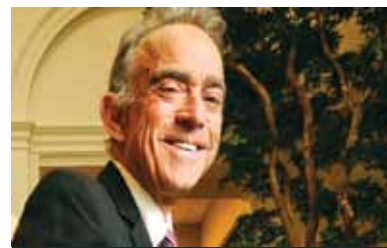
Eugene Sit founded Sit Investment Associates; the firm had \$7 billion under management in 2008, the year he passed away. In 2005, Sit cofounded the Minnesotans' Military Appreciation Fund to make grants to soldiers who'd served in combat zones.

2007

Ray Barton expanded Great Clips into the biggest single hair-care brand in the world. At the time of his induction, the 25-year-old company had \$700 million in systemwide revenue and 2,580 franchise stores in 42 states and throughout western Canada.

Don Helgeson built Gold'n Plump into a \$200 million integrated breeder, feeder, processor, and marketer of chickens. The year he entered the Hall of Fame, his company had 1,500 employees, three production plants, and two hatcheries. It was among the first to brand fresh-processed chickens.

Donald Kotula responded to rising energy costs in the early 1980s by sell-



1944-2011

Edward Jay Phillips bought his family's budget liquor business, then in 1994 started a new company, Millennium Import, to introduce two premium vodkas to the American market, Chopin and Belvedere. These brands became the base of a new global product category, luxury vodka. After selling Millennium Import, Phillips became active in community service.

Dean Phillips told the Star Tribune after his father's passing that he had a valuable knack for identifying a category of consumer goods without a luxury brand, then filling that niche.

ing parts for log splitters to homeowners with wood-burning stoves. That enterprise led to the creation of Northern Tool & Equipment, which in 2007 had \$700 million in annual sales through catalogs, the Internet, and 62 stores.

William S. "Bill" Marvin was president and chairman of Marvin, his family's century-old window and door company, from 1960 through 2001 and its CEO from 1986 to 2000. He grew the business to 5,500 employees and \$600 million in annual revenues.

M. A. Mortenson, Jr., became president of the M. A. Mortenson Company in 1969, when his father's construction company had 15 employees. By 2007, Mortenson had 1,200 employees, offices in six states, and annual revenues of \$1.4 billion. It has built skyscrapers, airports, sports arenas, schools, and manufacturing plants throughout the United States.

2006

Al Annexstad joined Federated Insurance of Owatonna as a sales representative and soon opened offices in five states and doubled the number of the firm's clients in the South. He became CEO in 1999, and in seven years built Federated into a company with \$4.5 billion in assets, annual premiums of \$1.4 billion, and a surplus of nearly \$1.5 billion.

Jill Blashack Strahan is founder and CEO of Tastefully Simple, a retailer of gourmet and specialty food products that grew from a small shed in Alexandria to \$140 million in sales 13 years later, when the company was engaging 27,000 consultants to serve as hosts at home tasting parties.

Mark Davis transformed the St. Peter Creamery of Le Sueur into Davisco Foods International, the largest supplier of cheese to Kraft and the world's largest producer of whey protein isolates. In 2007, Davisco produced a million pounds of cheese per day and generated \$700 million in annual revenues.

Stanley Hubbard of Hubbard Broadcasting is known for transforming "unworkable" ideas into successful media enterprises. These include United

States Satellite Broadcasting, which launched its first satellite in 1993 when few homes had satellite dishes. Another, Conus Communications, allowed local U.S. stations to gather news from throughout the world.

Thomas Rosen grew his family's feed, fertilizer, and farm-chemical business's revenues from \$550 million in 1998 to \$2 billion at the time of his induction. Diversified's five beef plants processed 7,000 head of cattle per day in 2006, and its chemical and fertilizer business spanned 17 states.

2005

Dale Bachman became president of his family's floral and nursery company in 1992 and expanded it into plant care products, tools, and home décor items.

James Campbell developed Minnesota's largest bank into a leading commercial lender, and grew the assets of Minnesota banks within the Wells Fargo system from \$5.9 billion in 48 separately chartered institutions to \$52 billion within one institution.

Ron Fagen has built flour mills, meatpacking plants, power plants, grain-processing facilities, and more than 70 percent of the nation's ethanol-production plants. Fagen, Inc., grew to \$2 billion in revenues and more than 3,500 employees in 37 states.

Robert Kierlin grew Fastenal, Inc., from a tiny Winona storefront to a \$1.2 billion retailer of industrial parts by the time of his induction, with 7,000 employees, 1,600 stores, 12 distribution centers, and a 3,500-vehicle fleet of trucks. Kierlin also served as a Minnesota state senator.

Ken Melrose became CEO of the Toro Company in 1983, refashioned its product portfolio, made it a leader in products and services for turf development and landscape management, and helped it achieve a sevenfold increase in revenue and a 25-fold increase in its stock price in 22 years.

2004

William Austin founded Starkey Laboratories, the largest hearing aid

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Peter Warwick CEO, Professional Division, Thomson Reuters	August 2
Narayana Kocherlakota President & CEO, Federal Reserve Bank of Minneapolis	September 6
Chris Neugent President, CEO & COO, Malt-O-Meal	October 4
John Stumpf Chairman, President & CEO, Wells Fargo	November 8
Eric Kaler President, University of Minnesota	December 6

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company based in the U.S. He guided its growth to more than \$420 million in revenues.

Tom Gegax cofounded Tires Plus, which improved the experience of tire buying by adding professional assistance and waiting-room amenities. When the company was sold in 2000, it had become a nine-state, 150-store chain with \$200 million in sales.



1933-2011

Richard "Pinky" McNamara made a career of buying and resurrecting bankrupt or foreclosed-upon businesses. He became the CEO of Activar, a 600-employee, \$100 million holding company. At one point, he owned and directed 25 companies at the same time. He was one of the University of Minnesota's biggest benefactors.

"He came out of Hastings with nothing and worked hard and became one of the best entrepreneurs of all time," Bob McNamara told the St. Paul Pioneer Press after his brother's passing.

John Pellegrine transformed Target Corporation's bull's-eye into an icon of branding, invented Dayton-Hudson Corporation's Santabear, and created the first computerized bridal registry.

Robert Sparboe established the Sparboe Chick Company in 1954 with his life savings of \$5,400. By the time of his death in 2005, his company was a \$260 million operation that annually sold 2.4 billion eggs.

2003

Kenneth Dahlberg developed the first all-in-the-ear hearing aid and founded Dahlberg, Inc., which recorded \$100 million in revenue before being sold to Bausch & Lomb in 1994. He also developed early paging and monitoring devices.

John Mooty was partner for more than 50 years at the law firm of Gray Plant Mooty and 24-year chairman of International Dairy Queen, which he and partners rescued and refocused in 1970 after performing a similar turnaround at National Car Rental.

Richard Schulze, the founder and chairman of Best Buy, opened his first store in 1966. At the time of his induction, Best Buy had become an international \$36 billion, 900-store retailer of consumer electronics, appliances, and recorded music and movies.

Daryl "Sid" Verdoorn changed C. H. Robinson from a \$150 million seller of fruits and vegetables into a \$3 billion, 3,900-employee, 15,000-customer global intermodal shipping and logistics company.

Manny Villafaña founded Cardiac Pacemakers, which developed pacemakers worn by at least 2.3 million patients; and St. Jude Medical, which developed mechanical heart valves worn by 1.5 million patients at the time of his induction. He has gone on to found several other med-tech firms.

2002

Irwin Jacobs built Genmar into the world's largest manufacturer of recreational watercraft, with \$1.1 billion in sales and 7,000 employees at the time of his induction. Jacobs has been best known as an investor in underperforming public companies.

Harvey Mackay turned a tiny company into Mackay Envelope Corporation, a 500-employee, \$100 million business in 2002. Mackay also exercised community leadership that helped keep major league baseball in Minnesota.

Mahendra Nath was an employer of 3,300 people at 102 Burger King restaurants, 12 other casual or fine dining restaurants, two hotels, three commercial properties, and more than 1,000 apartment units as of 2002.

Marilyn Carlson Nelson became CEO of the \$7 billion Carlson Companies (now Carlson) in 1998 and expanded it. As vice chair, she arranged a merger of Carlson Travel

and Wagonlit Travel, extending the company's reach to 140 countries.

Glen Taylor acquired a small printing company in 1967 and built Taylor Corporation into an operation of 14,000 employees in 70 divisions. He purchased the Minnesota Timberwolves in 1994 and served for more than 10 years in the Minnesota Senate.

2001

Ralph Burnet built Coldwell Banker Burnet into Minnesota's top home realty company. He later became a developer of Minneapolis hotels.



1926-2010

Win Wallin became chairman and CEO of Medtronic in 1985. During his six-year tenure as CEO, Medtronic's revenues rose from \$370 million to \$1 billion, profits tripled, and the number of employees nearly doubled to 8,500.

"Win's legacy is part of the very heart of Medtronic. Without his contributions, Medtronic would not be what it is today," William Hawkins, recently retired Medtronic chairman and CEO, told MPR in December, shortly after Wallin's passing.

Dorothy Dolphin founded Dolphin Staffing, a temporary services firm that dispensed 20,000 W-2 forms a year at the time of her induction. She was also the owner of 13 fast-food restaurants and a five-branch bank.

Ron Offutt built and managed businesses with assets including more than 200,000 acres of potatoes and other vegetables, a 21,000-cow dairy, three potato processing plants, and dealerships selling John Deere equipment, Volvo and Mack trucks, and new and used construction equipment.

Gerald Rauenhorst founded Opus Corporation, a design and construction company that built more than 2,000

commercial buildings throughout the Twin Cities and beyond. Opus was one of the first firms to unite the disciplines of architecture and construction.

2000

Ebba Hoffman
Smead Manufacturing

Luigino "Jeno" Paulucci
Chun King, Jenos, Inc., Luigino's

Carl Pohlad
Marquette Banks, Minnesota Twins

Alan "Buddy" Ruvelson
Venture capital pioneer

Wheelock Whitney
Dain & Company, Minnesota Vikings

1999

Elmer L. Andersen
H. B. Fuller

Earl Bakken
Medtronic

Curtis L. Carlson
Carlson Companies

Whitney MacMillan
Cargill

Earl Olson
Jennie-O Foods



1920-2011

Edgar Hetteen, the "grandfather of snowmobiling" and creator of a winter-sports industry, founded the companies that became Polaris and Arctic Cat. He later founded ASV, a maker of all-terrain vehicles.

"Edgar brought credibility to [ASV]," business partner and retired ASV CEO Gary Lemke said in an MPR interview shortly after Hetteen's death. "We found investors, suppliers, and others, and we built a company of \$250 million in sales."

Briefcase

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SPACE RACE

AFTER A YEAR OF RAPID-FIRE EXPANSION, SPACE150 KEEPS REACHING FOR THE DIGITAL LEADING EDGE IN ADVERTISING.

BY DAN HAUGEN AND DENISE LOGELAND





Space150 Founder Billy Jurewicz (right) says he built his firm "with the technology forecast in mind"—the belief that digital marketing would be more than a desktop experience. More than Web sites, he and President Marcus Fischer are helping clients build "private networks" that are "far more advanced than any broadcast network."



pace150 "is modern-day advertising," says CEO Billy Jurewicz. "It's what the ad agencies were in the '60s."

Yes and no. The Minneapolis agency that Jurewicz founded 11 years ago is structured something like a traditional ad agency. There's a creative department, media planning, account management. But instead of a 30-second TV spot or a glossy magazine ad, the end product is more likely to be a mobile app, a Facebook page, a YouTube video, or a video game—anything delivered in bytes and pixels.

The firm created buzz last year with a project it described as "getting picked up by a model." The work is still drawing crowds in Manhattan today. When New Yorkers and tourists look skyward in Times Square, they see a larger-than-life model—and themselves—on a huge digital billboard for "fast-fashion" retailer Forever 21. The model toys with her tiny spectators, plucking one from the image of the crowd and flicking him away, kissing another to turn him into a frog, and tucking a third into her shopping bag. The billboard succeeds as spectacle even in a place where flashing 50-foot-screens are the norm.

Every advertising agency does digital work now. The difference is that most added digital platforms to traditional media and traditional methodology. "That's baggage we didn't have," Jurewicz says. Space150 was purely digital from the start, and at the start, that just meant building Web sites. Now, it's "two-way interactivity on an outdoor board, and a board that can see you." If the technology has changed that dramatically, so has the opportunity for a digital agency.

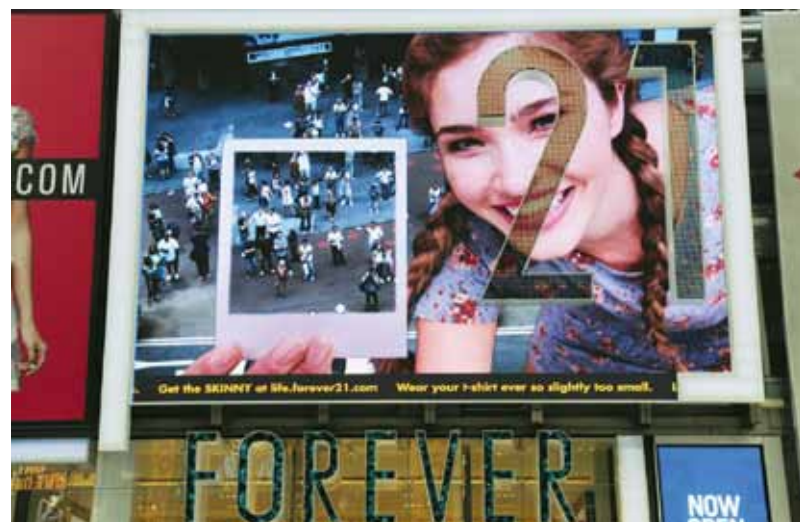
As for the '60s, Jurewicz likes to play up his firm's "R-rated" office culture. Pulsing music, open liquor cabinets, and the blue glow of computer screens make it feel like a cross between *Mad Men* and *Star Trek*. He also recalls the counterculture nature of launching a Web-based business during the dot-com bust. "We were pooh-poohed in the beginning for being too young, we had no silver hairs in the room and we were a bunch of kids," Jurewicz says. "We've grown up now." Space150 clients include American Express, General Mills, UnitedHealth Group's OptumHealth unit, and Dairy Queen.

But what Jurewicz is really getting at is the idea that this, like the '60s, is a new media age: Consumers were tuning into televisions then, mobile devices now. He sees Space150 as an early mover into—and still out front in—a new era.

Michael Keller, Dairy Queen's chief brand officer, says Space150 is "cool—they're probably a lot cooler than a lot of us on this side—but they're professionals." In part through viral videos and online games, Space150 has helped Dairy Queen build a Blizzard fan club on Facebook with more than 3 million members.

"We are overperforming in social media," Keller says, "and Space gets a lot of that credit because they're helping us hang out closer to the edge."

You can see Space150's digital billboard for Forever 21 in Times Square—and it can see and interact with you. Space150's new video production business is shooting images now for a next iteration of the sign, which will link up with similar billboards and crowds of spectators in London, Hong Kong, and other cities.



TALENT AND THE EVER-EXPANDING TOOLBOX

In 2010, Space150 says it had gross revenues of \$24 million, up from \$14 million in 2009. It's added about 50 people to its staff since the fourth quarter of 2010 and is now flirting with that magic number of 150. (The name Space150 comes from an amalgamation of Jurewicz's interest in Asian numerology; his belief that technology, like space, is never ending; and his firm's first suite number in the building where it's still located, the Colonial Warehouse in the North Loop.) The firm is expanding a once-tiny California satellite office in Venice now, and recently grew in New York City with new digs in Brooklyn's Digital Dumbo neighborhood, considered to be the Madison Avenue of digital marketing.

"As we think about growth on the national scene, having a presence out here [in New York] is pretty paramount," says President Marcus Fischer, who joined Space150 in 2008 from Minneapolis agency Carmichael Lynch. Both the New York and California offices put Space150 closer to clients, including the Los Angeles headquarters of Forever 21. The L.A. office also gives the agency access to a new market of video and production talent to run a new business unit, Space150 Productions, that it launched just a few months ago.

"By us being able to have more control of the actual creation of [video content], we can also begin to create it so that we have the right format to put it either on the Web, signage, mobile, or

whatever it might be," Fischer says.

Other than tapping L.A.'s entertainment industry, Space150 typically finds the talent it needs in the Twin Cities. New York has primarily client-facing service staff, Fischer says, and "everything is still based in Minneapolis. We're not trying to recreate Minneapolis in our new offices."

Digital talent is increasingly specialized as technology platforms multiply. "Back in the day, [ad agencies] could just hire a Web developer and the technology wasn't as complicated," says Carrie Nelson, vice president of strategic alliances at Fusion Room, a two-year-old Edina firm that provides technology development for ad agencies that choose to outsource that work. "To keep somebody on staff who has expertise in all sorts of technologies is just not realistic anymore."

Space150 has made itself a standout by specializing in amassing specialists, both across technologies and across disciplines. Nelson, who worked at Space150 for a time two years ago, says, "Space, they just excel at the digital space in that they know how to design well, they know how to develop well, they know how to come up with really amazing concepts. I think it's a benefit that they've been digital this whole time," she adds, "because a lot of firms are trying to kind of break into that now."

The best talent will always migrate toward traditional, full-service advertising agencies, says one local exec who runs such a firm, because the most creative people want to have a full spectrum of media available to them, not just the digital tools from the toolbox.

"I guess I'd look at the digital space as the ever-expanding toolbox," Fischer says. There is no offline world anymore, he says, and digital messaging permeates everything, certainly everything in the entire consumer journey from brand discovery to purchase, sign-up, or whatever the desired outcome might be. Digital work is also continually morphing. Fischer cites a projection that more people will access the Web on mobile devices than on desktop or laptop computers by 2015; the experience of the Internet—and of designing content for it—is changing fundamentally.

"My take is we design things for human behavior," not for specific media channels, Fischer says, "so as a result, that's a bit broader in nature."

PRODUCTS, NOT CAMPAIGNS

Space150's recent growth came not from Web development, but mostly from what the agency calls "product development": building games, mobile apps, and things like the Forever 21 billboard. The common denominator is an interactive platform that can put out more than a single message.

In traditional advertising, as Jurewicz describes it, a campaign lives for three to six months, then goes away. But with a platform like the Facebook page that Space150 built for Dairy Queen, "now you have a network," he says, "just like you would on a traditional broadcast medium . . . except the

difference is it's your own versus paid media, where you have to pay someone else who owns all those eyeballs."

He adds, "Every time we do a campaign of some kind, like a 25th anniversary promotion for the Blizzard, we all of a sudden capture about 700,000 or 800,000 more people to our own"—meaning Dairy Queen's—"personal network." In total, the anniversary campaign took Dairy Queen's fan base from 300,000 to 3.2 million.

Soon after Jurewicz left Minneapolis-based Fallon to start his own ad agency, Fallon released its high-profile film shorts for BMW, directed by Ang Lee, John Frankenheimer, and other Hollywood names. Jurewicz recalls it as a "revolutionary" project at the time, "and it got put on the Internet, but it didn't necessarily have the integration or two-way communication that digital has today . . . I think that's where digital destroys the barriers of a shotgun approach like a television ad," he adds. "You're navigating, you're choosing."

Interactivity—and even the word "digital"—was missing from the marketing lexicon when Jurewicz started his business, so he called Space150 a "Web-centric" agency. It wasn't the first of its kind in the Twin Cities, but others overbuilt and didn't survive the dot-com crash, he says. Space150 started "picking up the scraps," building flashy Web sites for clients including Famous Dave's, the Fine Line Music Cafe, and Fair Isaac Corporation, developer of the FICO credit score.

In the years since, technology has picked up so much speed that traditional ad agencies "almost have to destroy the entire place and rebuild it



Making Waves, a Facebook game that Space150 developed for the National Marine Manufacturers Association, gives players a taste of being on the water for skiing or sailing. The game took the association from 6,000 to 40,000 Face-fans and brought in leads that were tracked to boat sales.

from scratch” to catch up, Jurewicz says. But he acknowledges that technology could leave him behind, too. He was “shocked” to find that he now has employees who don’t know what a baud modem is or what a fax signal sounds like. “Even Twittering is awkward for me,” he admits.

Space150 relies on a “skunkworks” R&D operation called the SpaceLab to stay ahead of change. Employees float in and out of the Lab. Getting chosen is “almost an employee incentive,” Jurewicz says, a sign that the agency is investing in those people. They have the freedom to introduce and tinker with ideas that aren’t yet associated with any client project.

Space150 Productions used a technology out of the SpaceLab lately in a music video for L.A. gangster rappers King Fantastic. It lets users upload themselves into the final, gory scene, and it grew out of Lab workers having fun trying to insert their coworkers into movie clips. Some of the Forever 21 billboard technology also began in the Lab. And a few years ago, Jurewicz says, so did a development protocol called Faust that makes the content in Flash animations readable by search engines and non-Flash browsers.

MORE STRATEGIC NOW

Space150’s latest work for Forever 21 rivals the Times Square billboard as an attention getter. In April this year in Vienna, the agency kicked off an eight-city, global fashion-show tour for its retailer client. The runway

models were all holograms. (See the YouTube video by searching for “Forever 21 Holographic Fashion Show”; note that Burberry, Diesel, and Target have used similar effects.)

The high-tech trick relied on a 19th-century illusionist’s technique called Pepper’s Ghost, involving mirrors, light, and shadow. It underscores the fact that Space150 has been scaling up at a time when digital advertising and marketing disciplines are still being formed. A creative process that used to require a copywriter and a graphic designer now involves various “creative technologists” who conceptualize the technical underpinnings of a project. Jurewicz says he recruits from software companies, video game developers, and other technology businesses.

The new work for Forever 21 also underscores the agency’s intentions going forward. While Space150 has picked up new clients recently, including OptumHealth, it intends to focus more on deepening its relationships with existing clients.

Fischer calls this a more strategic approach to growth. He believes digital marketing and advertising will increasingly be about product and platform development, and long-term strategies for clients, rather than individual campaigns or one-off projects.

“We’re starting to turn down work that’s more, ‘Hey, just build us a Web site,’” he says. “I guess that’s not as interesting for us as it is if someone comes in and says, ‘Help us solve this business problem.’”

Pacing the firm for more moderate growth—the goal is about 10 percent a year for the next few years, Fischer



A fashion show with hologram models for Forever 21 opened in Vienna, Austria, in April, supporting the start of an ambitious rollout of new stores across Europe and Asia. The show comes to New York City in 2012.

says—doesn’t mean that Space150 will moderate its creative ambitions. Staying out front in the digital realm won’t allow it.

Since 2007, Space150 has been working on concepts and technology that will allow it to project advertising onto the surface of the moon, the agency maintains. Jurewicz even claims that he and his colleagues have pulled off a successful test run but “just didn’t tell

anyone about it.” He can’t say much about the project at present, but it’s “mostly legal” issues that prevent an official product launch.

It’s the ‘60s all over again; hopes are pinned on a moon shot. Jurewicz says, “Our ultimate swan song is projecting images onto the moon.” **TCB**

Freelance writer Dan Haugen is a frequent contributor to TCB.



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CHINA: FROM PIRATE TO PATENT POWERHOUSE

China has begun to take intellectual property rights seriously—and create a significant portfolio of its own.

In China, if you want to redecorate your apartment, and you go to a retail store to buy paint, a painter to do the work typically is included as part of the price. This cultural practice creates headaches for Valspar Corporation, the \$4 billion paint-and-coatings company with headquarters in Minneapolis.

Valspar has extensive operations in China. Its subsidiary, Huarun, Ltd., is China's third largest chain of retail paint stores. The trouble with the painter-as-part-of-the-package system, says Andrew Ubel, Valspar's chief intellectual property counsel, is that it creates "a huge incentive" for the painter to switch the premium paint the customer paid for with far cheaper, locally made counterfeit paint bearing the Huarun or Valspar label.

"We have a couple hundred of these situations every year," Ubel says. "We go to the police and say, 'They're selling fake paint out of such-and-such a shop.' The police shut them down, but it's like Whack-a-Mole. They just pop up somewhere else."

In 2006, Valspar sued one especially aggressive counterfeiter and won a judgment against the infringer in a Chinese provincial court. The counterfeiter then appealed to a local court, introduced fake evidence, and won a judgment against Valspar for about \$3.5 million. Valspar's appeal to a higher court was heard earlier this year. At this writing, Ubel says he expects a ruling in Valspar's favor.

By Jack Gordon



His confidence that Valspar will get a fair shake from a Chinese court in an intellectual property case speaks volumes about a sea change that observers say is playing out right now in China's approach to intellectual property (IP) law.

Pirate's Haven?

China is notorious among Western businesspeople as a great place to go if you want your intellectual property stolen. American and European companies have complained for years that the Chinese government's indifferent approach to patent and trademark enforcement leaves their products and processes subject to rampant counterfeiting, piracy, and other forms of infringement.

Yet the rush of Western companies into China continues regardless. The logic is straightforward, says Steve Berreth, vice president and general counsel for Syngenta Seeds, Inc., in Minnetonka, whose Swiss parent company has extensive operations in China. "If fear of losing IP keeps you out of China, you may find in a few years that you've written off a two-billion-person market, and now you can't get in because things are moving so fast there. So the benefits of being there are greater than the risk," he says.

Now the cost-benefit equation is starting to look better than ever. For Minnesota companies that see China as a potential

market—or as an operating location—the good news is that the Chinese system for patent and trademark enforcement is improving. Patent attorneys and other intellectual property experts agree that IP, though still more vulnerable than in Western countries, is becoming easier to protect.

The bad news, these experts say, is that China's newfound esteem for patent law is rising for China's reasons, not Minnesota's. Following the same evolutionary road that Japan took in the decades following World War II, China means to move beyond its role as a low-wage sweatshop for manufactured goods and start to compete instead as an innovator—a powerhouse of design, engineering, and science.

Western companies are merely incidental beneficiaries of the Chinese government's new determination to protect and enforce IP rights, experts say. Chinese companies have dramati-

“Probably sometime this year, but by next year for sure, China will surpass the United States as the patent office with the largest number of filings.”

cally stepped up spending on research and development. The patents that the Chinese really want to protect are their own—the ones issued to them both in China and, increasingly, in other countries, including the United States.

“China is no longer just a foundry,” Berreth says. Indeed, Syngenta opened a major research center in Beijing in 2008, staffed with Chinese microbiologists who work on genetically engineered seeds. China is turning out so many more engineers and PhD-level scientists than the United States that it has created “a huge talent pool of highly educated people who also are less expensive to [hire],” Berreth says. “You can outsource very high-level technical jobs to China today. That’s not necessarily a good thing for the United States.”

Getting Smart About IP

China had no patent office at all until 1984, but the national government now appears determined to create

“a world-class system” of intellectual property acquisition and protection, says IP attorney Bill Weimer, a partner with the Faegre & Benson law firm in Minneapolis.

The government is subsidizing patent applications by Chinese companies, both at home and abroad, Weimer says. China wants its companies to “get smart” about how to draw up and apply for patents in the U.S. and other countries, he says. He predicts that within a few years, the number of Chinese nationals who file applications with the U.S. patent office will multiply dramatically. He expects to see a flood of Chinese applications for U.S. patents, especially in fields such as energy (including alternative energy technologies), transportation, and automobiles.

The new filers will join some major Chinese companies that have been active in the U.S. patent arena for years. By 2009, telecommunications giant Huawei Technologies Company, Ltd., had filed more than 1,100 U.S. patent applications and held more than 100 issued U.S. patents, according to a count by IP enforcement firm General Patent Corporation of Suffern, New York. In 2008 alone, the firm said, Huawei filed 1,797 patent applications in 20 countries—more than any other company in the world that year.

China's own patent office already is the world's second busiest, and it's gaining fast, says IP attorney Brad Pedersen, a shareholder with Patterson Thuente Christensen Pedersen, PA, a law firm in Minneapolis. “Probably sometime this year, but by next year for sure, China will surpass the United States as the patent office with the largest number of filings,” he says. The U.S. patent office currently sees about 500,000 filings per year and issues more than 200,000 patents annually.

China already is the runaway world leader in patent infringement suits. About 7,500 suits are filed in China each year, Pedersen says, more than 90 percent of them by Chinese patent holders. By comparison, the United States court system sees 2,700 to 2,800 infringement filings annually.

China also is the world leader in trademark applications, and has been for the past seven years, says IP attorney Tony Zeuli, a partner with the Merchant & Gould law firm in Minneapolis. In China, about 70 percent of trademark applications—and the

same percentage of patent applications—come from Chinese nationals, Zeuli says. Only 30 percent come from foreign companies looking to stake claims in the Chinese market.

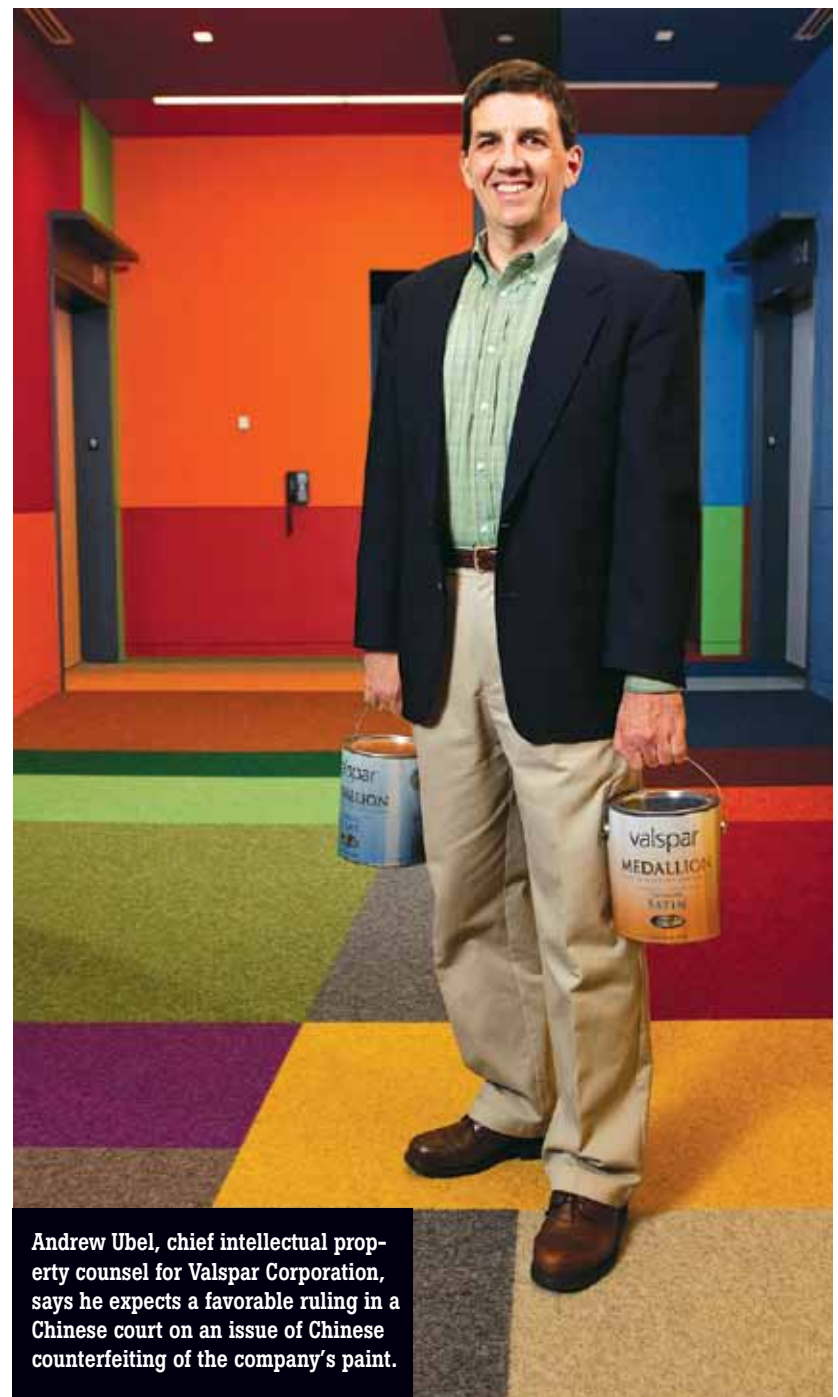
China's goal, supported by the national government under Premier Wen Jiabao, is to “convert the whole society into one that is expert in IP issues,” Weimer says. “They have the money. They have a plan. It's going to be formidable.”

Indeed, Pedersen says, this is a major reason for President Barack

Obama's desire to invest more heavily in “innovation,” despite the U.S. budget deficit. “We're in the 21st century version of an arms race,” Pedersen says. “It's a tech race.”

Enforcement

The Chinese government also is active on the protection side of the IP equation. Last fall, a six-month campaign, overseen by the Ministry of Commerce, was launched to step up enforcement of IP rights. Originally due to expire in March, the campaign



Andrew Ubel, chief intellectual property counsel for Valspar Corporation, says he expects a favorable ruling in a Chinese court on an issue of Chinese counterfeiting of the company's paint.

Be Careful Over There

While the Chinese court system is getting better about enforcing intellectual property rights, Minnesota patent attorneys advise clients to take special precautions in what still can be a wild and woolly environment.

Tony Zeuli, an attorney with Merchant & Gould in Minneapolis, offers companies two tips under the heading, "How can you avoid the need to hire me?"

First, he says, before you take a product or any business operation to China, register your trademarks in China, and apply for Chinese versions of your U.S. patents. Second, Zeuli says, "Before you even so much as disclose that you're going to China for an exploratory meeting, you should register your Web site's domain name in China as a 'dot-cn.' That's so nobody can throw up a Web site pretending to be you."

Two years ago, Zeuli says, one of his Minnesota clients announced that it would go to China to pursue a business plan involving heating and air conditioning equipment. Somebody created a copy of his client's Web site and "began to sell a product that looked like the Minnesota company's but wasn't." The counterfeiter gave up the scam, but only after Zeuli's firm hired a Chinese law firm to deliver a strongly worded letter and then follow up on it.

Trade secrets also are a form of IP, and these are at risk whenever an American company moves manufacturing or other operations to China, notes Andrew Ubel, chief IP counsel for Valspar Corporation of Minneapolis. When a supervisor, say, in your Chinese plant takes a new job with a factory down the street that makes products similar to yours, how can you keep proprietary information about your manufacturing processes or business practices from walking down the street, too?

"In the United States, a confidentiality agreement gives you the expectation of redress," Ubel says. "In China and other developing countries, you can't have that expectation." This is why it's a good idea to "partition" information in your Chinese operations, he says—for instance, by dividing a manufacturing process into segments that are performed at two or three different factories, instead of one. —J. G.

was extended until June.

The idea behind the enforcement campaign, which involves 37 Chinese government agencies, is to "kick-start the bureaucracy and the courts down a different path and hope that it takes root," says Valspar's Ubel.

Signs of an improving IP-protection climate were evident well before the 2010 kickoff of that government campaign, sources say. For instance, in 2008, ADC Telecommunications, Inc., of Eden Prairie won a trademark-infringement case against one of its former distributors that had dragged on in the Chinese courts for 10 years. That victory was greeted at the time as a signal that foreign companies were beginning to get fairer treatment.

For many years, Minnesota attorneys say, damages awarded by Chinese courts to the winners in IP cases were so low that foreign companies often considered it economically infeasible to sue. In the past few years, that has changed. The record judgment to date came in a 2007 case in which Chint, a Chinese electronics company, was awarded \$48.5 million by a provincial court in a patent infringement case against a Chinese division of

Schneider Electric, SA, of France. The parties settled in 2009 for \$23 million.

The significance of the Chint case for U.S. companies, say Pedersen and Weimer, is not that a Chinese company won the money but that the judgment sets a precedent that allows Chinese courts to consider much larger damage awards in IP cases.

The changing climate in China is being reflected in Minnesota law firms. Zeuli and Pedersen both say that their firms now have Chinese-speaking attorneys. "That's something we wouldn't have thought about 10 years ago," Pedersen says.

Faegre & Benson has had an office in Shanghai since 2001. Its role today, Weimer says, is to represent American companies doing business in China. But in light of the rush he anticipates of Chinese patent filings in the United States, "our capitalist goal," he says, "is to bring in Chinese clients to help them protect their IP rights in the U.S." **TCB**

Jack Gordon is a senior writer for Twin Cities Business. His article on leadership training ("Real Leadership") was published in the May issue.



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As originally announced in the January 2011 issue of *Twin Cities Business* magazine.

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PATENTED COVERAGES

The specialized world of intellectual property insurance.

Intellectual property (IP) lawsuits have a tendency to be long and expensive. For a startup or a small business, the cost of being named in an IP lawsuit can be crippling. It can even mean bankruptcy.

Luckily, insurance is available to help cover the cost of litigation. It's complicated, though: The cost of defending against litigation on some types of intellectual property may be covered under a business's commercial general liability policies. But the cost of defending against an allegation of patent infringement is almost always specifically excluded from general policies. Special liability insurance is available to cover this eventuality.

But surprisingly, very few businesses take advantage of intellectual property insurance. Most companies don't understand that their general liability policies can offer some protection, and many have never even heard of patent insurance. Why is this the case?

"There are a number of reasons," says Alex Fjelstad, senior vice president of insurance agency Twin City Group in Minneapolis. "If the big companies, the Travelers and the Hartfords, are not in a market, then it isn't well known, because it's just not ubiquitous. And brokers are not comfortable advising their clients about these coverages, because they are so complicated and unique."

David Gauntlett, principal of insurance recovery law firm Gauntlett & Associates in Irvine, California (and author of a blog on IP and antitrust insurance), says it's not in the interest of insurers to educate brokers that expensive IP litigation might be covered under general liability policies. "A lot of

companies don't know to look at this coverage [for IP cases]," he explains. "And the brokers who are typically advising them are not necessarily sensitized to think of the implications of this coverage, because if they have a question about what the policy means, they'll go to the insurers, and the insurers will tell them, 'Well, we think it's very limited.'"

Even intellectual property lawyers are sometimes ignorant when it comes to IP insurance. "They don't use it as a resource when they plead into complaints," Gauntlett says. "They don't really factor it in at all. And there are a lot of missed opportunities because of that. It is a wonderful enhancement, especially in these tough times, to find somebody else to pay the bill."

A Pertinent Policy

Most businesspeople think of commercial general liability (CGL) policies as covering only bodily injury or property damage, says Thomas Mielenhausen, attorney at Minneapolis law firm Lindquist & Vennum. In the past, CGL policies almost always included an additional coverage called advertising injury liability. The language was vague, but the gist of it was that policyholders would be covered in case other parties were injured by their promotional activities.

In the 1980s and 1990s, courts began to interpret these

By Jamie Swedberg

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advertising liability clauses to include various kinds of intellectual property infringement. By 2001, insurance companies had begun to respond by writing CGL policies so that they specifically excluded infringement of IP rights other than copyright, trade dress (the visual appearance of a product or packaging that is particular to a company), slogans, or use of another's advertising idea. But since then, the courts—especially in Minnesota, which tends to be relatively lenient on this point—have found that many commercial general liability policies still cover various offenses related to advertising. The upshot is, depending on the way the individual policy is written, companies may find they have

sued by the Saul Zaentz Company d/b/a Tolkien Enterprises, alleging trademark infringement for wrongful use of the word "hobbit" in its business name. While that suit was in progress, Mielenhausen represented Wozniak/Hobbit in its attempt to get its CGL insurer to cover the litigation costs.

"As it turned out, the defense cost was the most important thing, because Hobbit Travel won [the trademark infringement case]," he says. "And I was able to get defense costs covered under their general liability policy."

"Insurance companies are trying to shift the business model away from 'occurrence' to 'claims made,'" Gauntlett explains. "'Claims made' means the claim needs to be made

The Cost of an IP Lawsuit

How much coverage should an IP insurance policy provide? According to Robert Fletcher, president of Intellectual Property Insurance Services Corporation, sometimes the answer comes from the carrier, who may refuse to write the policy for more than a certain amount.

But assuming that's not an issue, companies can estimate the litigation costs they are likely to incur by checking out a biennial report published by AIPLA, the American Intellectual Property Law Association (aipla.org).

"The AIPLA looks at the cost of enforcement, and they then tell you how much these suits are going to cost in terms of litigation dollars, and they break it down into regions of the country," Fletcher says. "But more importantly, they break it down into the amount in controversy. Their numbers will suggest that if the amount in controversy is less than \$1 million, then right now, the median cost for the U.S. as a whole for a patent lawsuit is probably about \$967,000."

Fletcher says this number refers mostly to enforcement suits; in general, the median costs for defense of intellectual property are about 20 percent higher. If a company should be so unfortunate as to suffer a judgment, the median award is in the neighborhood of \$9 million.

There is one bright spot. Thomas Mielenhausen, an attorney at Lindquist & Vennum, says his firm and a coalition of Minnesota businesses recently scored a legislative win for Minnesota companies that are trying to get their insurance companies to pay out for IP suits.

"We got a piece of legislation passed, effective in August of '09," he says. "We got a significant increase in the interest that is charged to the insurance company [for holding out]. Now, insurers don't make money by delaying. It really is having an effect, in my view, in bringing them to the table to settle the thing."

Over time, this legislation should reduce the length of IP insurance lawsuits in Minnesota, thus bringing down the overall cost of litigation for the businesses involved. —J. S.

some IP insurance even if they haven't gone out of their way to buy it.

The 2009 case of *General Casualty Company of Wisconsin v. Wozniak Travel, Inc.*, demonstrates how these policies may be applied. Wozniak, which had done business under the name Hobbit Travel for 30 years, was

within the policy period. But 'occurrence' doesn't care when the claim is made. It depends when the occurrence is. And in advertising injury coverage, the occurrence is when the offense happens, not when injury or damage results from it."

Wozniak's policy had historically

been written on a "claims made" basis, and the alleged injury had occurred ever since the company started doing business as Hobbit Travel. So the insurance company had to pay.

Unfortunately, in the case of this particular business, the lengthy litigation process took its toll: Hobbit Travel declared bankruptcy at the end of 2009. But other companies can still benefit from its experience.

"Small companies should always, always go first to their commercial general liability policies," Gauntlett says. "You can throw away your birth certificate, your wedding certificate, anything like that. They can be replaced. Never throw away your commercial general liability policies issued on an occurrence basis. Put them in a special place that you can always find them. They're the most important asset a lot of companies have." Gauntlett advises companies shopping for a CGL policy to buy a plain, inexpensive, bare-bones insurance service office policy. The more customized a liability policy is, the more likely it will have specific exclusions written into it that may affect IP litigation coverage.

There is never any guarantee that intellectual property litigation will be covered under a general liability policy. But Christopher Larus, an attorney at Minneapolis law firm Robins Kaplan Miller & Ciresi, says you can't know for sure until you talk to your attorney and examine the policy in light of the specific allegations of the complaint. "Whenever a suit is filed, it is worthwhile for the defendant to consult with its lawyer and its insurance broker to determine whether there's a potential for coverage," he says.

Filling the Insurance Gap

There's a reason insurance companies go out of their way to exclude patent litigation from CGL policies. "Patent risk is difficult to underwrite in many instances, because many times the purchaser of the insurance knows a lot more [about the technology and the industry] than the insurer," explains Robert Fletcher, president of Kentucky-based patent insurance company Intellectual Property Insurance Services Corporation (IPISC). "You really have to have skills in patent law in order to determine how bad the risk is. In our case, for example, our underwriters are patent attorneys and PhDs who have patent agents' licenses.

We have an opportunity to search all of the existing in-force patents in the USPTO and elsewhere to determine whether or not the product is actually covered by a patent. It takes a skilled artisan."

Fjelstad, who is IPISC's agent in the Twin Cities, says there also isn't enough data available for most insurers to develop rates they'd feel comfortable with. As a result, patent defense insurance is a specialty product and is priced accordingly. "It's not inexpensive," he says. "The cost of

"You can throw away your birth certificate, your wedding certificate, anything like that. Never throw away your commercial general liability policies issued on an occurrence basis."

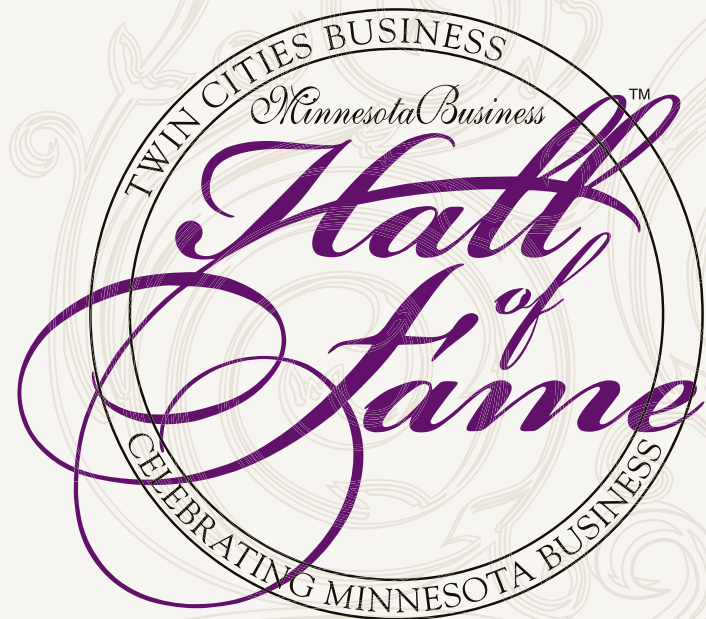
this coverage runs about one to two percent of the limit that you purchase. So that if you buy a \$1 million limit, that's anywhere from \$10,000 to \$20,000 a year."

He says the clients he works with typically have a couple of things in common. First, they are established, successful companies that have a product to protect. Second, they are in an industry that tends to experience a lot of intellectual property litigation, such as software.

Smaller companies shouldn't necessarily panic because they can't afford this type of policy, Fjelstad says. "Typically, they're not going to be a target, because the patent law allows basically for reimbursement of what the patent holder would have gotten had they been getting a licensing fee," he points out. "So, for instance, if you're only doing a couple hundred thousand dollars of sales, at the end of the day, your exposure in terms of damages is pretty minimal."

Stephen Schaefer, principal and intellectual property attorney at Minneapolis law firm Fish & Richardson, PC, has worked in the "IP-centric" medical device area for 17 years. Despite this, he says he has never had a client that seriously considered buying insurance specifically to prosecute or defend patents. It's just not part of

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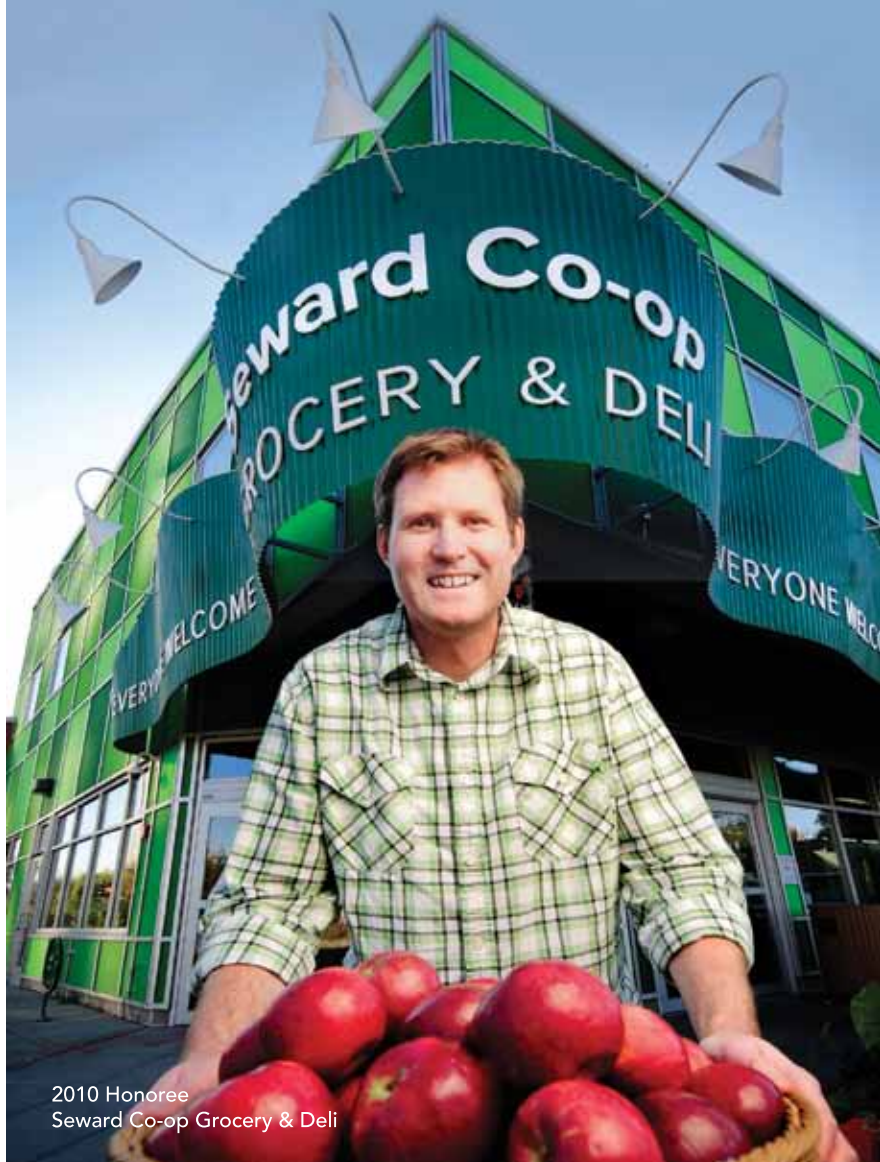
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that industry yet, he says; but it might be more prevalent in the retail world.

“The only area where I can think IP-specific insurance may make sense is where you have a large retail [entity that is] acquiring product from a vendor who may not be around to indemnify the buyer if a charge of patent infringement were to arise later,” he says.

Indeed, says Fletcher, almost all of the major retailers are beginning to require their suppliers to get patent defense insurance and to name the large retailer as an additional insured in the policy. “The Walmarts of the world are uncertain about the little guys’ ability to defend them,” he says. “This way, even if the little guy goes bankrupt, or is in the process of losing his shirt, the

Major retailers are beginning to require their suppliers to get patent defense insurance and to name the large retailer as an additional insured in the policy.

policy is there in full limits. The large retailer is covered regardless.”

Normally, Larus says, when you supply products to a retailer, there are a bunch of implied warranties that go with it. One is that the products don’t infringe on anyone else’s intellectual property. The retailer is indemnified.

“Nevertheless, when you’re a retailer buying goods from a vendor in another country, or a vendor that might not have a lot of money, your right to indemnity is only as good as the checkbook of the indemnitor,” he points out. “If they can’t cover it, then you’re on the hook. So retailers will make those terms even more explicit, and make it very clear that if they get sued for infringement, the vendor has to cover those costs.”

Hedging Your Bets

So far, we’ve been looking at intellectual property insurance from the liability point of view. But there is also insurance to help companies prosecute infringement cases. This type of policy, usually called abatement insurance or enforcement insurance, is relatively rare for two reasons. First, as Fletcher points out, the inventors and

small companies that could benefit most from it can’t usually spare the money to pay for it. Second, larger firms often have other ways of enforcing their intellectual property rights.

“If you can’t afford to bring a lawsuit, you could always go to a law firm and say, ‘Would you take this on on a contingency?’ And a lot of times they’d be happy to do that,” Mielenhausen says. “Or you could go to your investors and say, ‘Would you fund this litigation?’ and in exchange, maybe give them a bump in their investment if it’s successful. So there are many ways that you can pursue that. That’s why you have to look carefully at whether that type of insurance is worth it for you.”

Small firms that can’t afford the premiums for full-on intellectual property liability insurance have other choices, too. Larus says some insurers offer policies that cover just the cost of litigation, not the cost of compensating any loss. IP litigation is so expensive that often litigation costs eat up all of a company’s IP insurance coverage anyway. And limiting the payout makes the insurance significantly cheaper.

On the other hand, if a significant proportion of a small company’s value proposition is tied up in its intellectual property, the company may choose to buy a type of insurance called multi-peril, which covers the cost of recovering after a company loses an IP case. “Multi-peril is essentially a business interruption type of insurance,” Fletcher says. “It covers the loss of commercial advantage. It covers the cost of redesign, repair, reformation, remediation.”

He says this type of insurance is also cheaper than regular IP liability insurance, since it doesn’t pay unless the case is decided against the policyholder. “If you have an intellectual property asset and it’s called into question, it can affect a lot of things,” Mielenhausen says. “It can affect your ability to sell, your ability to attract investors. This is just a recognition that it’s no different than if your business suffered a bad fire. That’s what insurance is: a way of managing the risks that any business faces in terms of its continuity and its revenue stream.” **TCB**

Jamie Swedberg is a freelance writer. Her June 2011 story on employee team-building activities (“A Team Experience”) is available at bit.ly/kutHpH.



ALL ABOARD

Effective employee orientation, or “onboarding,” reduces early-stage turnover and boosts day-one productivity.

An orientation process designed for new doctors joining the University of Minnesota Physicians was, to put it mildly, an exercise in inefficiency and costly delays. Those signing on to the multi-specialty physician organization—who also serve as faculty members in the university medical school—had to complete more than 100 human resources and administrative tasks in their initial days on the job. It was like drinking water from an orientation fire hose.

It often took days or weeks following their start dates for physicians to secure crucial hospital practice privileges, undergo mandatory background checks, or complete training required to begin their work. Those delays left a sour taste with physicians at a time when first impressions were critical. The delays also meant lost income for the organization, says Linda Kenny, administrative center director at the University of Minnesota Medical School. “We were losing significant amounts of revenue because our new physicians weren’t able

to practice right away,” Kenny says.

So Kenny and her colleagues turned to an orientation tool from Chicago-based vendor SilkRoad Technology to bring new efficiency and cohesiveness to the process, with the goal of getting new-hire physicians productive on day one. Called RedCarpet, the Web-based automated process gets new doctors started on orientation tasks more than three months in advance of their start dates, provides a personalized new employee portal, features electronic rather than paper-based human resource forms, ensures all needed technology is in place in physician offices on day one, and creates a uniform orientation approach for more than 20 specialty departments.

Kenny says RedCarpet provides a more seamless, hassle-free, and welcoming process for the 650-physician organization. She expects the tool will help boost revenue

By Dave Zielinski

SPECIAL FOCUS

WORK FORCE ISSUES

and first-year retention of new doctors. Feedback from the physicians confirms the improvement. When surveyed about their satisfaction with the old orientation process, doctors gave it an average rating of 4.4 out of 10. With the new system, the average rating jumped to 7.6.

Orientation Payoffs

How well newly hired employees are “onboarded,” or welcomed to and oriented to their new jobs and organizations, can play a significant role in first-year employee retention, reduce turnover-related costs, and get new people up to speed faster. Employment experts say that with the job market gradually improving, finding ways to keep your top new hires is achieving renewed priority. After all, why funnel significant resources into recruiting the best employees only to let them fend for themselves once they walk through the door? If new employees don’t feel welcome, appreciated, and productive early in their tenures, they are more at risk of leaving the organization prematurely, not to mention hurting its competitiveness with substandard performance.

“Our belief is that if we are going to spend a lot of time and resources upfront on recruiting and hiring, we should spend an equal amount of time in orientation to ensure those recruiting practices pay off,” says Jeffrey Domler, chief financial officer at Colder Products Company, a St. Paul firm that makes couplings and fittings.

Organizations increasingly see the value of launching orientation activities before a new person starts work, avoiding the day-one avalanche of paperwork, by sending forms and welcoming gifts in advance, ensuring work spaces are fully equipped with the right technology when they walk through the door, and freeing new hires to spend time getting to know their colleagues during their first days.

At University of Minnesota Physicians, that lead time is vital because of lengthy credentialing processes needed to secure hospital practice privileges for new doctors, which involves reviews to ensure they’re properly licensed. The process can take more time if they’re arriving from other states or countries.

“We wanted to avoid giving them all these tasks at once, which can be a problem with orientation programs,” says Jeni Skar, an administrator with



Jeni Skar (left) and Linda Kenny at the University of Minnesota Medical School have a revamped process for “onboarding” new physicians.

the U of M Medical School. “We’re also seeing a growing expectation from our physician population to do more of these things via the Web.”

Seeing the Whole Picture

Some see orientation as one stage of a broader, ongoing onboarding process. At Ameriprise Financial, the Minneapolis-based financial services company, onboarding extends over an 18-month period and includes a large training component, says Carol Hondlik, vice president of human capital projects.

In their first 90 days, new Ameriprise hires not only receive a detailed introduction to their own jobs and departments, but also an overview of other business units. They meet with colleagues from other departments and review the company’s performance management process. The process was revamped a few years ago so it was more customized to specific jobs and departments, Hondlik says, rather than taking a one-size-fits-all approach.

“Effective onboarding is about helping people master their own jobs and department goals, but we believe an important part of it also is helping them understand the role they play in assisting others across departments in getting their strategic goals accomplished, and vice versa,” she says. The 18-month onboarding features a series of required “core curriculum” training courses offered monthly or quarterly.

To ensure that all new Colder employees get a first-hand understanding of the company’s products, every new hire—from accountants to marketing specialists to engineers—spends at least a day on the production floor, Domler says. New people also go through a formal, two-day product training process. “We think understanding products helps people better understand the company as a whole and the markets we sell into,” he says.

At Coloplast Corporation, a Denmark-based company with Minneapolis operations that makes products for ostomy, urology, and continence care, the newest approach to orientation is designed to help employees understand how their jobs tie into larger organizational goals, says Nichole Lundeen, Coloplast’s director of human resources. Some new hires view a video moderated by Coloplast’s CEO and CFO that features customers of various business units commenting on Coloplast products. The goal is to present the video to all new hires.

“What it does is walk new employees through our mission, vision, and values, and it gives them a good sense of the global company they are part of,” Lundeen says.

Cultural Awareness

Many companies are assigning new employees buddies or “navigators”—experienced workers who can show them the ropes and answer questions.

Hondlik, for example, currently serves as a navigator for three Ameriprise employees, fielding questions from a newly promoted vice president about what’s expected of the role, helping a transplant from California adapt to a new city and build a new network, and coaching a new employee who’s seeking ways to improve a relationship with a manager.

New employees at Colder also are assigned a buddy, usually someone who’s been with the company for at least five years. The buddy is a peer or teammate rather than direct supervisor or boss, and is encouraged to take the new employee out for at least two lunches on Colder’s dime. “It gives our new people an informal channel into the culture of the company and the way things really operate here,” Domler says.

At University of Minnesota Physicians, there is one primary contact for all newly-hired physicians, an executive assistant who places a welcoming phone call after they’ve accepted a job offer. “The idea is to give them just one point of contact for all questions from where to park, how benefits packages work, potential schools for their children, recreation options, and more,” Skar says. “They become shepherds of sorts for our new physicians.”

One common metric used to gauge orientation success is retention of new hires in their first year on the job. Hondlik receives regular reports on the attrition and retention rates of Ameriprise’s new hires. The data is broken out by business line and individual leader.

“That enables me to spot trends, such as people leaving at a higher rate from one part of the business or from one particular leader, which might allow us to provide additional support, coaching, or whatever is needed to help improve retention rates,” Hondlik says.

Colder’s goal is 100 percent retention in the first year, Domler says. Human resource leaders believe effective onboarding is just as important as rigorous hiring practices in influencing that statistic.

“If you have a lot of employees leaving within a one-year time frame,” Domler says, “you likely have some adjustments to make in how you are recruiting, hiring, or onboarding.” **TCB**

Dave Zielinski is a freelance writer living in Bloomington.

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Technology Resource Guide

Compiled by Mary Connor

The economy may still be in a slump, but companies are discovering that they can put off technology spending only for so long. Software must be upgraded, servers must be replaced, systems must be maintained. The companies on the following pages are poised not only to help you preserve the status quo, but to assist you in implementing tools that can improve productivity, lower costs, and make your company more competitive. The right technology applied correctly can be a game changer.

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St. Paul, MN 55101
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952-486-8075 • denning.com

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3445 Washington Dr., Ste. 200
Eagan, MN 55122
651-452-7242 • ecognosys.com

Contact: Manohar Sunkum (owner)

► Business intelligence, enterprise architecture, data management, business continuity, process engineering

GCI Systems

655 County Road E W
Shoreview, MN 55126
651-604-570 • gcisystems.com

Contact: Sanjay Kuba (president); Roger Solz (sales manager)

► Hardware, software, training, and integration in the areas of data management, security, and IT operations

HotSkills, Inc./Orange Parachute

4801 Nicollet Ave. S, Ste. A
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651-303-1146 • hotskills-inc.com,
orangeparachute.com

Contact: Travis Hyde (CEO)

► Information security, audit compliance, technical and operational security

Information Builders

444 Cedar St., Ste. 2000
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651-602-9100 •

informationbuilders.com

Contact: Pam Rochon (branch administrator)

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North Oaks, MN 55127
651-295-2761 • juxterity.com

Contact: Bill Warren (founder)

► Data management and business intelligence

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Eden Prairie, MN 55347
952-937-5161 • krollontrack.com

Contact: Kaitlin Shinkle (worldwide public relations manager)

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952-941-7333 • veracitytech.com

Contact: Jon Hutchins (owner and director of sales and marketing)

► Database configuration, network security, application integration, system optimization

Woodburn Group

1660 S Hwy 100, Ste. 224
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xactdatadiscovery.com

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8011 34th Ave., Ste. 242
Bloomington, MN 55425
866-446-1133 • allcovered.com

Contact: NP

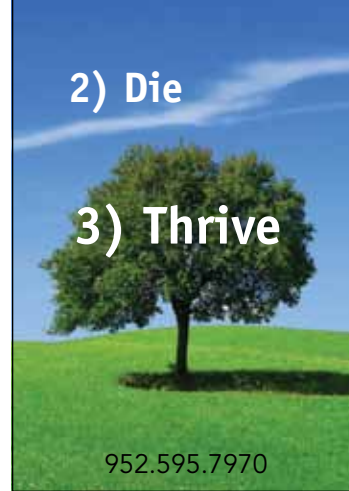
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Contact: John Beesley (director of business development)

► Onshore IT outsourcing in rural Minnesota: application management, long-term projects, staff augmentation

DBI Consulting

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Contact: John Haugen (director of business development); Terry Taylor (COO)

► Business integration, enterprise architecture, information delivery, business intelligence and data warehouse, project management, strategic staffing

Doman Networking Services, Inc.

10800 Lyndale Ave. S, Ste. 171
Bloomington, MN 55420
952-405-6831 • dns-mn.com

Contact: Steve Doman (president and CEO)

► Managed services and networking support

Eze Castle Integration

40 S 7th St., Ste. 212/187
Minneapolis, MN 55402
612-718-0901 • eci.com

Contact: Damian Mays (service director); Nathan Ford (senior consultant)

► Technology services to hedge fund and alternative investment firms, including outsourced IT and managed services, disaster recovery, and network design

The Foundation

311 7th Ave. N
Minneapolis, MN 55401
612-465-0700 • fndtn.com

Contact: Stacie Rominski (sales and customer service consultant)

► Apple/Mac repair, hardware repairs and upgrades, data backup, networking services, creative services

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952-230-8100 • heatseeker.com

Contact: Mary Lang

► Fully managed IT services, infrastructure design and implementation

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St. Paul, MN 55112
651-379-1200 • incompassit.com

Contact: Mindy Krasselt (business communications coordinator)

► Managed services, cloud computing, hardware and software sales and service, infrastructure, security, helpdesk, database and application design, hosting, colocation

Kaltec of Minnesota, Inc.

9766 Fallon Ave., Ste. 102
Monticello, MN 55362
763-295-2360 • kaltec.com

Contact: Jason Kallevig (executive vice president)

► Managed services and data, software products and development, e-mail security

Kern DeWenter Viere, Ltd. (KDV)

3800 American Blvd. W, Ste. 1000
Bloomington, MN 55431
952-563-6800 • kdvs.com

Contact: Tim Ernst (director of business development)

► Network design and implementation, managed services, network support, product sales

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1101 E 78th St., Ste. 200
Bloomington, MN 55420
952-925-6800 • loffler.com

Contact: Adam Lurie (director, IT services)

► IT services and solutions, managed print services, multifunctional copiers, printers, IP telephones, dictation, voice loggers, FM on-site managed services

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Contact: Tiernan Flood (director of sales)

► Managed service provider ensuring computers, networks, laptops, email, applications, and more are secure, reliable, and up-to-date

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Golden Valley, MN 55427
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Contact: Bill Hafdal (vice president of sales)

► Network support, IT consulting, desktop and application hosting, document imaging and management, professional services, and virtualization

Solution Builders, Inc.

3500 American Blvd. W, Ste. 50
Bloomington, MN 55431

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► Managed services, network security, data storage, hardware and software

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612-466-2000 • atomicdata.com

Contact: Jonathan d'Albertis (director of sales)

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► Secure communications and computing infrastructure, Microsoft .Net and J2EE software development and integration, technology-process improvement and management

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952-884-0758 • cccmn.com

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➤ Used networking equipment

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651-450-0333 • cit-net.com

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➤ Precision cooling, power and distribution, UPS, racks, monitoring, service, plan-

ning and design, fire protection, portable cooling and parts for computer room, network infrastructure

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952-944-3462 • datalink.com

Contact: Tim Rasmussen (general manager, north central region)

➤ Data center infrastructure and services, including analysis, design, implementation, management, and support; virtualization, consolidation, storage, protection, advanced network, business continuity

Datatrend Technologies, Inc.

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Contact: Chuck Fuerst (marketing director)

➤ Hardware and software systems integration services; networking, storage, and servers; IT and data center optimization, virtualization, and consolidation

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Shoreview, MN 55126
651-765-0279 • davenportgroup.com

Contact: Dallas McMillen (account executive)

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952-294-3300 • compellent.com

Contact: Ross Smith (business development)

➤ Provides enterprise-class data network storage solutions

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651-204-7222 • duralogic.com

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Enterprise Network Systems

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Eagan, MN 55121
651-683-9141 • ens.net

Contact: Thomas Reardon (president)

➤ Computer networking, Internet service provider, managed services, document imaging, remote access, disaster recovery

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612-656-6412 • forsythe.com

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Plymouth, MN 55447
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Contact: John Ferguson (president)

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 952-279-5600 • midwave.com
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► IT services and data management including servers, storage, networking, WAN optimization, and business continuity planning

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 St. Paul, MN 55108
 651-393-2100 • nowmicro.com
Contact: Marty Linden (director of sales)
 ► Computer hardware and software; desktop, server, and application virtualization; network assessments; data center support

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 651-707-1800 • pdspc.com
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 ► Private cloud computing, servers and storage, converged networks

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 ► IT outsourcing, managed services

Sirius Computer Solutions

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 952-896-6300 • mysiriuszone.com
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 651-641-1550 • syntaxinc.com
Contact: Eric Martinson
 ► Virtualization of desktops, servers, ap-

plications, users, and storage; application delivery, storage and network security

Technology Management Corporation

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Contact: Cheryl O'Brien-Wilms (president); Jerry Wolfe (director, business development)



► WAN/LAN, IPT, data centers, strategic planning, WiFi/DAS, structured cable infrastructure, contract negotiations and audits

Unisys Corporation

3199 Pilot Knob Road
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 651-687-2200 • unisys.com
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 ► Outsourcing services, systems integration and consulting, infrastructure and maintenance services, high-end server technology

VeriSpace

7700 France Ave. S, Ste. 130
 Edina, MN 55435
 952-830-7405 • verispace.com
Contact: Gene Randol (COO/CTO)
 ► Data center outsourcing

Verus Corporation

1200 Osborne Road
 Fridley, MN 55432
 763-354-2200 • veruscorp.com
Contact: Kevin Willette (owner)
 ► Data center, hosted Microsoft services, VOIP, WAN, network design and installation, firewalls, virtualization

Virteva

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 St. Louis Park, MN 55416
 952-843-1200 • virteva.com
Contact: Tom Keiffer (CEO)
 ► IT consulting and outsourcing services

Warner Connect, Inc.

7260 University Ave. NE, Ste. 200
 Fridley, MN 55432
 763-235-9401 • warnerconnect.com
Contact: Henry Warner (CEO); Scott Muggli (director, sales and marketing); Jeff Gulick (COO)
 ► IT services and consulting, cloud computing, managed services, voice and data, productivity software, Web services

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 ► Virtualization, business continuity, database informatics, unified communications, networking, managed services

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► Staff augmentation, project-based services, and managed teams

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► Staff augmentation and technical services, specializing in the health care industry

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651-603-8288 • cssolutionsinc.com

Contact: Paul Kuttikadan (CEO)
► IT staff augmentation and data integration, business intelligence, data warehousing, ERP, quality assurance testing

Element Consulting Group

1600 Hopkins Crossroad
Minnetonka, MN 55305
612-386-5600 • element-consulting.com

Contact: Stuart Noun (principal); Eric Larson (principal)
► Project management, PMO development, business analysis, PeopleSoft, Oracle, electronic medical records

Experis IT

701 S 4th Ave., Ste. 1050
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612-630-1200 • experis.com

Contact: Kenn Beckwith (director, strategic accounts); Perry Wedum (managing director)
► Staff augmentation

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► Enterprise application integration, IT security, e-business, application development

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612-373-7041 • istonish.com

Contact: Roxane Brock (business development manager)
► IT consulting services

Keystone Computer Solutions, Inc.

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Maplewood, MN 55109
651-777-9119 • keystonecs.com

Contact: Dorothy Richburg (president and owner)
► Staff augmentation, project consulting, IT maintenance

LogiSolve, LLC

12866 Hwy. 55
Plymouth, MN 55441
763-383-1000, ext. 203 • logisolve.com

Contact: John Scanlon (partner)
► Business analysis, project management, application development, data warehousing, quality assurance

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► Technology planning and architecture, application development, Web redesign including content management, CRM, security, and Web portal integration

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► Business process improvement, project management, technology alignment, custom development

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1241 Amundson Cir.
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► Project and data management, application and infrastructure services

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301 Carlson Pkwy., Ste. 303
Minnetonka, MN 55305
952-595-7970 • trissential.com

Contact: Michael Vinje (principal and founder)
► Business and technology strategy, management, execution improvement services

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999 Grand Ave., Ste. 9
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651-291-1100 • unsinc.com

Contact: Matt Haney (CEO)
► IT consulting services

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651-227-7172 • artemisalliance.com

Contact: Chris Young (principal)
► Business-rules management, process engineering, enterprise architecture, software engineering and methodology

Central Coast Solutions, Inc.

10303 Bittersweet St. NW
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► Authorized Apple reseller and service provider, Macintosh technology consulting, workflow analysis, interactive design and training

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► Management consulting, data analytics, BI, ICD10, application projects and strategic sourcing

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952-831-1465 • cognizant.com

Contact: V. Srinivasan (senior vice president for retail consumer goods and hospitality)
► Business process outsourcing, data warehousing, information security, portals and content management

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952-697-5500 • concordusa.com

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► Enterprise integration, data management, security, risk and assurance, cloud computing, architecture development, capacity management and infrastructure

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► Management consulting, custom application development, business intelligence, mobile computing, outsourcing

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► Program and project management, business analysis, quality assurance, compliance and security

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Contact: Lee Kuntz (president)
► Business process engineering and Lean Six Sigma consulting

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Hopkins, MN 55427
763-544-9782 • integrationarchitects.com

Contact: James Page (principal)
► Strategic planning, lean business process design and quality improvement, project management, software development, product selection

Interim CIOs

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Prior Lake, MN 55372
612-751-2138 • interimcios.com

Contact: Jim Clark (president and CEO)
► Aligning people, process, and technology with business objectives

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718 Washington Ave. N, Ste. 401
Minneapolis, MN 55401
612-379-2100 • ncompass-inc.com

Contact: Keith Meierhofer (executive vice president of business development)
► Managed and integration services supporting the data center and communications environment

Omnispan, LLC

1575 Stephanie Cir.
Eagan, MN 55121
651-204-3134 • omnispan.net

Contact: Uttiya Dasgupta (founder)
► Technology offshoring and management consulting

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Minneapolis, MN 55401
612-455-6050 • onpointconsulting.com

Contact: John Hurley (partner); Steve Sapletal (managing partner)
► Post-merger and acquisition integration, integration strategy, implementation, and due diligence

Online Business Systems

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Contact: Calvin McElroy (vice president, eastern region)
► Enterprise integration, planning, business intelligence, application management

Pragmatek Consulting Group

8500 Normandale Lake Blvd., Ste. 1060
Bloomington, MN 55437
612-333-3164 • pragmatek.com

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► Management consulting, enterprise performance management, Cognos, SAP

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► Business IT alignment, staffing, IT service management, project and program management, application development

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5810 Baker Road
Minnetonka, MN 55345
952-930-3636 • safenetconsulting.com

Contact: Marty Miller (COO); Bob Purdy (CEO)
► Enterprise applications, integration architecture, business analytics

Solid Logic Computer Solutions

14867 Boulder Pointe Road
Eden Prairie, MN 55347
952-949-0140 • slogic.com

Contact: Robert Barker (owner)
► IT management consulting, strategic planning, technology architecture

Superior Consulting Services, LLC

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Burnsville, MN 55337
952-890-0606 • teamsocs.com

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► Business intelligence and reporting services, application development, network services, special projects

Virtelligence

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952-746-9220 • virtelligence.com

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► Implementation and integration of IT systems, especially for health care companies and clinics

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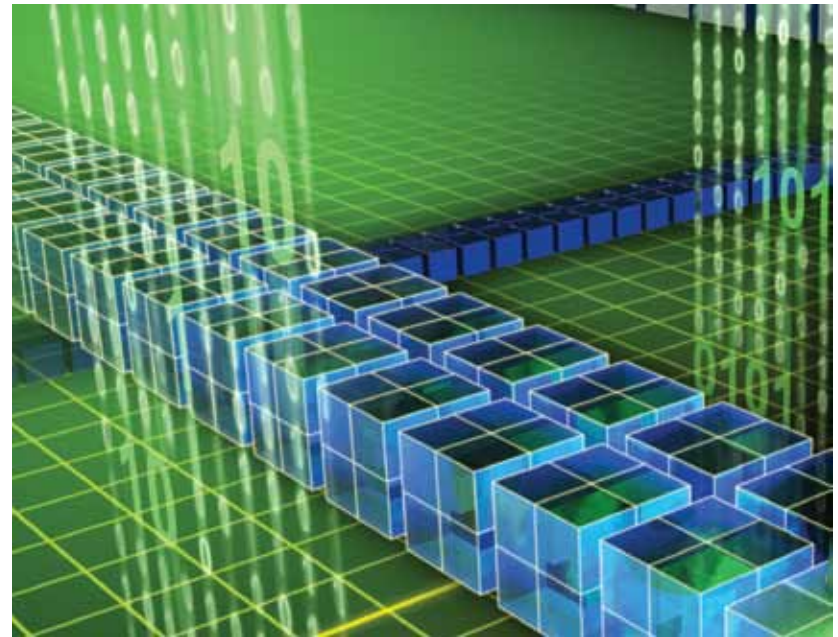
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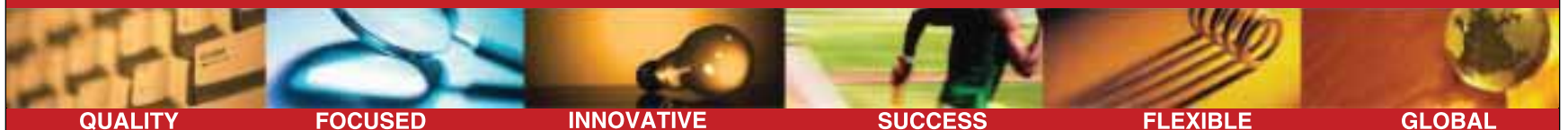
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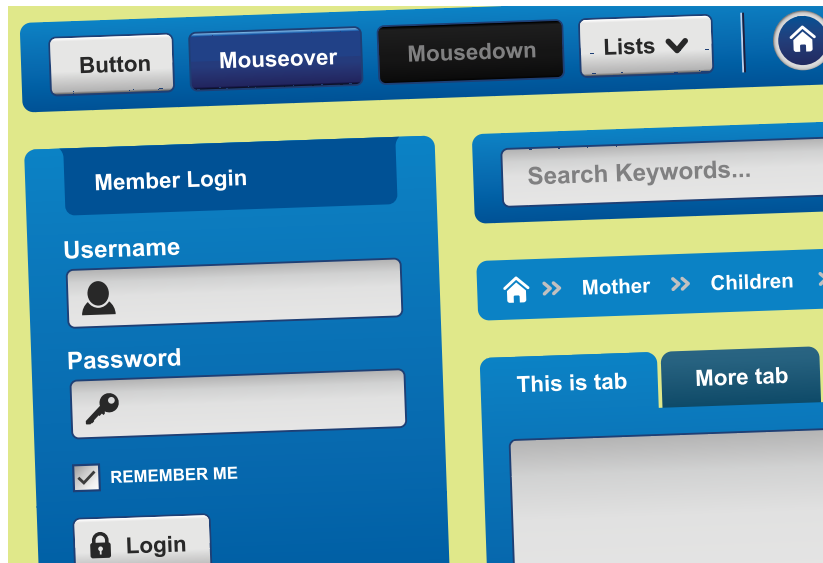
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AKR Interactive

4150 Dight Ave., Unit 113
Minneapolis, MN 55406
612-435-2790 • akrinteractive.com

Contact: Carlos Ablar (vice president of interactive solutions)
► Content strategy, technical development, design and creative, Flash, Flex, mobile, touchscreen

ArcStone Technologies, Inc.

104 W Franklin Ave., Ste. 200
Minneapolis, MN 55404
612-381-9951 • arcstone.com

Contact: Lisa Hirst Carnes (vice president of search marketing)
► Web design and programming, SEO and social media marketing, custom applications

Arran Technologies, Inc.

1901 Oakcrest Ave., Ste. 1
Roseville, MN 55113
651-468-0002 • arran.com

Contact: Leisa Marz (vice president)
► Web design, application development, e-commerce, database conversion

Artropolis, Inc.

7062 E Fish Lake Road
Maple Grove, MN 55311
952-545-8488 • artropolis.com

Contact: Alissa Gruby (director of special projects)

► Custom e-commerce sites, SEO-friendly sites, custom content-management systems, design

Atomic Playpen

701 Xenia Ave. S, Ste. 200
Minneapolis, MN 55416
763-231-3400 • atomicplaypen.com

Contact: Shad Christensen (director of new markets, partner)
► Strategy, user experience design, video, motion graphics, technical development, social media, mobile, e-commerce, SEO and SEM, content management

August Ash, Inc.

8140 26th Ave. S, Ste. 105
Bloomington, MN 55425
952-851-9400 • augustash.com

Contact: Erich Hanson (president)
► Web design, e-commerce, content management, custom Web applications, SEO, social media

Aware Web Solutions

1660 S Hwy. 100, Ste. 500
St. Louis Park, MN 55416
800-783-8919 • awareweb.com

Contact: Jeremy Ziegler
► Web design, content management systems, e-commerce, search and e-mail marketing

Azul 7

510 Marquette Ave. S, Ste. 206
Minneapolis, MN 55402
612-767-4335 • azul7.com

Contact: Lisa Helminiak (principal, chief strategist)
► Digital- and brand-marketing agency, Web sites, media, SEO/SEM

B. Woods Design

1774 McMenemy St.
Maplewood, MN 55117
651-998-9125 • bwoodsdesign.com

Contact: Bobbi Jo Woods (principal and chief designer)
► Business and e-commerce Web site design and development, content management systems, marketing

Barry & Associates, Inc.

13504 4th Ave. S
Burnsville, MN 55337
612-321-8156 •

barryandassociates.com
Contact: Douglas Barry (principal)
► Enterprise architecture with an emphasis on service-oriented architecture, database systems, and object technology

Bitwise Logic, Inc.

7500 Flying Cloud Dr., Ste. 925
Eden Prairie, MN 55344
952-974-8477 • bitwiselogic.com

Contact: Jeremy Hoehn (owner)
► Customized Web site and database development, SEM, and SEO for small to midsize businesses

Blue Earth Interactive

235 6th St. E, Ste. 300A
St. Paul, MN 55101
651-407-1704 • blueearth.net

Contact: Ken Sherwood (vice president)
► Strategy and consulting, site and application development, learning and content management systems, e-commerce, microsites, banner ads, hosting

Brimark-Velotel

15105 Minnetonka Industrial Road,
Ste. 225
Minnetonka, MN 55345
952-939-9039 • brimark.com

Contact: Brian Wilson (partner)
► Web design, e-commerce, intranet/extranet systems, systems integration, hosting, networking, telecommunications, application development

Bswing

700 Washington Ave. N, Ste. 102
Minneapolis, MN 55401
612-752-1160 • bswing.com

Contact: Jen Alstad (president)
► Web strategy and site development

Cazarin Interactive

7064 E Fish Lake Road
Maple Grove, MN 55311
763-420-9992 • cazarin.com

Contact: Ricardo Ortizcazarin (president)
► Interactive Web sites, Web video, multimedia, Spanish translations

Ciceron

126 N 3rd St., Ste. 309
Minneapolis, MN 55401
612-204-1919 • ciceron.com

Contact: Andrew Eklund (founder and CEO)
► Digital business strategy, social media consulting (organizational development, training, community development), audience research, mobile applications, interface design, digital marketing services, Web analytics, ROI modeling

Clockwork Active Media Systems

1501 E Hennepin Ave.
Minneapolis, MN 55414
612-746-1850 • clockwork.net

Contact: Michael Opperman (director of business development)
► Software development, Web sites, intranet, extranet, user experience design, system architecture, mobile Web, social media, digital strategy

Cold Snap Technology

P.O. Box 431
Biwabik, MN 55708
218-229-2887 • coldsnaptech.com

Contact: Dustin Miller (co-owner and programmer)
► CMS Web sites that the customer can update themselves

CorInteractive

2208 Ford Road
Minnetonka, MN 55305
612-987-4568 • corinteractive.com

Contact: Cory Fechner (owner)
► SEO, Web development, interface design, educational design

Creative Arc

900 6th Ave. SE, Ste. 230
Minneapolis, MN 55414
612-605-0822 • creativearc.com

Contact: Paul Larson (owner)
► Web design and development, usability, information architecture, content management, SEO

Datacom Consulting Corporation

15764 Venture Lane
Eden Prairie, MN 55344
952-374-5600 •

datacomconsulting.com
Contact: Marc Strazzanti (president)
► Web and mobile Web application development, Web design

Deluxe Corporation

3680 Victoria St. N
Shoreview, MN 55126
651-483-7111 • deluxe.com

Contact: NP
► Web design and hosting for small businesses

Digital River, Inc.

9625 W 76th St.
Eden Prairie, MN 55344
952-253-1234 • digitalriver.com

Contact: Elizabeth Benz (director of market development)

► Builds and manages online businesses for software and game publishers, consumer electronics manufacturers, distributors, online retailers, and affiliates

Digital Solutions, Inc.

7900 International Dr., Ste. 200
Bloomington, MN 55425
952-703-3996 • ds6.net

Contact: Marc Ohmann (president)

► Strategy, content management, SEO, AJAX development

DKS Systems

8401 Wayzata Blvd., Ste. 220
Golden Valley, MN 55426
612-659-8660 • dkssystem.com

Contact: Colin Dockry (CEO)

► Web site design and development, e-commerce systems, intranets and extranets, content management systems, systems integration, Flash design and development

DreamWorld Studios

6595 Edenvale Blvd., Ste. 155
Eden Prairie, MN 55346
952-224-0188 •
dreamworldstudios.com

Contact: Dennis Taylor (vice president)

► Interactive services, Web site design and construction, Web applications, e-mail services, database design, graphic and interface design

EatonGolden

7808 Creekridge Cir., Ste. 315
Bloomington, MN 55439
952-858-8200 • eatongolden.com

Contact: Emily Eaton (principal)

► User experience strategy, usability research, information architecture, content strategy, interface design, design prototyping, front-end technical development

Ecreativeworks, Inc.

13220 County Road 6, Ste. 150
Plymouth, MN 55441
763-450-3900 • ecreativeworks.com

Contact: Troy Loken (Web sales and account manager)

► Site design, product databases, RFQ carts, shopping carts, configurators, private catalog solutions, content syndication solutions, and Internet marketing for industrial B-to-B market

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651-717-8456 • edigita.com

Contact: Charles McManus (account manager)

► Web design and programming, intranets, Web marketing

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2800 University Ave. SE, Ste. 203
Minneapolis, MN 55414

612-623-8054 • esultants.com

Contact: Scott Christison (sales consultant)

► Web development, design, hosting, application design

Evantage Consulting

212 3rd Ave. N, Ste. 400
Minneapolis, MN 55401
612-677-0640 •
evantageconsulting.com

Contact: Robin Carpenter (managing partner)

► Web strategy, user experience and analytics, online marketing

First Scribe

110 Cheshire Lane, Ste. 105
Minnetonka, MN 55305
952-915-1600 • firstscribe.com

Contact: Jay Perrill (president)

► Web site design and development, SEO, PPC, content management, analytics

Four51, Inc.

8300 Norman Center Dr., Ste. 1275
Bloomington, MN 55437
952-294-0451 • four51.com

Contact: Jim Lahner (vice president of marketing and customer support); Jason Rogalski (sales representative); Mike Moebeck (sales representative)

► E-commerce, Web-to-print, social media marketing

Fredrickson Communications

800 Washington Ave. N, Ste. 725
Minneapolis, MN 55401
612-339-7970 • fredcomm.com

Contact: J. Hruby (director of marketing)

► E-learning and training development; usability testing for products, software, and Web sites; Web-based customer education products; online product support tools

Genoo, LLC

1405 N Lilac Dr., Ste. 215
Golden Valley, MN 55422
763-383-6081 • genoo.com

Contact: Kim Albee (president)

► SaaS marketing automation and marketing software tools, including Web CMS, e-mail marketing, lead tracking, and Salesforce.com integration

GoKart Labs

110 N 5th St., Ste. 520
Minneapolis, MN 55403
612-208-0761 • gokartlabs.com

Contact: A. J. Meyer (managing partner)

► Digital innovation and strategy, Web and mobile platforms, applications and design

Gorton Studios

4640 Nicols Road, Ste. 205
Eagan, MN 55122
651-365-7981 • gortonstudios.com

Contact: Drew Gorton (founder and CEO)

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651-260-7805 •
harbinger-partners.com

Contact: Scott Grausnick (president)
► Application development, Web strategy and design, user interface design

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612-208-7483 •
himmelbergerdesign.com

Contact: Shawn Himmelberger (president)
► Search marketing, professional design, content management system design and development, custom application development

Horizontal Integration

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612-392-7581 •
horizontalintegration.com

Contact: Jeremy Langevin (executive vice president)
► Online strategy, design, Web development, content management solutions, application development, marketing automation, staff augmentation

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Burnsville, MN 55306
952-898-0888 • icentera.com

Contact: Craig Nelson (CEO)
► Sales enablement portals delivered as a service over the Internet

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2568 Rice St.
St. Paul, MN 55113
651-691-4500 • ieditweb.com

Contact: Tamara Coalwell (cocreator and cofounder)
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20855 Kensington Blvd.
Lakeville, MN 55044
952-469-1589 • imagetrend.com

Contact: Michael McBrady (president)
► Web-based content and data management systems

Implex

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Minneapolis, MN 55402
612-339-8255 • implex.net

Contact: Stuart DeVaan (CEO)
► Video Web sites and integration, Webcast systems, social media and

smartphone apps, e-commerce and CMS, SEO planning and metrics

Internet Exposure, Inc.

1101 Washington Ave. S, 3rd Fl.
Minneapolis, MN 55415
612-676-1946 • iexposure.com

Contact: Jeff Hahn (president)
► Strategic planning, Web site design, application development, SEO, SEM, SMM, content strategy

**Intrcomm Technology/
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300 Railroad Ave., Ste. 100
Delano, MN 55328
763-972-6392 • intrcomm.net,
fivetechology.com

Contact: Ben Moonen (president)
► Web-based application development, content management, CMS reseller, secure hosting, Internet marketing/SEO

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18344 Minnetonka Blvd., Ste. C
Deephaven, MN 55391
952-401-7999 • ittrium.com

Contact: Craig Sumner (president)
► Web publishing and content management platform for nontechnical users

Leonard Technology, LLC

16526 W 78th St., Ste. 325
Eden Prairie, MN 55346
877-932-6757 •
leonardtechnology.com

Contact: Matt Warren (vice president of sales and marketing)
► Content management, custom application development, design, development, e-commerce, Internet marketing, SEO

Mankato Web Design

2922 Aldrich Ave. S, Ste. 506
Minneapolis, MN 55408
612-558-1020 •
mankatowebdesign.com

Contact: Matthew Peschong (CEO)
► Web site design, programming, SEO

Media Junction

1142 East County Road E
Vadnais Heights, MN 55110
651-426-8669 • mediajunction.com

Contact: Kim Wilcox (vice president, sales and marketing)
► Web development and graphic design, hosting, social media, e-mail marketing

Meditech Communications, Inc.

533 Phalen Blvd.
St. Paul, MN 55130
651-636-7350 • gomeditech.com

Contact: Brian Hagen (vice president)
► Web sites, mobile apps, e-learning, application development, interactive exhibits, iPad and tablet apps

Midwest Web Design, Inc.

6288 Rhode Island Ave. N
Crystal, MN 55428
763-537-3231 • midwestwebs.com

Contact: Luke Dubay (director of business development)
► Web design and hosting, database development, e-commerce, SEO

Mindframe, Inc.

347 Kellogg Blvd. E
St. Paul, MN 55101
612-204-0320 • mindframe.com

Contact: J. P. Doffing (CEO)
► E-commerce, corporate, and database-driven Web sites, content management systems, Web site design and hosting, SEO

The Nerderly

9555 James Ave. S, Ste. 245
Bloomington, MN 55431
866-948-1211 • nerderly.com

Contact: Bill Brakeman (vice president of business development)
► Facebook applications, mobile apps, user-contributed video content, lead generation microsites, desktop widgets, Flash, HTML5, CMS, UX

Nina Hale, Inc.

2400 N 2nd St., Ste. 300
Minneapolis, MN 55411
612-392-2427 • ninahale.com

Contact: Lee Ann Villella (new business strategist)
► SEO, pay per click management, search engine marketing and strategy.

Ntech Communications

6190 Brent Ave.
Inver Grove Heights, MN 55076
651-246-1386 • ntechcomm.com

Contact: Ryan McCormick (owner)
► Web design, Internet marketing, SEO

Object Partners, Inc.

100 N 6th St., Ste. 302A
Minneapolis, MN 55403
612-746-1580 • objectpartners.com

Contact: Chris Spurgat (president)
► Web application development, enterprise application integration, telematics, high-volume Web infrastructure, mobile

Omnera

5155 E River Road, Ste. 409
Fridley, MN 55421
763-852-1600 • omnera.com

Contact: John Hillis (director of Web development)
► Web design and development

Page10

509 1st Ave. NE
Minneapolis, MN 55413
612-454-1509 • page10.com

Contact: Deborah Noterman (senior vice president)
► Web site design and development, online marketing strategy, SEO/SEM, user experience design, e-mail marketing, affiliate and social media marketing

Plaudit Design

2470 University Ave. W
St. Paul, MN 55114
651-646-0696 • plauditdesign.com

Contact: Charles Goodman (account executive)
► Informational Web sites, e-commerce sites, Internet marketing

Podomani, Inc.

P.O. Box 725
Elk River, MN 55330
763-267-7800 • podomani.com

Contact: Larry Preston (president and CEO)
► Application development, Web development, SEO, social networking, Web design and hosting

Popular Front

555 1st Ave. NE
Minneapolis, MN 55413
612-362-0900 • popularfront.com

Contact: Jason Ulrich (president)
► User experience design, creative services, content strategy and development, technology services, search planning

Priority Integrated Marketing

6700 France Ave. S, Ste. 300
Edina, MN 55435
952-920-9943 • priorityresults.com

Contact: Jim Larranaga (CEO)
► Custom interactive marketing communications, Web design and development, e-mail marketing, SEO, microsites

Ratchet, Inc.

800 Washington Ave. N, Ste. 301
Minneapolis, MN 55401
612-460-4760 • ratchet.com

Contact: Tara Walker (vice president, strategic services)
► Mobile and social Web development, content management systems, systems integration, software development, user experience integration

Reside

2815 Wayzata Blvd.
Minneapolis, MN 55405
612-767-2000 • residedesolutions.com

Contact: Jennifer Zick (director of marketing)
► Salesforce.com, Force.com, cloud strategy, application development

REV Solutions, Inc.

10400 Viking Dr., Ste. 500
Eden Prairie, MN 55344
952-746-6005 • revsolutionsinc.com

Contact: Tim Decker (director of sales)
► Enterprise e-commerce and small and midsize business e-commerce, social media, multi-channel integration, multi-site and multi-brand functionality; Flash, Flex, and AJAX

Rocket 55

325 Cedar St., Ste. 102
St. Paul, MN 55101
612-418-2787 • rocket55.com

Contact: Jeannie Kim (new business development)
► Web design, SEO, social media

Select Source International

6311 Wayzata Blvd., Ste. 150
St. Louis Park, MN 55416
952-546-3300 • selectsourceintl.com

Contact: Kelli Wirth (director of sales); David Mann (director of sales); Mike Leuthner (director of sales)
► Web development, strategy, SEO

Sevnthsin

1121 Jackson St. NE, Ste. 144
Minneapolis, MN 55413
612-236-1746 • sevnthsin.com

Contact: Courtney DeaKyne (new business and marketing coordinator)
► Mobile and social media

Site Revamp Corporation

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Minneapolis, MN 55418
952-270-2694 • siterevamp.com

Contact: Terry Wu (president)
► SEO, Internet marketing, Web design

612 Interactive, LLC

103 Bates Ave.
St. Paul, MN 55106
612-619-4130 • 612i.com

Contact: Patrick Kuntz (principal, UX)
► Mobile web design, e-mail marketing, Web design, usability

Space150

212 3rd Ave. N, Ste. 150
Minneapolis, MN 55401
612-332-6458 • space150.com

Contact: Marcus Fischer (president)
► Content development, user experience design, site optimization, technology development, social media strategy

Spark5 Marketing

7760 France Ave. S, Ste. 250
Edina, MN 55435
952-544-7356 • spark5marketing.com

Contact: Barb Croxen (vice president, client services)
► Web site design, SEO, e-mail marketing, social network marketing, site management

Spyder Trap Online Marketing

118 E 26th St., Ste. 203
Minneapolis, MN 55404
612-871-2270 • spydertrap.com

Contact: Ed Knowles (new business manager)
► Web site design, e-mail marketing, social media, sponsored search, SEO, analytics

StratVantage Consulting, LLC

8273 Westwood Hills Curve
St. Louis Park, MN 55426
952-525-1584 • stratvantage.com

Contact: Mike Ellsworth (managing principal)
► Social media strategy, technology strategy, SEO, Web hosting

Studio 7 Design, Inc.

726 Central Ave. NE
Minneapolis, MN 55405
612-275-3972 • studio7designinc.com

Contact: Janelle Bilewicz (creative director)
► Web sites designed for SEO

Syberplex Technology Services, LLC

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Roseville, MN 55113
866-289-2303 • syberplex.com

Contact: NP

► Web design and development, hosting, SEO, e-commerce

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Spring Park, MN 55384
952-400-0190 • toprankmarketing.com

Contact: Susan Misukanis (president)
► Content and social media marketing, SEO, e-mail marketing

Up North Outdoors, Inc.

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Plymouth, MN 55447
763-522-3839 •

upnorthmarketinggroup.com
Contact: Doug Warren, owner
► Web design, e-commerce, SEO, hosting, e-mail campaigns, Web marketing strategies

Valtira/EnStratus Networks

1201 Marquette Ave. S, Ste. 150
Minneapolis, MN 55403
612-355-5270 • valtira.com,
enstratus.com

Contact: George Hadjiyanis (vice president of sales and marketing)
► Online marketing platform, landing pages, Web personalization; cloud computing management software

Vivid Image, Inc.

897 Highway 15 S, Ste. 100
Hutchinson, MN 55350
320-587-8974 • vimm.com

Contact: Steve Gasser (president)
► Custom interfaces, integrating databases, custom programming in ColdFusion and Flash, SEO, social media and social marketing

Web Contempo

26298 10th Street Cir.
Zimmerman, MN 55398
612-229-4590 • webcontempo.com

Contact: Sam Lewis (president)
► Web design and development, Internet marketing, SEO

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St. Louis Park, MN 55416
612-978-9158 • webgurudesign.com

Contact: Don Weirens (head guru)
► Small and midsize company Web site design and updates, graphic design, print work, logos, identity packages

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Stillwater, MN 55082
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Contact: Timothy Anderson (president)
► Web site design and marketing

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601 Carlson Pkwy., Ste. 1050
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► Web site strategy, design, and development; search engine optimization and marketing; interactive marketing

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Contact: Bert Bongard (vice president)

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 612-230-6800 •
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Contact: Michael Chesla (president)

► Telecommunications and data products, structured cabling, installation, service

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Contact: Jeff Chapman (president); Jerry Chapman (vice president)

► Telecommunications network design and implementation

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 Prior Lake, MN 55372
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Contact: Anthony Tanner

► Networking and cabling, graphical management of calls and voicemail

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Contact: Shad Anderson (operations manager)

► Designs, installs, and maintains infrastructure

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Contact: Greg Lohrenz (CEO)

► Hosted and premise-based IP voice, managed data solutions including T1, bonded T1, MPLS, and optical ethernet

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 800-852-8935 • amcomsoftware.com

Contact: Mike Devine (vice president, marketing)

► Software for contact centers, emergency management, mobile event notification, and paging infrastructure

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12942 63rd Ave. N
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 763-416-1100 • ambuscom.com

Contact: Carolyn Morain (president); Nita Singh (founder and CEO)

► Telecommunications expense management, procurement, telemanagement outsourcing, carrier selection

AT&T

WHS

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 800-246-4852 • att.com

Contact: Chris Handrahan (senior marketing manager)

► Mobile voice and data services

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Contact: Theodore Pound (president)

► Dial-up, Web hosting, colocation services

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Rosemount, MN 55123
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Contact: Andrew Boettcher (managing partner)

► Asterisk hybrid phone systems, traditional and VOIP PBXs, network design and support, software development

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 Bloomington, MN 55439
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Contact: Anthony Witte (business development)

► Telecom and connectivity products and services

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5101 Shady Oak Road
 Minnetonka, MN 55343
 952-352-4300 • blackbox.com

Contact: Donna Warner (vice president)

► VOIP and data technology, customer contact solutions, remanufactured equipment

Boreal Access

HOST • ISP

P.O. Box 1269
 Grand Marais, MN 55604
 218-387-9471 • boreal.org

Contact: Jack McDonnell (system administrator)

► Dial-up, high-speed Internet, wireless, e-mail, Web hosting

CA Communications, Inc.

AGT • HOST • HRD • ISP • LLD • VOIP • WHS

294 Grove Lane E, Ste. 190
 Wayzata, MN 55391
 952-473-3100 •
 cacommunications.com

Contact: Marc Agar (president and CEO); Michael Agar (vice president of sales)

► VOIP phone systems, Internet access, MPLS data networks, PRI/T1, POTS voice services, voice and data cabling, managed IT products

Calabrio, Inc.

APP

605 Hwy. 169 N, Ste. 800
 Plymouth, MN 55441
 763-592-4600 • calabrio.com

Contact: Brett Theisen (vice president of sales)

► Work force optimization and customer interaction software for IP-based contact centers

Cbeyond

APP • HOST • HRD • ISP • LLD • VOIP • WHS

7900 W 78th St., Ste. 330
 Edina, MN 55439
 877-424-1743 • cbeyond.net

Contact: Mike Patnode (market director)

► Local, long distance, phones, Internet service, VOIP, Web hosting, voice applications

CenturyLink

HOST • ISP • LLD • VOIP • WHS

200 S 5th St., 23rd Floor
 Minneapolis, MN 55402
 800-777-9594 • centurylink.com

Contact: Tyler Middleton (vice president and general manager, Minnesota metro)

► Cloud services, hosting, Internet/data (ethernet, MPLS) networking, network management, managed applications, managed security, voice services, VOIP/SIP, customer premises equipment

Cerzan

HOST • ISP

332 Minnesota St., Ste. 3171
 St. Paul, MN 55101
 651-556-5656 • cerzan.com

Contact: Sandy Miezwa (sales manager)

► DSL, ISDN, dial-up, Web hosting, spam filtering, colocation, managed security and network services, e-commerce site development

Comcast Business Services

HOST • ISP • LLD

9705 Data Park
 Minnetonka, MN 55343
 952-607-4232 • business.comcast.com

Contact: Jeff Parris (vice president); Mark Watson (sales manager); Charles Eller (sales manager)

► Broadband and telecommunications services: high-speed Internet, digital phone, cable television

Comm-Works

AGT • APP • HRD • VOIP

1405 Xenium Lane N, Ste. 120
 Plymouth, MN 55441
 763-258-5800 • comm-works.com

Contact: Jacqui Olson (marketing communications manager)

► Infrastructure, communications, security and energy management lifecycle services

Cross Telecom

AGT • APP • HRD • VOIP

10900 Nesbitt Ave. S
 Bloomington, MN 55437
 952-983-3500 • crosstelecom.com

Contact: John Norton (vice president of sales and marketing)

► Voice and data services, messaging, CRM, wireless data networking, business process management

Dell-Comm, Inc.

HRD • VOIP

4860 Mustang Cir.
Mounds View, MN 55112
763-783-0035 • dell-comm.com

Contact: Jim Freichels (owner)

► Voice and data network wiring

Digi International, Inc.

HRD

11001 Bren Road E
Minnetonka, MN 55343
952-912-3444 • digi.com

Contact: NP

► Develops, manufactures, and sells products to connect and securely manage local or remote electronic devices over the network or via the Web

Digital Planet Communication, Inc.

AGT • HOST • HRD • LLD • VOIP

1355 Mendota Heights Road, Ste. 190
Mendota Heights, MN 55120
651-233-5800 • dpcinc.com

Contact: Shawn Schmidt (president)

► Representing multiple carriers for voice, data, long distance, and equipment

Eventis Telecom

APP • HOST • HRD • ISP • LLD • VOIP

2950 Xenium Lane N, Ste. 138
Plymouth, MN 55441
763-577-3900 • eventis.com

Contact: NP

► IP telephony, Internet, Web and server hosting, LAN/WAN, managed services, communications convergence, unified messaging, call center, security, remote access

Fostar Telecommunications

AGT • APP • HRD • VOIP

3751 Alabama Ave. S, Ste. 100
St. Louis Park, MN 55416
952-746-1000 • fostar.com

Contact: Jon Foster (president)

► Telecommunications outsourcing assessment, analysis, procurement

Frontier Communications

HOST • HRD • ISP • LLD • VOIP

14450 Burnhaven Dr.
Burnsville, MN 55306
800-435-1504 • frontier.com

Contact: Bill Fuesz (regional marketing director, commercial)

► Local, long distance, Internet, digital television, wireless data, data transport, commercial communications systems, managed services, data storage and retrieval

Granite Communications, Inc.

HRD • VOIP

19610 Excelsior Blvd.
Excelsior, MN 55331
952-941-2001 •
granitecommunications.com



Contact: Joseph Lasky (president)

► Telecommunications hardware installation and maintenance

Graybow Network Solutions

AGT • HRD • VOIP

3708 Sunrise Dr. W
Minnetonka, MN 55345
952-544-9000 •

graybownetworksolutions.com

Contact: Steven Graybow (president and CEO)

► Local, long distance, Internet and data services

Haigh, Todd & Associates, Inc.

AGT • APP • VOIP

600 S Highway 169, Ste. 655
St. Louis Park, MN 55426
952-252-2100 • haightodd.com

Contact: Mike Haigh (partner); Barry Todd (partner)

► Telecommunications consulting

Hiawatha Broadband Communications, Inc.

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Winona, MN 55987
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Contact: Dan Pecarina (executive vice president)

► Internet service and hosting, local and long distance, digital cable, cellular service

HickoryTech Corporation

APP • HOST • HRD • ISP • LLD • VOIP

221 E Hickory St.
Mankato, MN 56002
507-387-1151 • hickorytech.com

Contact: John Finke (president and CEO)

► Integrated communication services over a regional fiber network

Honeycomb Internet Services

HOST • ISP • VOIP

77 13th Ave. NE, Ste. 210
Minneapolis, MN 55413
612-617-0007 • honeycomb.net

Contact: Kurt Anderson (general manager)

► Managed Web hosting, data backup, e-mail, VOIP, colocation, and remote backup designed for Internet professionals

Ideacom Mid-America, Inc.

AGT • HRD • LLD • VOIP

30 W Water St.
St. Paul, MN 55107
651-292-0102 • idea-ma.com

Contact: Myron Anderson (CFO)

► Wired and wireless voice and data systems, VOIP, IP telephony and video, local, long distance, T1 and MPLS services, communications systems for hospitals and health care facilities

Ideal System Solutions, Inc.

AGT • HRD • VOIP

5610 Rowland Road, Ste. 150
Minnetonka, MN 55343
888-696-1044 • idealsi.com

Contact: Greg Thompson (director of sales); Ed Loveridge (solution sales)

► Technology products, professional services, IT hardware and software, managed services, unified communications, staffing

Inet7 Internet Services, Inc.

HOST

34 Moreland Ave. E
West St. Paul, MN 55118
651-293-0837 • inet7.com

Contact: Kenneth Taylor (president)

► Web hosting, dedicated servers, VPS servers, Web site building tools, e-mail hosting, Microsoft Exchange hosting services

Integra Telecom of Minnesota, Inc.

APP • HOST • HRD • ISP • LLD • VOIP

6160 Golden Hills Dr.
Golden Valley, MN 55416
763-745-8000 • integratelecom.com

Contact: Tura Hallblade (vice president of sales)

► Voice and Internet services, communications equipment, private networking solutions

Integrated Communications, Inc.

AGT • APP • HRD • LLD • VOIP

9100 Olson Memorial Hwy.
Golden Valley, MN 55427
763-201-8000 • integratedcom.net

Contact: Kip Brettingen (president)

► Local, long distance, DSL, dial-up, T1, networking equipment, phone systems, conferencing

InvisiMax

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126 W Johnson Ave.
Warren, MN 56762
866-745-6030 • invisimax.com

Contact: Dave Giles (president and CEO)

► Internet service provider

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331 2nd Ave. S, Ste. 540
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Contact: Aileen Horwath (director of sales)

► Managed hosting, virtual servers, dedicated hosting platforms, colocation services

IQ Services

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6601 Lyndale Ave. S, Ste. 330
Richfield, MN 55423
612-243-6700 • iq-services.com

Contact: Marla Geary (director of service delivery and marketing); Tony O'Brien (vice president of sales and marketing)

► Communications technology testing and monitoring

KaiserComm, Inc.

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4362 Round Lake Road W
Arden Hills, MN 55112
651-229-9630 •

kaisercommunications.net

Contact: Steve Wexler (CEO)

► VOIP systems, contact centers, resale equipment, physical security, videoconferencing, managed services, IT support

LightEdge Solutions, Inc.

AGT • APP • HOST • HRD • ISP • LLD • VOIP

511 11th Ave., Ste. 401
Minneapolis, MN 55415
612-252-2301 • lightedge.com

Contact: Scott Riedel (director of marketing); Jim Masterson (CEO); T. J. Bangs (regional vice president of sales)

► Managed IT services, T1 access, VOIP, hosted exchange, backup and storage, unified communications, virtual servers

Marco, Inc.

AGT • APP • HRD • VOIP • WHS

7003 W Lake St., Ste. 100
St. Louis Park, MN 55426
651-634-6100 • marconet.com

Contact: Paul Hagen (sales manager)

► Integrates voice, data, video, and print; data networking, IP telephony, security, wireless, AV systems

Marquis Mobile Solutions, Inc.

AGT • HRD • WHS

830 New Century Blvd. S
Maplewood, MN 55119
612-701-2019 • marquisms.com

Contact: Mark Jenkins (president)
► Consulting on mobile services for business

Matrix Communications, Inc.

AGT • APP • HRD • LLD • VOIP

171 Cheshire Lane N, Ste. 700
Plymouth, MN 55441
763-475-5500 • matrixcomm.com

Contact: Steve Ferry (executive vice president and general manager)
► Telephone systems, IP telephony, messaging, contact centers, carrier services, cable/wire infrastructure

Microvoice Applications, Inc.

APP

5100 Gamble Dr., Ste. 375
St. Louis Park, MN 55416
800-553-0003 • mva.com

Contact: Wayne Miller (president and CEO)
► AEV, interactive voice response, voice applications, telecom wholesaler

Minnesota Telephone Networks

AGT • APP • HRD • LLD • VOIP

12701 Chowen Ave. S
Burnsville, MN 55337
952-894-1984 • mntelephone.com

Contact: Jeff Jensen (office manager)
► Structured cabling, installation, system packages, repair, security cameras, T1, SIP, VOIP networking

Multi-Tech Systems, Inc.

HRD

2205 Woodale Dr.
Mounds View, MN 55112
763-735-3500 • multitech.com

Contact: NP
► Fax servers, VOIP gateways, cellular and analog modems (external and embedded), routers, cellular development platform

NACR

HRD • VOIP

3344 Hwy. 149
Eagan, MN 55121
888-321-6227 • nacrc.com

Contact: Scott Sund (vice president of marketing)
► Unified messaging, IP telephony, data networking, contact center, managed services

Nextera Communications

HOST • ISP • LLD • VOIP

7115 Forthun Road
Baxter, MN 56425
218-818-6400 • nextera.net

Contact: Greg Arvig (president)
► Local, long distance, VOIP, SIP, Internet, T1 services, wireless Internet, hosted PBX

Nova Communications

HRD • VOIP

14100 Carlson Pkwy., Ste. 100
Plymouth, MN 55441

952-473-2100 •

nova-communications.com

Contact: Amy Wakefield (operations manager)
► Computer telephony integration, VOIP, structured cabling

OneNet USA

AGT • APP • HOST • HRD • ISP • LLD • VOIP

4445 W 77th St., Ste. 106
Edina, MN 55435
952-960-1000 • onenetusa.com

Contact: Bob Brunmeier (president)
► Wireless and wired Internet, hosted phones and voice services, integrated voice and data, Web and e-mail hosting

Paetec Holding Corporation

HOST • HRD • ISP • LLD • VOIP

2996 Centre Pointe Dr.
Roseville, MN 55113
952-238-4535 • paetec.com

Contact: Chris Muller
► Data, voice, and IP services, communications management software, network security solutions, CPE, managed services

Parallel Technologies, Inc.

HRD • VOIP

4242 Park Glen Road
St. Louis Park, MN 55416
952-920-7185 • ptnet.com

Contact: Mark Utter (director of sales and marketing); Jeanna Marko (finance director)
► Telecommunications infrastructure, network services, data center, IP telephony, physical security and surveillance, digital signage, audiovisual integration

Performance Cable Systems, Inc.

HRD

7308 Aspen Lane N, Ste. 123
Brooklyn Park, MN 55328
763-493-4161 •

performancecablesystems.com
Contact: Steve Haverstock (president)
► Design, installation, and maintenance of voice, data, security, and fiber optic cable systems

Popp Communications

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620 Mendelssohn Ave. N
Golden Valley, MN 55427
763-797-7900 • popp.com

Contact: Mark Gray (network design specialist)
► Broadband, VOIP and Internet, T1, DSL, central office lines, local, long distance, hosting domain name, e-mail and Web sites, unified messaging, data backup, firewalls, teleconferencing, call recording, telephone systems, LANs, management

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Contact: Rick Tanner
► Web, network and Linux consulting, wireless

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Contact: Craig Beason (cofounder); Praba Manivasager (COO); Nick Hedlund (cofounder)

► Telecom outsourcing, mobility and network services, telecom expense management, telecom consulting

Select Communications, Inc.

AGT • HRD • WHS

12975 16th Ave. N, Ste. 100
Plymouth, MN 55441
763-744-0900 •
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Contact: Scott Alexander (owner); Rob Alexander (CEO)

► Wireless voice and data products and services

Sound Choice Communications, LLC

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Contact: Eric Osterberg

► VOIP equipment and network services

Spanlink Communications

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605 Hwy. 169 N, Ste. 900
Plymouth, MN 55441
763-971-2000 • spanlink.com

Contact: Eric LeBow (CEO)

► Unified communications, contact center solutions

Sprint-Nextel Corporation

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7700 France Ave. S, Ste. 400
Edina, MN 55435
952-703-7686 • sprint.com

Contact: Trent Gifford (senior manager, solution consulting and engineering)

► Wireless Internet, VOIP, wireless phones and plans, GPS navigation, MPLS, wireless integration, converged services

T-Mobile USA, Inc.

WHS

8251 Flying Cloud Dr.
Eden Prairie, MN 55344
952-944-3421 • t-mobile.com

Contact: Dan Stoner (senior business development manager)

► Cell phones, accessories, wireless plans

TCQ Internet Corporation

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P.O. Box 47114
Plymouth, MN 55447
952-277-1000 • tcq.net

Contact: Gary Whitehead (president)

► DSL, dial-up, Web site design and hosting

TDS Telecommunications Corporation

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3640 Washington Dr., Ste. 109
Eagan, MN 55122
651-289-3242 • tdstelecom.com

Contact: Sue Courteau (associate manager, market management)

► Business technology, local and long distance, high-speed Internet

Tele Provision Communications, Inc.

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3350 Annapolis Lane N, Ste. C
Plymouth, MN 55447
952-738-7000 • teleprovision.com

Contact: Jeff Olson (president)

► Local, long distance, Internet service, network consulting

Telecom Technologies, Inc.

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2935 W Service Road, Ste. 100
Eagan, MN 55121
651-456-5800 • telecom-tech.com

Contact: Vicki Houston (communications specialist)

► Unused and reconditioned voice and data communications equipment

Teleplus Consulting, Inc.

AGT

10125 Crosstown Cir., Ste. 200
Eden Prairie, MN 55344
952-829-1000 • teleplusconsulting.com

Contact: David Steen (CEO)

► Telecom consulting and contract negotiation

Telesystems, Inc.

AGT • APP • HRD • VOIP

2405 Annapolis Lane N
Plymouth, MN 55441
763-420-4200 • tsimn.com

Contact: Chris Aase (owner); Tom May (account representative); Tim Williams (account representative)

► Toshiba VOIP phone systems, voice and data cabling, communications consulting

3KeyLogic, LLC

AGT • VOIP

1801 American Blvd. E, Ste. 4
Bloomington, MN 55425
952-885-7810 • 3keylogic.com

Contact: Keith Vonnahme (owner)

► IP telephony consulting, project management

Transcend United Technologies

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2101 Kennedy St. NE
Minneapolis, MN 55413
800-800-0353 • transcendunited.com

Contact: Martin Jerome (CTO)

► IT and communications infrastructure including telephone systems, IP video, data security, wireless and wired network infrastructure, storage, and data center management

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Contact: Steve Hatcher (vice president and general manager)

► Business voice, Internet and data services, Web hosting, managed security services

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50 S 6th St., Ste. 900
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Contact: Todd Remely (director of marketing)

► Automation, self-service tools, centralized administration for single- and multi-vendor voice systems

US Internet

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12450 Wayzata Blvd., Ste. 121
Minnetonka, MN 55305
800-874-6837 • usinternet.com

Contact: Joe Caldwell (vice president of sales and marketing, cofounder)

► Wireless, VOIP, disaster recovery, colocation and remote backup, spam filtering

USMac.net

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1181 Homestead Lane
Chanhausen, MN 55317
952-402-9000 • usmac.net

Contact: Wayne Wenzlaff (principal)

► Macintosh services including Internet access, hosting, and support

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4050 Olson Memorial Hwy., Ste. 100
Golden Valley, MN 55422
763-222-1000 •

velocitytelephone.com, usfamily.net

Contact: Jim Hickle (president)

► Local, dial-up, DSL, ethernet, DS-3, T1, fiber, integrated T1, data aggregation, v-mail, unified messaging, VOIP virtual PBX, IPTV

Verizon Wireless

WHS

505 N Hwy. 169, Ste. 600
Plymouth, MN 55441
763-595-2650 • verizonwireless.com

Contact: Scott Nash (director of business sales)

► Wireless voice and data communication

VISI

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► IP telephony, enterprise networking, contact center, unified communications, applications integration

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Contact: Chip Sullivan (president)

► Custom interactive voice response software, business phone systems

Windstream

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440 Eagle Lake Road N
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Contact: Naomi Koecheler (business account executive)

► VOIP, network security, managed services

Wizmo, Inc.

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6300 W Old Shakopee Road, Ste. 140
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Contact: Kevin Lydahl (business development)

► Software-as-a-service models for companies delivering applications over the Internet

XO Communications

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1200 Washington Ave. N
Minneapolis, MN 55401
612-338-7977 • xo.com

Contact: Mark Feil (general manager)

► Local, long distance, DSL, calling card, ethernet, managed hosting, wavelength technologies

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St. Louis Park, MN 55426
952-927-8535
microfacs.com

Office Depot, Inc.

600 Nicollet Mall, Ste. 100
Minneapolis, MN 55402
612-371-8050
officedepot.com

Plymouth Office Equipment, Inc.

10910 S Shore Dr.
Plymouth, MN 55441
763-546-0236
plymouthofficeequipment.com



Ricoh Business Solutions

1110 Centre Pointe Curve, Ste. 102
Mendota Heights, MN 55120
651-294-2600
ricoh-usa.com/rbs

Standard Dynamics, Inc.

1800 E Cliff Road, Ste. 1
Burnsville, MN 55337
952-888-7332
standarddynamics.com

TBS Office Automations

1385 Mendota Heights Road
Mendota Heights, MN 55120
651-905-7090
tbsoa.com

Toshiba America Business Solutions of Minnesota

960 Blue Gentian Road
Eagan, MN 55121
800-827-4569
accesstoshibasupport.com

Xerox Corporation

3500 American Blvd. W, Ste. 400
Bloomington, MN 55431
612-424-3076
xerox.com

Videoconferencing Services

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Alpha Video & Audio, Inc.

7711 Computer Ave.
Edina, MN 55435
952-896-9898
alphavideo.com

Contact: Scott Tronson (marketing manager)

Alternative Video Solutions, Inc.

3605 29th Ave. NE
Minneapolis, MN 55418
612-788-3605
avs-us.com

Contact: Ron Thill (president)

AV for You

6225 Cambridge St., Ste. 23
St. Louis Park, MN 55416
952-500-8839
avforyou.com

Contact: Josh Reitan (owner)

AVEX

4802 Park Glen Road
St. Louis Park, MN 55416
952-929-2839
goavex.com

Contact: David Throldahl (president)

AVI Systems

9675 W 76th St., Ste. 200
Eden Prairie, MN 55344
952-949-3700
avisystems.com

Contact: Joe Baer (regional vice president)

AVI-SPL

1427 Energy Park Dr.
St. Paul, MN 55108
800-292-4125
avispl.com

Contact: John Babcock (general manager)

AVVR, Inc.

801 American Blvd. E, Ste. 100
Bloomington, MN 55420
952-814-9898
avvr.com

Contact: Michael Lundeen (president)

Clarity Audio/Video Systems

15831 Hwy. 55, Ste. C
Plymouth, MN 55447
763-551-2300
clarityav.com

Contact: Tom Brandabur (sales representative)

CompView Audio Visual

1400 Energy Park Dr., Ste. 17
St. Paul, MN 55108
651-647-4354
compview.com/company/st-paul-minneapolis.html

Contact: Shelley Hawkins (general manager)

Dascom Systems Group, LLC

2415 Ventura Dr.
Woodbury, MN 55125
651-578-1200
dascom-systems.com

Contact: Muriah Keith (director of marketing)

EPA Audio Visual, Inc.

7910 State Hwy. 55
Rockford, MN 55373
763-477-6931
epaaudio.com

Contact: Rik Roberts (vice president of sales and marketing)

Global Conferencing Solutions

120 S 6th St., Ste. 150
Minneapolis, MN 55402
612-294-3252
gcsd.com

Contact: Steve Garber (president)

Graybow Communications Group

1000 Boone Ave. N, Ste. 700
Golden Valley, MN 55427

952-544-5555
graybow.com

Contact: John Gracyalny (sales and marketing director)

Minnesota Audio & Visual

19740 Embers Ave.
Farmington, MN 55024
612-227-2178
mnnav.net

Contact: Steven Christian (owner)

MSpace

6130 Blue Circle Dr., Ste. 300
Minnetonka, MN 55343
612-332-0122
yourmspace.com

Contact: Ryan Heining (president and CEO)

Netbriefings, Inc.

421 Wabasha St. N, 2nd Fl.
St. Paul, MN 55102
651-225-1532
netbriefings.com

Contact: Gary Anderson (president and CEO)

PSAV

2904 2nd St. N
Minneapolis, MN 55411
612-521-8225
psav.com/minneapolis

Contact: Dan Rollins (branch director)

Thinkofit

3144 10th Ave. S
Minneapolis, MN 55407
612-824-2001
thinkofit.com

Contact: David Woolley (president)

Tierney Brothers, Inc.

3300 University Ave. SE
Minneapolis, MN 55414
612-331-5500
tierneybrothers.com

Contact: Tom Tierney (chairman of the board)

Video Guidance

8000 Norman Center Dr., Ste. 250
Bloomington, MN 55437
952-831-7215
videoguidance.com

Contact: Michael Werch (president and CEO)

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Doing Well, Doing Good, Staying Local

Granite Equity Partners has a mission that makes it distinctive among private equity firms.

Scan the roster of Minnesota-based venture capital and private equity firms, and you'll notice that whether they're eclectic or they're focused on a few industry sectors, virtually all have set their investment sights across the country.

Then there's Granite Equity Partners.

One of the distinguishing characteristics of this \$80 million, St. Cloud-based private equity firm is its fiercely local approach to investing. Since launching in 2002, Granite Equity has drawn on local investors and built a portfolio of companies in Minnesota and surrounding states "within drive

fully. Before starting Granite Equity, Bauerly had helped integrate several acquisitions for his family's construction business and started his own management consulting firm, Venture Allies. Edeburn, Bauerly's classmate from the Harvard Business School and a former colleague at Deloitte & Touche, was working as director of corporate accounts at Medtronic and previously had been a venture manager.

Those combined experiences led to a eureka moment for Bauerly: to form the first private equity firm located in, and serving, outstate Minnesota. Bauerly and Edeburn then recruited Art

Monaghan, who had become the youngest principal in the history of Minneapolis-based Norwest Equity Partners (and who has farm roots in Iowa).

Despite the pedigrees, small-business background, investment experience, and local roots, they still had one important lesson to learn. "We [erroneously] started with a traditional private equity approach," Edeburn recalls. The trio sought investors for limited partnerships to buy and sell companies.

As they talked with potential investors and portfolio companies, "we found something missing in our value proposition," Edeburn says. Potential investors were "interested in owning great companies in a great place to live," while business owners would ask, "We like you guys and like what you stand for, but when are you going to sell us?"

Such conversations led Granite Equity's partners to pursue a course that's different from most other Midwestern funds. It serves investors who are interested in both long-term capital appreciation and the "desire to have community impact," Edeburn says. Matching that dual motivation, Granite Equity seeks investments with business

owners "looking to remain involved in their company while taking some risk off, [and] protecting their legacy in the community." As a result, he adds, many sellers will take an equity position in a partnership or a seller's note, rather than just taking cash.

Unlike most private equity firms, which tend to buy a company, slash costs, and flip it for a fast return, Edeburn says, Granite Equity tries to balance the needs of employees, shareholders, vendors, and the community—"to serve a mission beyond just a return on investment."

Granite's investment companies typically range from \$10 million to \$50 million in revenue, generating \$1 million to \$7 million in earnings before interest, taxes, depreciation, and amortization. Investments ranging in size from \$3 million to \$7 million across a portfolio of more than a dozen companies have averaged "well above" a 15 percent internal rate of return, Edeburn says. Granite has, at times, paid special dividends to investors by recapitalizing portfolio companies. "If you're successful with a company, they usually generate some earnings, cash flow, and additional debt capacity," Edeburn says.

Granite's buy-and-hold approach is not sacrosanct, however. "We typically sell for a different dynamic than strictly to monetize a deal," Edeburn says, pointing out that the firm has sold a portfolio company when a new owner is a better strategic fit.

Kathy Gaalswyk, president of the Initiative Foundation, a Little Falls-based regional economic development organization, says that "the caliber of [Granite Equity's] due diligence, analysis, and engagement is not typically what you find in rural areas." The foundation has been a lender and grant maker to several companies that Granite later invested in, according to Randy Olson,

the foundation's vice president for economic opportunity. In 2005, it participated in Granite Equity's investment in Sartell-based valve manufacturer DeZurik. The foundation followed that two years later with a \$500,000 investment in Granite Funds.

The firm's narrow geographic focus is balanced by a portfolio invested in a wide range of industries, including precision manufacturing, medical devices, supply chain, defense and aerospace, building products, agricultural products, and heavy equipment. "We're more interested in the company and competitive advantage than any particular industry," Edeburn says.

Granite Equity's focus allows it to leverage its investor networks for investment ideas and executive talent. Last December, for instance, Granite took a majority stake in Chaska-based Aeration Industries International, a family-owned water treatment equipment manufacturer. While family members retained executive positions and an ownership stake, Granite also put the CEO of portfolio company DeZurik on Aeration's board.

Granite's tight-knit network also served it well during the recent financial turmoil. Edeburn recounts that his firm was midstream on due diligence with Geotek, a Minnesota manufacturer of reinforced fiberglass, when the economy slid into a "deepening recession and financial crisis" in 2008, threatening the deal. "Fortunately, our lending partners stood by us," he says.

Granite used the recession to get the portfolio "shipshape," Edeburn says. One company had its credit pulled; another went in for major restructuring. "We spent 2009 working on our portfolio companies, as opposed to seeking another investment," he adds. **TCB**



The men of Granite (from left): Cofounders Art Monaghan, Rick Bauerly, and Pat Edeburn

time of our offices," as the company's Web site declares.

Central Minnesota's fertile landscape is not solely a patchwork of family farms, like those on which two Granite Equity cofounders, Rick Bauerly and Patrick Edeburn, grew up. They know that rural communities also are home to successful entrepreneurs and business owners with capital, as well as family owned and closely held businesses seeking investors.

Bauerly and Edeburn also understand how capital can be used success-

ON THE WEB

How's the private equity industry doing so far in 2011? One take: bit.ly/mvSiYS

Brad Allen (brad@bdallen.com) is a Twin Cities business writer and communications consultant.



The High Cost of Low Trust

Nothing generates more profit than the economics of trust.

A woman brought her very limp parakeet to her veterinarian. She laid it on the exam table and after a brief exam, the vet shook his head sadly and said, "I'm so sorry, but your parakeet has died."

The distressed woman wailed, "How can you be so sure? You haven't done any testing on him! He might be in a coma or something!"

The vet sighed and left the room, but returned a few minutes later with a black Labrador retriever. The parakeet's owner watched in amazement as the dog sniffed the bird from top to bottom, then looked at the vet with sad eyes and shook his head from side to side. The vet patted the dog's head and took it out, and returned moments later with a cat. The cat jumped up on the table and also sniffed the bird from top to bottom and then shook its head, meowed softly, and jumped down from the table and left the room.

The vet looked at the woman and said, "I'm sorry, but this is most definitely a dead bird." Then the vet left the room and returned with his bill, which he handed to the woman.

The woman, still in shock, took the bill. "\$150!" she cried. "You're charging me \$150 just to tell me that my parakeet is dead?"

The vet shrugged. "I'm sorry, if you'd trusted my word, the bill would have been only \$20. But with the lab report and the cat scan, it's now \$150."

This little story illuminates the high cost of low trust. At the foundation of every personal interaction, family, organization, economy, and even culture is one fundamental value: trust. Without trust, governments become dictatorships. Without trust, economic transactions cannot occur and leaders lose their ability to lead. Without trust, families become dysfunctional. Without trust, businesses lose productivity, customers, market reputation, brand

loyalty, employee talent, creativity, morale—and ultimately revenues and profits.

On the other hand, high trust can multiply good results. According to a study some years ago by global consulting firm Watson Wyatt Worldwide, companies with high trust levels generated total returns to shareholders at almost 300 percent the return of companies with low levels of trust.

I'm convinced that the lack of trust is the underlying cause of the current economic breakdown and slow recovery from the recession. There is mistrust in the capital and credit markets, and in the financial institutions, government agencies, investment banks, and businesses that all work together to keep the economy healthy. Several factors may explain this.

A number of crises in 2010 can be attributed to poor business decisions: the oil spill in the Gulf of Mexico, product recalls, the SEC investigation of Goldman Sachs. And prior to last year, we saw "corporate kleptocracy," in which people like Bernie Madoff and Tom Petters stole millions of dollars from people who trusted them. The consequent lack of trust is directly resulting in a slow economy.

Just how bad is it? Consider a recent Harvard Business School study, which found that more than 70 percent of Americans now distrust business leaders and boards of directors—a rating lower than that of Congress.

According to the 2011 Edelman Trust Barometer, an annual global survey conducted by the world's largest independent public relations firm, when people were asked "How much do you trust business to do what's right?," only 46 percent of U.S. responders indicated that they did feel trust, an 8 percent drop from 2010. Of the world's top 10 countries for gross domestic product, the U.S. now ranks eighth in level of



Companies with high trust levels generated returns to shareholders at almost 300 percent the return of companies with low levels of trust.

public trust in business—only a few points above Russia.

Speed and Cost

A myth about trust is that it is one of those intangible, "warm fuzzy" things that don't belong in boardroom discussions. That's just plain nonsense. Trust is real and quantifiable, and it measurably affects both speed and cost.

Think about it: When trust goes down, speed goes down and cost goes up. Don't believe it? Consider the time and cost of airport security after 9/11, or the time and cost required to comply with the Sarbanes-Oxley Act.

If you want another visible indicator of the high cost of low trust, take a look at your company's personnel or employee manual. How many inches thick is it?

Stephen Covey, in his recent book, *The Speed of Trust: The One Thing That Changes Everything*, offers a theory: that trust, whether high or low, is the variable in the standard formula for organizational success. Rather than the traditional formula that says Strategy x Execution = Results, Covey rewrites the equation as (Strategy x Execution) x Trust = Results. Consider these statistics from Covey that illustrate his theory.

- Office politics are conservatively estimated to cost \$100 billion per year (although many observers believe the cost is much higher).
- Disengagement, as measured by the Gallup organization and attributed to mistrust of management, costs even more: \$250 to \$300 billion a year.
- Unwanted turnover, often caused by mistrust, costs companies one and a half to two times annual salary to replace the departing employee.
- Fraud, clearly a breach of trust, is estimated to cause the average business to lose 6 percent of its annual revenue.
- Losing customers, which usually occurs due to the lack of trust at some level, is also very expensive, as the cost of acquiring a new customer can be as much as 500 percent more than keeping an existing customer.

According to Covey, research clearly shows that high-trust companies elicit far greater loyalty from their primary stakeholders: Employees stay longer; customers buy more, buy more frequently, refer more, and stay longer; suppliers and distributors stay partnered longer; and investors hold their investment longer with organiza-

tions and people they trust. Plus, these organizations actually outperform with less cost. Those are key competitive advantages in the new economy, which is fueled by partnering and relationships.

High Trust and High Results Can Be Earned

If your business is lacking a culture of trust, the good news is that trust can be built or even regained if it has been lost. Start by understanding the components of trust. David Horsager's book, *The Trust Edge: How Top Leaders Gain Faster Results, Deeper Relationships, and a Stronger Bottom Line*, is centered on what he calls the Eight Pillars of Trust: clarity, compassion, character, competency, commitment, connection, contribution, and consistency.

Horsager cautions that you should resist the urge to think about others and whether or not they deserve to be trusted. Rather, take responsibility for yourself; when you change yourself, you have the best chance of impacting your organization. "Trust is the natural

result of thousands of tiny actions, words, thoughts, and intentions," Horsager writes. "It doesn't happen by accident nor does it happen all at once. Gaining trust is work. You and I have to do the little things on a daily basis."

Through all of the systems and structures they create, leaders send messages about trust. Skepticism and suspicion create the opposite of trust. They destroy motivation, teamwork, and results. When business leaders don't trust their employees and burden their companies with unnecessary 500-page employee handbooks, for example, they slow down productivity (back to Covey's theory about speed and cost).

On the other hand, in a climate of trust, people are creative, motivated, productive, and willing to sacrifice for the team. When there is a high level of trust and loyalty between leaders and employees, the organization performs at

its optimal level. The head of consulting firm CLG wrote in 2007 about research showing that employees who were engaged in their work increased revenues by 682 percent and profits by 756 percent over a 30-year span.

Unfortunately, in many organizations, the message is not that the company cares about its employees, rather it's that "you are expendable." In fact, one of Covey's studies showed that only 29 percent of employees believe management cares about them developing their skills; only 42 percent believe management cares about them at all.

For this reason, I like Covey's idea about measuring trust as a line item on financial statements, either as a tax or a dividend. Companies could apply their resources to eliminate the tax or create a larger dividend. "Organizational dividends" would be attributed whenever the company realized increased value, accelerated growth, enhanced

innovation, improved collaboration, stronger partnering, better execution, or heightened customer loyalty. "Organizational taxes" would be assessed for redundancy, bureaucracy, politics, disengagement, turnover, customer churn, and unethical activities.

While generally accepted accounting principles don't measure trust today, we can start by understanding that trust isn't simply applied to interpersonal relationships, but has an impact on businesses, teams, organizations, governments, cultures, and the global economy. Trust is not immeasurable—and low trust has measurable costs.

For those enlightened organizations that "get it," high trust results in high results. Nothing generates more profit than the economics of trust! **TCB**

Mark W. Sheffert (mark@manchester-companies.com) is chairman and CEO of Manchester Companies, Inc., a provider of investment-banking, corporate-renewal, and performance-improvement advisory services based in Minneapolis.

ON THE WEB

Find more results from the 2011 Edelman Trust Barometer at edelman.com/trust/2011.

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Hooked In, Not Selling Out

The principals of RJF Agencies—a “fiercely independent”—sold to a global giant but remain very much in charge. And now they are pitching the same deal to other insurance agencies.

The company is a global professional services firm . . .” So begins the business overview section of the Form 10-K for New York-based Marsh & McLennan Companies, Inc., the \$10 billion “parent company of a number of the world’s leading risk experts,” including its Marsh unit, “a world leader in delivering risk and insurance services and solutions . . .” OK, we get it.

But most of us make our living in the middle market—companies of less than \$50 million in sales, maybe 100 employees. We don’t routinely call a global risk strategist. We just call our insurance agent. Someone like Bill Jeatran.

Jeatran founded Brooklyn Park-based RJF Agencies in 1986. Today, the firm, specializing in liability, health, and employee benefits coverage for middle market companies, employs about 140. It’s a respected agency in the region and known for being fiercely independent. That’s why it surprised some when RJF recently became part of Marsh & McLennan Agency, a subsidiary of Marsh.

Jeatran says that he can’t really think of anything that’s changed—except that he can now connect a global risk expert from Marsh with one of his 5,000 or so clients, if that’s what’s needed. The sign on the door is the same, no clients have left, no employees have elected to move on, and as he puts it, “I told our customers that if they see one adverse change, I get a phone call. And it hasn’t happened.”

One other thing that has changed: Jeatran and his partner, Tim Fleming, now have access to Marsh & McLennan’s checkbook and have been asked to acquire other middle market insurance agencies.

Marsh has been around since the 1870s, and it’s been trying to succeed in the lower-middle market maybe ever since. In late 2008, Marsh formed the Marsh & McLennan Agency. Marsh leaders were blunt: The middle market

customer wants somebody who isn’t us. They rolled out a plan to acquire independent agencies around the country, leave them alone for the most part, and fund their growth. Marsh & McLennan Agency Chairman and CEO David Eslick says he has known Fleming for years, and that RJF was on his short list from the beginning. “Bill and Tim and the team carry the highest quality standards in our industry. And that was well known to us,” he says.

Jeatran and Fleming first heard of Marsh’s strategy more than a year ago, from friends whose own agency had been one of Marsh & McLennan’s first acquisitions. The partners thought that this was just another large company elbowing its way into a new market, with BigCo structure and business processes. The friends insisted otherwise, and they put Jeatran in touch with Eslick.

The RJF shareholders—Jeatran, Fleming, and nine others—were not looking to sell the company. But they had been thinking about an eventual transition and owner liquidity. Jeatran didn’t like other models he saw, such as selling to a private equity group or a large financial services firm. “Most of those guys would try to make us them,” he says. “And there would be an impact on employment. I did not want to look any of my employees in the eye and tell them they had no opportunity.”

As Jeatran got to know Marsh & McLennan’s senior leadership, he learned that they did not have a car full of managers waiting to fill others’ jobs, including his. In fact, the corporate parent has only 11 employees, and 5 of them are the M&A deal team.

As David Martin, founder of the RJF competitor David Martin Agency, puts it, “Knowing those guys the way I do, being able to take some chips off



Marsh & McLennan executives: “The middle market customer wants someone who isn’t us.”

the table . . . and still be able to protect their people was really important to them. It would appeal to me.”

Jeatran declines to discuss contract terms, but he says he and Fleming told the Marsh executives that they are in for “a 10-year run.” Eslick envisions RJF as the foundation of a 15- or 20-year growth strategy in the upper Midwest. And he has told the RJF partners that it’s their job to make RJF bigger, not turn it into Marsh. So Job One is making more acquisitions.

“The phone isn’t ringing, but my phone is dialing,” Jeatran says. “If people are looking for the acquirer of choice, I think we can be that.” At press time, he was working on three deals. Plans are to start close to home, buying “a few” firms in the Twin Cities before venturing into other states.

RJF screens first for culture—focused personal service, commitment to staff, bias toward growth and opportunity. Once a target is identified, it is turned over to the Marsh & McLennan Agency M&A team to conduct due diligence and, when warranted, negotiate a transaction. “That’s when we become an ally of the sellers for the rest of the process, if that makes sense,”

Jeatran adds.

Martin, one of the owners of a high-profile firm that is essentially a smaller version of RJF, declines to say whether he’s talked to RJF about linking up. He says he’s planning to stay “fiercely independent.” In addition to some of the usual reasons for not seeking a buyer—such as the fact that he’s never had a boss and is not sure he ever should—Martin says his market position is built around independence, working mostly with middle market clients who view themselves as the fiercely independent firms of their industries. And insurance agency consolidation is actually

helping, in that it is getting easier for Martin to differentiate his firm.

On the other hand, the parent of RJF had \$1.33 billion in cash as of March 31, and wouldn’t it be wise to get hold of some of that money before Jeatran uses up his acquisitions budget? “Yeah, but by the same token,” Martin replies, “a lot of us entrepreneurial types aren’t too smart,” by which he means a business owner has multiple goals and maximizing cash proceeds is rarely the only one.

In that, Jeatran would agree. He says he has no plans to rush—the pace of deals is secondary to ensuring cultural and strategic fit. Keeping the culture of an independent like RJF, while growing in size and capability, is very much on his mind. It will remain so through the day he eventually withdraws, 10 or so years down the road. After all, he says, “Culture is driven by leadership, not ownership.” **TCB**

Lee Schafer (lee@sargentadvisorsllc.com) is managing director of Minneapolis-based Sargent Advisors, which guides clients on growth strategy, mergers and acquisitions, and licensing and joint venture opportunities.



Don't Stand for These Guys

Part of a lawyer's business is representing unpopular causes.

To: Robert Hays,
Chairman
King & Spalding
Atlanta, Georgia

Dear Mr. Hays:

There was a time in the Twin Cities when openly gay men would tell me that they could not be hired by major law firms. Apparently, we have moved 180 degrees on the question of civil rights for gays. But even as we follow a course that isn't popular with many segments of society, your law firm seems to have lost its direction.

A few months ago, Paul Clement, a well-known partner at your firm and a former U.S. solicitor general, was hired by the U.S. House of Representatives to argue in the Supreme Court the defense of the so-called Defense of Marriage Act.

Officials from the Lambda Legal Defense Fund, the Human Rights Campaign Fund, and a number of organizations that support gay rights indicated that King & Spalding's continued representation of this matter would deprive it of work from some of its major clients. (Coca-Cola was one such reported client.) In addition, these organizations intimated that were your firm to go forward in this case, the firm would find it very difficult to recruit high-quality law grads.

In late April, King & Spalding announced that it had decided to withdraw from this case. Clement soon resigned.

Perhaps, then, your firm's hiring Clement was an error. So to provide additional guidance to King & Spalding about whom to hire in the future, and because law firms are steeped in

the culture of precedent, let me suggest some examples of the kind of lawyers your firm should avoid employing in the future:

- **Andrew Hamilton** undertook to represent Peter Zenger in 1733 against the colonial government that had arrested and imprisoned him on the charge of seditious libel. Zenger had published a number of articles critical of the colonial governor of New York. Zenger's position was unpopular (certainly to the authorities), and Hamilton's future was much in doubt. Nevertheless, Hamilton argued Zenger's defense to a jury, which acquitted him.

- King & Spalding also probably shouldn't hire any attorneys named Adams. **John Adams** represented Captain Thomas Preston, the British Army's officer of the day on March 5, 1770, in what has become known as the Boston Massacre. Preston and his men fired on unarmed civilians, killing five Bostonians. Defending Preston was, to put it mildly, unpopular. But Adams did not desert his client and won an acquittal.

- Other Adamses would not fit in at King & Spalding either. Late in life, **John Quincy Adams** volunteered to defend a group of Africans who had been abducted by Portuguese slave traders and shipped to Cuba. The Africans seized the ship, killed the captain and several of the crew, and tried to set sail back to Africa. Their ship, the

Amistad, was seized by a U.S. warship off the coast of Long Island, New York. Adams successfully argued the defendants' case in the U.S. Supreme Court in February 1841.

- **Joseph N. Welch** was the lead counsel for the U.S.



John Adams represented the British Army's officer of the day during the Boston Massacre. Defending him was, to put it mildly, unpopular. But Adams did not desert his client and won an acquittal.

Army during the so-called Army-McCarthy hearings in 1954. Senator Joseph McCarthy claimed that there were Communists everywhere in the government. Welch defended the Army and, as it turned out, one of his junior attorneys, Fred Fisher, whom McCarthy accused during the hearings of being a Communist sympathizer. After McCarthy launched yet another attack on his young associate, Welch posed his famous question: "Have you no sense of decency, sir?" Historians have often noted that the Army-McCarthy hearings sounded the death knell for McCarthyism. And to those law firms who

abandon their clients because they have become unpopular, I would simply ask: Have you no decency?

- **Atticus Finch** is the fictional lawyer of Harper Lee's novel, *To Kill a Mockingbird*. Most lawyers at King & Spalding and most other firms have read the Pulitzer Prize-winning book and probably have seen the famous movie. Atticus Finch would never have dropped his representation of a client when the matter became wildly unpopular, so he wouldn't fit in at today's King & Spalding. Late in the book, when Atticus Finch walks by, someone in the gallery urges everyone to stand up because a lawyer is walking by. We won't have to stand up when a King & Spalding attorney walks by.

My intention isn't to criticize King & Spalding's attitudes towards gay rights. My point is this: To abandon a client in the middle of representation because his cause has become unpopular is a dereliction of duty. Clients should think twice before engaging the services of such a law firm, because they already know the kind of lawyers they will not be hiring. If you look at the lawyers mentioned in this column, you will note that all of them have been the subjects of favorable documentaries or famous movies. There will be no movie about King & Spalding.

Sincerely Yours,
Vance K. Opperman
A Lawyer

Vance Opperman (vopperman@key-investment.com) is owner and CEO of MSP Communications, which publishes Twin Cities Business.

ON THE WEB

Wall Street Journal legal blogger Nathan Koppel offers another take on Paul Clement's departure from King & Spalding: on.wsj.com/mylhTE

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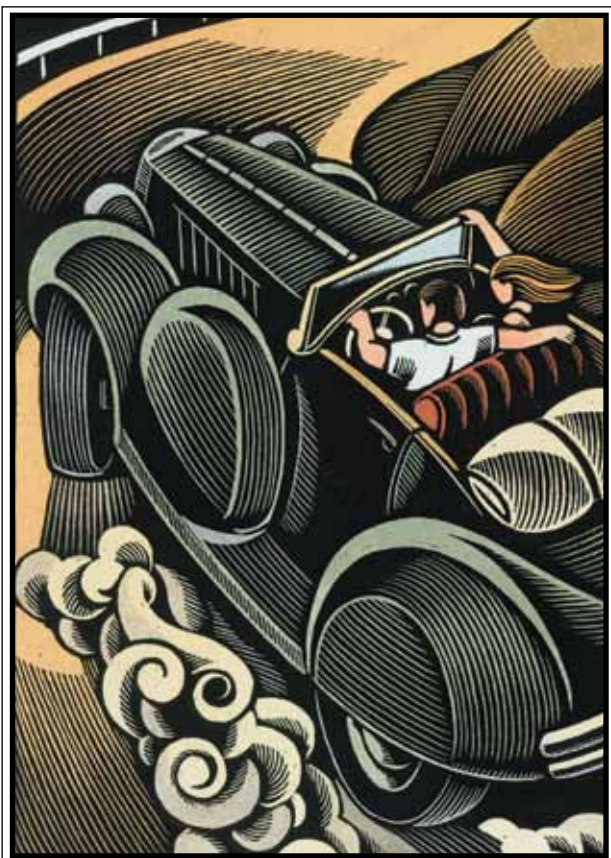
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