FIVE OUTSTANDING CORPORATE DIRECTORS • DO TAXES REALLY CAUSE RELOCATION?

Twin Cities BUSINESS

OCTOBER 2011
TCBMag.com

TREATING THE MAYO CLINIC

SHIRLEY WEIS REFORMS ITS BUSINESS MODEL DURING AN ERA OF HEALTH CARE UPHEAVAL

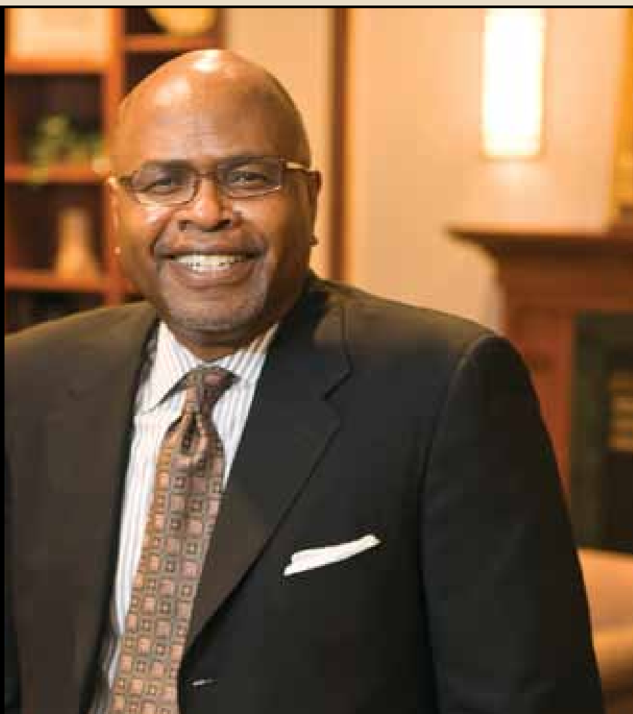
$3.99

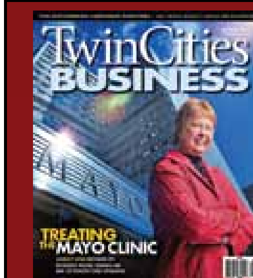
Cash Flow
Succession Planning
Employee Retention
Equipment Leasing

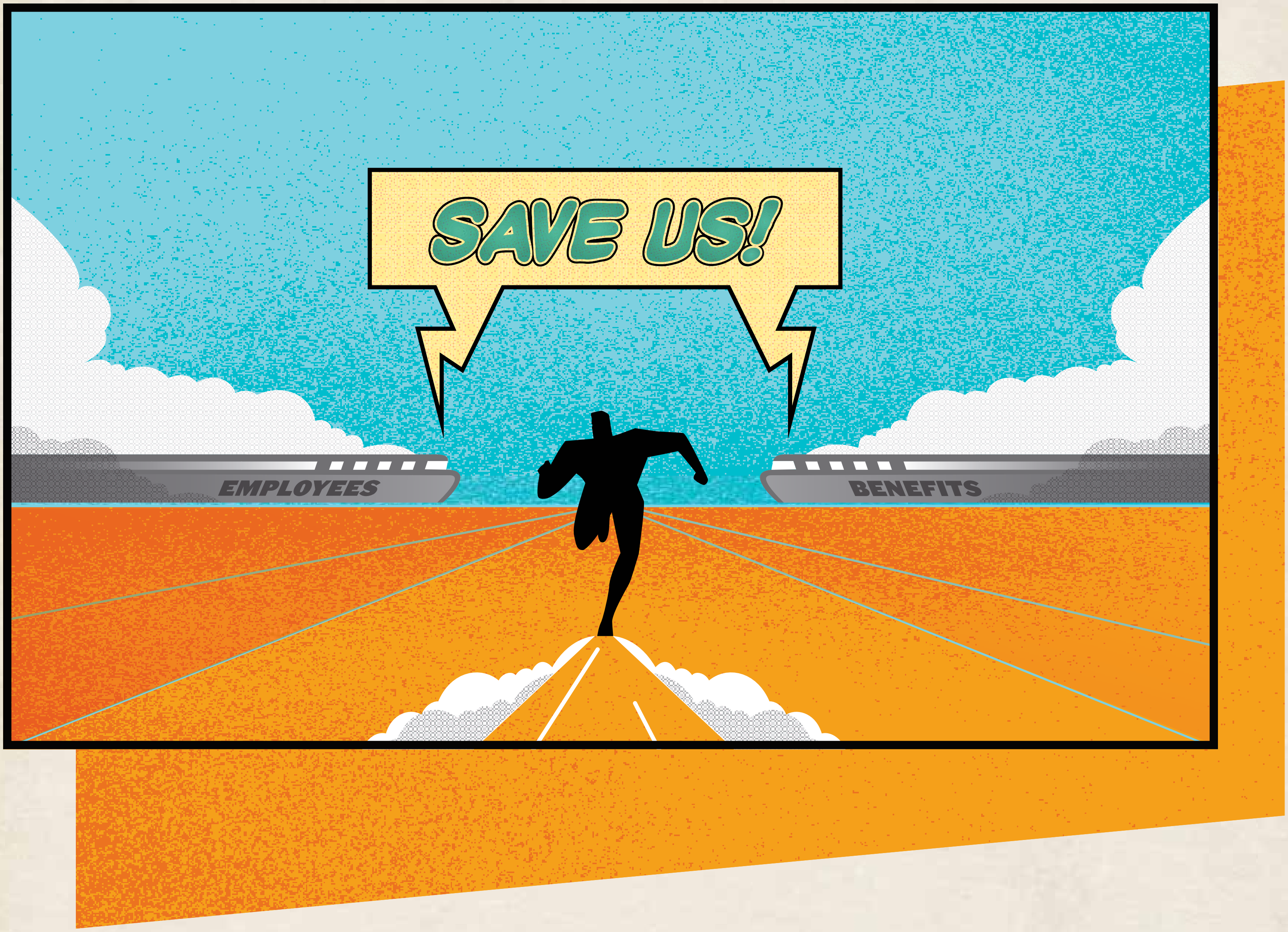
Twin Cities BUSINESS

OCTOBER 2011 Contents

FEATURES FEATURES FEATURES FEATURES







TIME TO CRACK OUT THE WONDER POWERS!

Sometimes it might feel like your employees and benefits are on a collision course. But we can help save the day! With HealthPartners your employees will enjoy one number to call for help, and one website to visit for total plan management, plus online FSA and HSA balances and easy pharmacy refills. Find out more about HealthPartners medical and dental plans by calling your broker or consultant today!

HealthPartners®

SPECIAL FOCUSES

TWIN CITIES BUSINESS, Vol. 19, No. 2. © 2011 MSP Communications. The opinions of columnists are their own. Unsolicited manuscripts or artwork will not be returned unless accompanied by a self-addressed, stamped envelope. Telephone 612-339-7571. Fax 612-339-5806. E-mail: edit@tcbmag.com. TWIN CITIES BUSINESS (ISSN 1072-673X) is published monthly, except semi-monthly in December, by MSP Communications, 220 S. Sixth St., Suite 500, Minneapolis, MN 55402-4507. Subscriptions available for $24.95 per year; foreign subscriptions, $169.00 per year; back issues, $8.00. To subscribe or change address, visit tcbmag.com/subscriptions.aspx. For back issue requests, contact tcbservice@tcbmag.com or 612-339-7571. Periodicals postage paid at St. Paul, MN, and at additional mailing offices. POSTMASTER: Send address changes to TWIN CITIES BUSINESS, Subscription Processing, P. O. Box 5846, Harlan, IA 51593.

DEPARTMENTS
DEPARTMENTS DEPARTMENTS

Citadel Floor Finishing Systems CEO Patrick Ilfrey developed a new concrete coating that's gaining international sales.

index

Names of companies and people in this issue are indexed to the first page of the articles in which they're mentioned.

COMPANIES

TwinCities BUSINESS®

Get more from *Twin Cities Business* at tcbmag.com.

Twin Cities Business is a publication of MSP Communications
220 S. 6th St., Suite 500, Minneapolis, MN 55402-4507 612-339-7571, fax 612-336-9220

Editor In Chief **Dale Kurschner**
dkurschner@tcbmag.com
612-336-9299

Publisher **Shelly Elmore**
selmore@tcbmag.com
612-336-9212

Executive Editor **Denise Logeland**
dlogeland@tcbmag.com
612-313-1773
"Starters," features

Senior Editor **Gene Rebeck**
grebeck@tcbmag.com
612-336-9298
"Spotlight," features

Special-Sections Editor **Mary Connor**
mconnor@tcbmag.com
612-336-9293
Special focuses

Research Director **Christa Meland**
cmeland@tcbmag.com
612-313-1783
B.I.G. Book: Business Information Guide

Assistant Editor, Research **Nataleeya Boss**
nboss@tcbmag.com
612-373-9544

Assistant Editor, Web **Jake Anderson**
janderson@tcbmag.com
612-373-9576
tcbmag.com, *Briefcase* e-newsletter

Editorial Intern **John Palm**

Design Director **Chris Winn**
cwinn@tcbmag.com

Art Director **Scott Buchschacher**
scottb@mspmag.com

Senior Account Executive **Michele Eernisse**
meernisse@tcbmag.com
612-336-9215

Senior Account Executive **Mary Jo Davis**
mdavis@tcbmag.com
612-336-9211

Senior Acct. Executive **Connie Van Housen**
cvanhousen@tcbmag.com
612-336-9214

Marketing, Events Mgr. **Kristie Altstatt**
kaltstatt@tcbmag.com
612-336-9288

Marketing, Events Intern **Dina Elrashidy**

who to **CONTACT**

To subscribe
tcbmag.com/subscribe
tcbservice@tcbmag.com, 612-339-7571

To change an address or renew
tcbmag.com/myaccount
tcbservice@tcbmag.com, 612-339-7571

For back issues or missing issues
tcbservice@tcbmag.com, 612-339-7571

For reprints, PDFs
mdavis@tcbmag.com, 612-336-9211

For permission to copy
dkurschner@tcbmag.com, 612-336-9299

To make event reservations
kaltstatt@tcbmag.com, 612-336-9288

To advertise
See account executive listings or contact kaltstatt@tcbmag.com, 612-336-9288

To submit a press release
Send to edit@tcbmag.com

To pitch a story
See editorial staff listings or contact dlogeland@tcbmag.com, 612-313-1773

Contributing Writers
Anna Befort, Phil Bolsta, Tricia Cornell, Christy DeSmith, Elizabeth Doyle, Jack Gordon, Dan Haugen, Camille LeFevre, Mike Lotti, John Rash, Lee Schafer, Mark Sheffert, Jamie Swedberg, Katie Westfall, Megan Wiley, Dave Zielinski

BPA WORLDWIDE

DALE KURSCHNER | DKURSCHNER@TCBMAG.COM

What We Mean by "Pro-Business"

Oddly, the phrase still scares some like a bad Halloween experience.

I had the good fortune of joining approximately 100 fairly affluent business and community leaders a few weeks ago at a fascinating presentation about the status of civil rights in the United States. About midway through, the keynote speaker mentioned that the U.S. Supreme Court has become much more "pro-business" in recent years. Many in the crowd groaned.

At first, the audience's reaction surprised me. How could so many well-educated, well-positioned community leaders verbally express disdain over the mere concept of being helpful to businesses? And, of course, it was even more unsettling given that I represent a magazine whose media kit describes it as using a "pro-business style" in how we cover matters.

Michael Douglas, who played Gordon Gekko in the movie *Wall Street.*

But I get it. Books and movies often have stereotyped wealthy businesspeople as power hungry, out to make money regardless of whether people get hurt along the way. From Mr. Potter in *It's a Wonderful Life* and the Dukes in *Trading Places* to, of course, Gordon Gekko in *Wall Street*, corporate bad guys are everywhere. Why on earth should anyone be "pro-business"?

The other problem with "pro-business" is that "pro" is usually perceived to mean that you favor one side of an issue so much that you'll slant your messaging in that direction. A publication doing this runs the risk of losing the critical questioning expected, and needed, from good journalism—and worse, omitting information that readers would benefit from knowing.

That's definitely not the case here. Yet the crowd's moaning a few weeks ago, and occasional questions I receive when talking about our publication, make me realize that the term "pro-business" gets a bum rap largely because it usually goes unexplained.

So for those who don't already know, here's what "pro-business" means at *Twin Cities Business.*

We cover business leaders and issues in ways that celebrate our community's strengths, while also instigating constructive dialogue about our challenges. Along with our readers, we get to know the personalities of our region's most influential leaders, while uncovering the "how" behind their success, as well as that of their companies, strategies, innovations, and solutions. We take the time to understand what they're going through, and how we might help.

"Pro-business" also means not turning away when something's wrong, but rather addressing it with suggestions on how it can be changed for the better. It means asking thorough, sometimes tough questions, driven by an honest desire to help make the Twin Cities an even better place in which to live and work.

There are dozens of behind-the-scenes pro-business permeations into everything we do. Probably the most significant is making sure your time reading us is worthwhile. We do this by not only developing interesting and relevant stories, but also doing our homework and validating our content.

Take for example this year's Outstanding Directors Awards feature. Too rarely do the media look at this side of business, and how important it is, not only for overseeing compliance and legal matters, but for supporting and sometimes protecting the ethical direction and culture of an organization. The directors of today's businesses have more influence on society than do the politicians, economists, or pro athletes receiving most of today's media attention.

Our Outstanding Directors Awards coverage, which starts on page 31, is the result of several hours' worth of gathering nominations, reviewing them with a panel of independent judges to select our finalists, and then calling their lead directors or board chairs to run through a set of criteria that had to be met before the nominee could be honored as an Outstanding Director.

These criteria include a director's communicating "candidly, constructively, and with courage" during board meetings, demonstrating "integrity and high ethical standards," and showing that they are "attentive to all stakeholders' interests."

There are plenty of directors with great attendance records and knowledge about their subject matter. We found five who go way beyond these norms. I hope you enjoy reading about them in this month's issue, and that you can join us for an awards dinner celebrating their achievements on October 20.

Funding a Vikings Stadium? Think Airports

At press time, the most promising option for a new Vikings stadium remained the Arden Hills site, because it has some semblance of a financing plan. But Jac Sperling continues to develop an alternative plan (see page 13). And the group promoting the Minneapolis Farmers' Market site—Bruce Lambrecht, Dave Albersman, and Mark Oyaas—is floating an intriguing idea that makes great sense from both a economic-development and a public-policy perspective.

The idea is to finance and manage a new football stadium the same way the Metropolitan Airports Commission (MAC) owns, finances, and manages Minneapolis–St. Paul International Airport and six smaller reliever airports in the metro area. MAC's funding comes from concessions revenues, lease agreements, airline fees, passenger facility charges, federal grants, and bond sales. There's no funding from income, sales, or property taxes.

Under the Lambrecht group's plan, all major sports facilities in the metro area would be consolidated under a newly formed public corporation likely to be called the Minnesota Entertainment Commission (MEC). This plan could save millions of dollars in management and financing-related costs currently spent to maintain and fund each facility on its own. The move also would eliminate the never-ending requests to the Minnesota Legislature for more tax dollars to fund a facility's development, expansion, or improvements.

Like the MAC, the MEC would use bond financing, backed by the ability to tax residents in the 11-county metropolitan area, in order to maintain, improve, or expand all sports and related properties under its control. At first, these would include the new football stadium as well as the Metrodome, Target Center, Target Field, and the Minneapolis Convention Center. Later, it would include St. Paul RiverCentre and Midway Stadium in St. Paul.

Here's how all of this would help finance a new Vikings stadium. First, the properties just mentioned and their related revenue streams would be consolidated, the Metrodome would be sold, and all remaining properties would be refinanced—all of which would generate proceeds of approximately $340 million. The Vikings' owners would be asked to contribute $390 million, the state $180 million, and Minnesota corporations $100 million (because professional sports are important for attracting and retaining great employees). That's $1 billion in financing, along with other, longer-lasting benefits for the metro area and for state taxpayers.

Far-fetched as it may sound, the concept brings up good points about how our region could save money and time by better planning and managing our pro sports infrastructure. It will be interesting to see if it picks up any support in the legislature. TCB

Starters

news | trends | personalities

Are Angels the **Job Creators We Need?**

The new Minnesota Angel Network says it can deliver measurable results.

"This is how we're going to get jobs," said State Representative Tim Mahoney at the August 16 launch event for the Minnesota Angel Network. The St. Paul DFLer was echoed by nearly every other speaker at the podium that evening.

The words "create jobs" are on everyone's lips these days. A recent announcement from the City of Minneapolis reads, "Mayor Rybak signs 'taproom ordinance' to allow breweries to serve pints of beer on site, creating new jobs." May it prove to be true.

The question is just *how* jobs are effectively created. The tactic of recruiting jobs with tax incentives draws scrutiny in a time of budget deficits. Coloplast, the Danish maker of health care products, got nearly $4 million in public subsidies for its two-year-old riverfront facility in Minneapolis based on promises of 500 jobs there, according to a *Star Tribune* report, but employees number less than half that. India's Suzlon Rotor Corporation got millions in local and state dollars to build a wind turbine manufacturing plant in Pipestone five years ago. That operation ballooned for a short time to 500 employees, then went bust and this summer provided just 30 jobs.

The new Minnesota Angel Network (MNAN) comes at the problem with a make-jobs-from-scratch approach. Organizers propose to grow more companies in Minnesota by vetting and training start-ups to better pitch themselves to angel investors and get funded. Todd Leonard, the network's executive director, introduced a growing roster of 13 professional services firms at the launch event (see list at right) that each have pledged more than 150 hours of pro bono advisory services to MNAN start-ups.

For angels, the network offers a central access point (an online portal at **mnan.org**) for learning about start-ups that have completed training and for syndicating deals. Jeffrey Robbins, an attorney with the Minneapolis law firm Messerli & Kramer, PA, and founder of a new angel collaborative called AngelPolleNation, which formed this summer, says he's already talking with Leonard about an arrangement in which companies certified by MNAN will be presenters at AngelPolleNation meetings.

> "Net job growth occurs in the U.S. economy only through start-up firms." In data from the U.S. Census Bureau's Business Dynamics Statistics, "for all but seven years between 1977 and 2005, existing firms are net job destroyers, losing 1 million jobs net combined per year. By contrast, in their first year, new firms add an average of 3 million jobs."
>
> *—from a 2010 report by the Ewing Marion Kauffman Foundation*

And will this bring jobs to Minnesota? Dale Wahlstrom looks at data for his answer. He is CEO and president of the BioBusiness Alliance of Minnesota, and with alliance COO Jeremy Lenz, he cofounded and developed the Minnesota Angel Network over the past two years. Among the 193 early-stage companies that received consulting and referral services from the BioBusiness Alliance from 2007 through 2010, 2,700 jobs were created in the state, according to Wahlstrom.

"This system will be one to emulate nationally," Wahlstrom said, referring to MNAN at the launch event. The network is designed to dovetail with the new Minnesota Angel Tax Credit; start-ups that meet the criteria for the tax credit also meet the criteria for participating in MNAN, and one goal of the network is to spread the effects of the tax credit throughout Minnesota.

"All over the state, there are points of entry for start-ups" that want to take part in MNAN, Leonard says, naming "feeder organizations" that will refer early-stage companies to the network: AgStar Financial Services, the Mayo Clinic, the Southern Minnesota Initiative Foundation, and others (listed at right).

Like everyone else, when it comes to job growth, Leonard says he's seeking measurable results. Doug Ramler, principal of the Minneapolis law firm Gray Plant Mooty, one of the angel network's partner firms, says GPM will track all the key metrics of MNAN's completed deals, including jobs produced.

—Denise Logeland

Todd Leonard, executive director, Minnesota Angel Network

CRAIG BARES

MINNESOTA ANGEL NETWORK PARTNERS

At launch in August, these "feeder organizations" were referring start-ups to the network:

- AgStar Financial Services
- BioBusiness Alliance of Minnesota
- CleanTech Open
- Kandiyohi County and City of Willmar Economic Development Commission
- LifeScience Alley
- Mayo Clinic
- Minnesota Cup
- Minnesota High Tech Association
- Minnesota Department of Employment and Economic Development
- Southern Minnesota Initiative Foundation
- University of Minnesota Office for Technology Commercialization
- University of St. Thomas Opus College of Business
- WomenVenture

And these firms were giving start-ups pro bono guidance:

- Argenta Advisors
- Dorsey & Whitney
- Fredrikson & Byron
- Gray Plant Mooty
- Integra Group
- KPMG
- Kruskopf Coontz
- Leonard Street & Deinard
- Lurie Besikof Lapidus
- Messerli & Kramer
- Oppenheimer Wolff & Donnelly
- Schwegman Lundberg Woessner
- Wipfli

How Caldrea Knows the Consumer Nose

Turning fashion and fertile soil into fragrance.

"We read a lot of magazines, we spend a lot of time in stores," says Pam Helms, chief innovation officer and head of product development for Minneapolis-based Caldrea. Caldrea and its Mrs. Meyer's Clean Day brand have become household names selling dish soaps, spray cleaners, hand soaps, and lotions. But "looking to fine fragrances . . . there's always some interesting things happening in those fragrances that can be translated to our types of products," Helms says.

Mandarin Vetiver, a scent introduced this year, was an example of "taking inspiration from a fashion icon, Tom Ford," she says. Ford's Grey Vetiver eau de parfum "is a little too upscale to translate directly to a cleaning scent," but by pairing it with citrus—which has a lot of "heritage" in cleaning products—"I think we came up with something really nice."

Last summer, Helms' seven-person R&D group turned its attention to gardening.

"There's a big trend in gardening and people having their own home gardens," says Helms. For 2012, "the two new scents that we're launching in both of our lines have this leafy, green aspect to them.

"The color green is happening a lot in accessory pieces and fashion right now," she adds, "so it will be just the perfect time when we launch our fragrances in January to have this green color."

People buy Caldrea for the "multisensory experience," says Kevin Rutherford, the company's president and CEO. They might pick a Caldrea product off the shelf for the plant-based ingredients or the nontraditional package design, "but after you use it, you're usually hooked from the scent as well," he says. In data from Nielsen Homescan and SPINS, a market research firm in the natural-products industry, Rutherford says that for the past year Caldrea has been topping its competitors—Seventh Generation, Method, Ecover—in measures of repeat sales.

In Helms' lab, a glass-walled fishbowl on the sixth floor of the Ford Center downtown, white geraniums, piney rosemary, and a cluster of potted basil, lavender, and honeysuckle give color to a center island. Jars of citrus fruit stand on another counter, next to store-bought bottles of soy, olive, and almond oils. But the universe of inspiration for Caldrea's scents is much bigger.

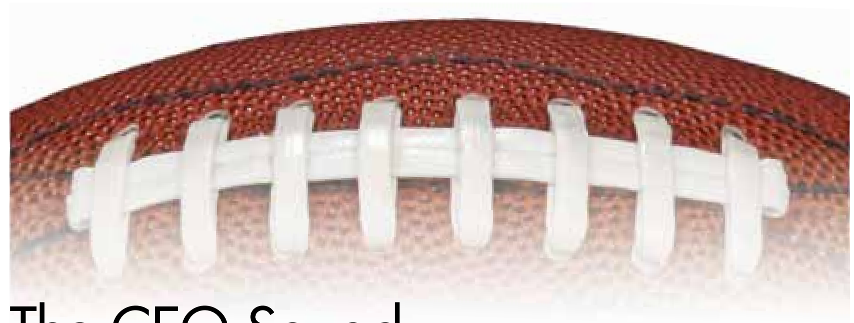
—Dan Haugen, Denise Logeland

Before new scents go into production, employees "live with them," says Caldrea's Pam Helms, to ensure that from top to bottom notes, there's "something really appealing."

Steel Toe Brewing of St. Louis Park became the Twin Cities' newest craft brewer with the rollout August 19 of its first growlers of beer: Provider ale, Size 7 IPA, Rainmaker double red ale, and Dissent dark ale. So far, Steel Toe is available at Four Firkins and the Liquor Barrel in St. Louis Park. *—D. L.*

Liberty Diversified Industries now uses "cellular resin"—the kind of corrugated plastic that it's used for decades to make cartons and U.S. Postal Service mail totes—to make room partitions, "ceiling clouds," and other architectural features.

New Hope–based LDI was looking for more ways to move from high-volume, low-margin products to the opposite when it teamed recently with a group of designers to create LDI's Seeyond Architectural Solutions. Fixtures can be made with LDI's recyclable plastic or with papers, metals, and other cold-formable materials that LDI produces. *—D. L.*



The CEO Squad on the Stadium Issue

"We're really about jobs and regionalism; the Vikings happen to be part of it."

If the Vikings land a stadium deal in the Twin Cities this fall, Jac Sperling will be at the center of it.

"He has represented, I'll just say 'some of,' the business community that's very interested in making sure the Vikings find a location here," said Richard Davis, CEO of U.S. Bancorp, in an early September interview. Davis is one of 10 local CEOs who quietly pooled $250,000 of their own money to hire sports attorney Sperling earlier this year. In the interview, Davis and Ecolab CEO Douglas Baker declined to name other members of their group.

"We don't have a solution yet, but we're well along the way to having a venue that is being vetted," Davis said. He said Sperling was hired as the "guy who works with the league, works with the team, works with legislators, whoever he works with . . . to put together a viable plan or plans to keep the team here."

If that sounds as though there still might be multiple plans in play, Sperling said in a separate conversation that there aren't. "I'm unaware of any discussions about an alternative," he said. "The parties are moving full bore ahead on Arden Hills."

Sperling is vice chairman of the Minnesota Wild and the team's parent company, Minnesota Sports and Entertainment. He's known for his work to bring the Wild to St. Paul, and for brokering venue and team deals in Denver and around the country. He was also a facilitator when the Vikings tried to put together a stadium deal several years ago in Blaine.

Davis and Baker called the Vikings a "key asset" for the community. They described their group, the Minnesota Competitiveness Fund, as "neutral about the site" for a stadium. Asked why they haven't come out in support of the Vikings' Arden Hills plans, Davis said, "Nobody's proven that it's financially sound yet. The taxation isn't clear, the final allocation of monies isn't clear." He doesn't support legislators' proposed referendum on the question: "I think a referendum is wholly unnecessary and has probably never been successful for any like circumstance in the recent history of this community."

Baker said the fund's support for the Vikings' plans "is not unconditional," and all constituencies—team, league, legislators, community—need to feel good about a deal.

"We're really about jobs and regionalism," Davis said, citing his and Baker's involvement in the Itasca Project and the new Greater MSP organization. "The Vikings happen to be part of it." *—D. L.*

SELLING IT John Rash

Still the Cadillac of Cars?

Fallon's ads say yes, but go beyond the luxury metaphor.

Few brands have become so synonymous with a perceived value that the very name is a marketing metaphor. But that's the case with Cadillac, whose name signifies the premium product in a category.

But does the metaphor still work for the car itself? Making it meaningful for a new generation of buyers is the opportunity for Fallon, the Minneapolis-based agency that began producing ads for the legendary brand last year.

The Strategy

"Compelling product stories are what makes a Cadillac a Cadillac," says Bruce Bildsten, executive creative director for Fallon. Attributes like Cadillac's "chiseled, angular" look, "uniquely American" performance, and suspension system are among the features that rival "Teutonic engineering" and Japanese luxury cars, he says. Still, Cadillac's creative positioning isn't jingoistic, says Dennis Budniewski, general manager of what Fallon calls "Team Cadillac." "It's not about waving the flag and Americana and history," Budniewski says. "It's more about what Steve Jobs has created—innovation. It's about what got a man to the moon, and always striving to leave never-well-enough alone."

The Creative Brief

Of course, one of Jobs' jobs was to ensure that Apple had memorable creative, too. Cadillac's campaign tries to break through as well, while not losing its attention to the details of product features. In one new television spot, "Flash," a driver's life flashes before his eyes as his advanced Cadillac braking system saves him from a collision. Another, "Bellissimo" (images shown above), boasts a reality: Ferrari borrowed Cadillac technology for its suspension system.

The ads' focus on car features is probably savvy in these austere times, even though luxury brands have weathered the economy better than most sectors. The national zeitgeist is coupons, and Cadillac's traditional luxury sell needs the proof points that the Fallon campaign brings.

The Buy

Adweek and *Ward's Automotive World* both estimate Cadillac's annual ad spending at around $270 million. Fallon won't divulge a number or the allocation it makes to various media channels. But Bildsten confirms that the campaign will continue extensively on TV and on line. And despite some brands putting the brakes on print, Cadillac still believes in the medium, which Bildsten calls "vibrant," an adjective he hopes extends to Cadillac itself.

"It's not about waving the flag and Americana and history," Budniewski says. "It's more about what Steve Jobs has created—innovation."

Shock Doctor Scores Vikings' Percy Harvin

Minnesota Vikings' wide receiver Percy Harvin joined Team Shock Doctor a few weeks ago—a group of eight pro athletes who wear protective equipment made by Plymouth-based Shock Doctor, Inc., and advise the company's product designers.

Harvin has actually been using Shock Doctor products since his rookie year. "Most of these guys don't want to rock the boat," says Jay Turkbas, Shock Doctor's head of product development and marketing. "If they are using something they feel comfortable with, they don't want to change."

Shock Doctor dominates the mouthguard industry, where it has 90 percent of the U.S. market. Some models are custom fitted, some position the jaw downward and forward in a way proven to enhance muscle function in the head and neck, according to the company. But Shock Doctor (**shock-doctor.com**) has been adding product categories. Harvin has a custom mouthgard and is testing out a new chinstrap.

"We're getting his input on the fit characteristics" of the strap, Turkbas says. "That will be really important in how we develop the commercial line."

—John Palm

TOP TICKETS

Megan Wiley

Esperanza Spalding Hits "Blend"

Spalding was the Best New Artist Grammy winner this year, the first jazz musician to claim that prize. She wends her way through Portuguese, English,

and Spanish lyrics while taking turns on electric and acoustic bass. Her Chamber Music Society seamlessly blends string trio with piano, keyboards, and percussion. The result is an irresistible multigenre concoction. October 4, 7:30 P.M., $35–$55, O'Shaughnessy Auditorium, St. Paul, 651-690-6700, **oshaughnessy.stkate.edu.**

Malkmus Returns with the Jicks

Many things have changed since the 1990s heyday of alt-rockers Pavement, where Stephen Malkmus was front-

man—the morphing of alt-rock into indie rock, for one. But his trademark guitar virtuosity and snarky songwriting are intact with the Jicks, whose August 2011 release, *Mirror Traffic*, was produced by groove-rock royalty Beck. October 8, 7:30 P.M., $25, Pantages Theatre, Minneapolis, 800-982-2787, **hennepintheatretrust.org.**

Trissential Makes Personality Essential

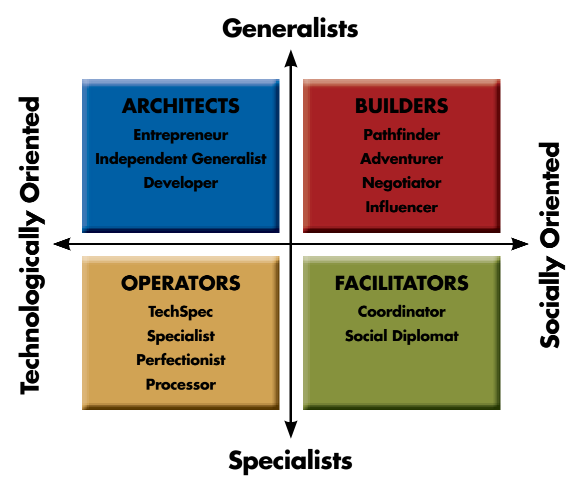
A Match.com approach to business consulting.

At Trissential, a Minnetonka-based business-improvement consultancy, the firm's leaders thought they might have found a shortcut in hiring five years ago: a survey, developed by Organizational Analysis and Design of Massachusetts, that has just two questions but speaks volumes about people's personalities and work styles. Were the best consultants all similarly hardwired? Trissential gave the survey to its employees and prospective hires, looking for a pattern that would make the best job candidates readily apparent.

It didn't emerge, but something else did—what Trissential's director of integrated marketing, Rebecca Martin, has come to refer to as a "Match.com" approach to business.

Trissential was having success putting its consultants into client companies to tackle projects, says cofounder and principal Keith Korsi. But he and his colleagues realized that it wasn't because there was a "best" type of consultant for Trissential to hire. Instead, the firm's consultants had diverse personalities, according to the survey. Translation: There are lots of "bests" to have on staff if Trissential can match them well with clients' personalities.

"You gotta know what is king at the client . . . cost, scope, schedule, quality," Korsi says. "What are your hot buttons?"



The most effective work teams will include personality types from all four quadrants on this chart, says Trissential cofounder Keith Korsi. But what's most critical is each person's ability to listen, think, and adapt to the styles of others. "It's not how you're wired" that matters, Korsi says. "You've got to worry about how the other person, the receiver of your message, is wired."

The survey asks takers to check off on a list of personality traits the ones they would use to describe themselves, and then the ones they need to display at work. Based on their answers, Korsi says, most people fall into one of 13 distinct personality categories that are grouped into four color-coded quadrants. "Blues" are technically oriented architects and developers. "Greens" restore harmony and find common ground.

He needed a social-diplomat Green at a Wisconsin-based *Fortune* 500 with a highly competitive culture. The company was experiencing high turnover in a particular type of job. Korsi says he could see that his client was consistently hiring personalities that were inherently averse to the cutthroat work environment there. He sent his Green consultant in to temporarily fill the post and it became a long-term arrangement.

Some Trissential clients now use the survey with their own staffs. Texas-based MoneyGram International, a payment services company, has been changing up its sales presentations ever since the company's senior director of global product development, Jason Patten, and 30 managers who report to him took the survey.

"We've got to be more sensitive, I think, to people's styles and communications," Patten says.

Korsi puts it this way: "People aren't weird; they aren't jerks. They're different."

—*Christa Meland*

Text it or Post-it? There's nothing you can scribble on a digital Post-it that you can't say just as well in a text or e-mail, but 3M's new Post-it PopNotes app does have two advantages: You can place notes at a specific time and place, just like you can with sticky-backed paper Post-its. "Geo-triggered" notes show up on recipients' iPhone or iPad screens when they arrive at a designated location (if they have the 3M app, too). Notes also can be scheduled to pop up at a specific time. At launch time in late August, the app worked only in the United States and on Apple devices, but 3M will extend it to other mobile platforms. *—D. L.*

Hip-Hop diploma-cy is taking McNally Smith College of Music into overseas markets. McNally Smith in St. Paul offers the country's only diploma program in hip-hop: three semesters on composition, production, performance, and "business training geared toward hip-hop specific issues."

Interesting enough, but now add China to the mix. In August, McNally Smith President Harry Chalmiers signed a student-faculty exchange agreement with one of China's largest music schools, Shenyang Conservatory, which was looking for a way to satisfy the exploding interest in hip-hop there. *—D. L.*

ARTS PICKS

Camille LeFevre

"The K of D: an Urban Legend"

Laura Schellhardt's one-woman tale of a teenage summer in small-town Ohio is a wonder of death, renewal, and enlightenment. Actress Renata Friedman's singular gestures and storytelling conjure a world in which her twin brother is killed and she's rumored to have acquired a supernatural kiss of death. October 8–22, times vary, $15–$28, Illusion Theater, Minneapolis, 612-339-4944, **illusiontheater.org.**

New Works and Old at the Reopened Weisman

The Weisman Art Museum reopens with Cartography of a Collection, iconic works from its permanent collection on display in new, Frank Gehry–designed galleries. In addition, there are WAM-commissioned new works from installation artists Sharon Louden of New York (*Merge* takes its inspiration from Gehry's architecture) and Eun-Kyung Suh of Duluth (her work dovetails with the Korean furniture collection). October 2–May 20, Weisman Art Museum, Minneapolis, 612- 625-5266, **weisman.umn.edu.**

RIK SFERA

DINING Tricia Cornell

Tilia's Menu Sleepers

A humbler confit and "faux gras."

"Confit is the French word for it," chef and restaurateur Steven Joel Brown explains, but his tone implies that, at Tilia, the humble "potted meat" on the menu will always be potted meat. In his childhood memories, "it was right next to the Underwood Deviled Ham in the grocery store."

Tilia's kitchen crew renders fat from the meat that's on hand—often scraps of the Wild Acres Duck that's on the lunch and dinner menu, but sometimes pork or goose—then cooks the meat very slowly in its own fat to preserve it. That's potted meat, and it's become a surprise best-seller on the menu, perfect for smearing on spears of buttery toasted baguette. The classic Provençal spice mix (black pepper, cinnamon, nutmeg, and clove) lingers on the tongue.

Tilia
2726 West 43rd St.
Minneapolis
612-354-2806
tiliampls.com

CRAIG BARES

Chef Steven Joel Brown says potted meat, preserved by slow cooking in fat and rich with autumnal spices, "goes hand in hand with using as much of the animal as we can. I want to be respectful." The restaurateur in him adds, "And it keeps prices down."

A close cousin on the menu, Brown's "faux gras," is another sleeper favorite. He says he adapted it from a dish made popular by Washington, D.C., restaurateur and friend Michel Richard. Where Richard uses chicken livers, Brown sometimes uses the duck livers he already has in the kitchen to make tiny ramekins of rich-as-suede spread.

What really makes this neo-French dish special, however, is the accompanying eggplant. Brown, inspired by an Indian chutney, cooks the eggplant with honey, tamarind, and a mix of 30 spices until it becomes something else entirely—a complex and almost impossibly smooth dollop of flavor.

The perfectly crunchy sticks of bacon that come alongside it are "a happy accident," Brown says. Thank the staff, who hit upon the combination one day while they were snacking.

SMALL BITES | RESTAURANT NEWS

• Montreal-style smoked meat is coming to the fringes of Uptown/Downtown Minneapolis. **Tobie Nidetz** of Foodguy Consulting and real estate attorney **David Weinstein** have purchased the former Auriga building, empty since 2007, for their **Rye Delicatessen and Bar**, slated to open in October.

• A new stop to make on the U's West Bank on Gopher game days: **Republic**. **Matty O'Reilly** (318, Aster Café) has created a fine gastropub with an especially fine dessert lineup from pastry chef **Sheela Namakkal**, formerly of Cake Eater Bakery.

• Last winter, **Dawn Lee** and **Laura Kennedy** raised $12,000 on Kickstarter to launch the **Donut Cooperative**. Watch for their opening in October at 25th Street and 30th Avenue South in Minneapolis. —*T. C.*

{ Plugged In }

Where some of the region's most accomplished leaders will be gathering this month.

BY ANNA BEFORT

{ October 1 }

Juvenile Diabetes Research Foundation's Imagination Ball

The fall gala season is in high gear; it feels like you could attend a ball every night. One that attracts a fantastic turnout of business leadership each year is the Imagination Ball. While raising money for diabetes research, it also invites guests to do their best Mad Men impersonations: The preferred dress code for the evening is 1960s cocktail attire. **5:30 P.M., $225 per person, The Depot Renaissance Minneapolis Hotel, Minneapolis, 952-851-0770, jdrf.org/mnnd**

{ October 11 }

Greater MSP Launch Party

Business and community leaders will gather to mark the launch of the new regional economic development organization, Greater MSP. The public-private partnership grew out of the CEO-led Itasca Project, whose research showed the need for a central group to coordinate a clear vision and strategy for the area's economic development. "It's by-invitation, but they're looking to build a very significant crowd," says Tunheim Partners' Kathy Tunheim. "My view is that anybody who is interested in economic development . . . ought to be reaching out to Greater MSP and seeking an invite." **6 P.M., Pantages Theatre, Minneapolis, 651-287-1300, greatermsp.org**

{ October 1 }

Weisman Art Museum's Grand Reopening Gala

Getting architect Frank Gehry to design the Weisman's 8,100-square-foot expansion (he designed the original structure) was a major coup. He will be on hand to welcome guests to the gala, which takes place the evening before the museum officially reopens. "What distinguishes this event is the university and design community's deep engagement [with the project], as well as the architect being present," says Ellen Goldberg Luger, executive director of the General Mills Foundation. Those communities will be well represented, as will businesspeople from corporate sponsors such as Target, Thomson Reuters, and Valspar. Not surprisingly, it'll be a creative evening, with aerial arts, street painting, music by the New Standards, and dinner in the new galleries. **6 P.M., $250, Weisman Art Museum, Minneapolis, 612-625-5266, weisman.umn.edu**

{ October 9 }

Friends of the Saint Paul Library's Opus & Olives

Intellect, intrigue, celebrity, and martinis are just a few of the things you'll find at the Friends of the Saint Paul Library's annual gala. Among the crowd of 800 literati, you'll also find many east-metro businesspeople, community leaders, and philanthropists, says Russ Nelson, president of Nelson, Tietz & Hoye. A martini bar fuels the pre-dinner reception, where attendees can mingle with featured writers, including best-selling author Frank Delaney; Erik Larson, who wrote *The Devil in the White City*; mystery writer Karin Slaughter; and journalist Mitchell Zuckhoff. After the chef-driven dinner, each of the authors will speak about their work, with more opportunities to mingle afterward. **5 P.M., starting at $150, Crowne Plaza St. Paul–Riverfront Hotel, St. Paul, 651-222-3242, bit.ly/p743B1**

{ October 12-13 }

25th Annual Minnesota Venture & Finance Conference

Since its start in 1987, the Collaborative's conference has become one of the more successful events of its kind in the country, bringing together hundreds of entrepreneurs and investors each year. That feat will be celebrated, and expanded upon, during this year's conference, starting with a special evening event on October 12 at the Metropolitan in Golden Valley to celebrate its 25th-year anniversary. In addition to its impressive lineup of speakers (including keynote speaker Governor Mark Dayton), the event boasts up-and-coming leadership and talent. **7:15 A.M. (Oct. 13), $595 prior to event, Minneapolis Convention Center, Minneapolis, 612-338-3828, bit.ly/oZLL37**

{ October 13 }

"The 1968 Exhibit" Opening Party

Covering the pivotal events of a year that changed the world—from the unforgettable music to the antiwar protests to the assassinations of Martin Luther King, Jr., and Robert Kennedy—the Minnesota History Center's trip down memory lane should attract a wealth of baby boomer business leaders. "Anyone in the Twin Cities' business and creative community who follows pop culture and the counterculture will join me and other children of the '60s," says Doug Spong, president of Carmichael Lynch. The evening includes shorts by Minnesota filmmakers, a 1968 Trivia Smackdown, music from the era, a cash bar—and, of course, a sneak preview of the exhibit, which opens October 14. **7 P.M., $18, Minnesota History Center, St. Paul, 651-259-3015, minnesotahistorycenter.org/1968opening**

{ October 18 }

***La Cage Aux Folles* Opening Night**

This Broadway revival (familiar to many thanks to the 1996 movie *The Birdcage*, starring Robin Williams and Nathan Lane) won three Tony Awards in 2010—a reputation that should garner a big audience for its eight-show Twin Cities run. The event is sure to pack the theater full of Twin Cities creatives and businesspeople. **7:30 P.M., starting at $35, State Theatre, Minneapolis, 800-859-7469, hennepintheatretrust.org**

{ October 14 }

WomenVenture Fall Leadership Event

If you want to surround yourself with accomplished Minnesota women, there are few opportunities better than the annual WomenVenture luncheon, which fills the Convention Center with 1,000 professionals (14 percent of whom own their own businesses) and community leaders celebrating women in business. This year's keynote speaker, reporter Connie Chung, will talk about her challenges and successes over a four-decade career. The program also includes awards for pioneering local businesswomen. **10:30 A.M., $125, Minneapolis Convention Center, Minneapolis, 651-646-3808, womenventure.org/conference**

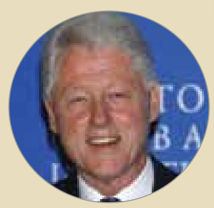
TO OUR HEALTH

October seems to be the month for hospital- and health-related galas. All are worthy causes, and all bring out a slightly different mix of local business leaders, depending on each institution's board representation. A brief roundup:

• **Oct. 15: Abbott Northwestern Hospital Foundation's Medicine Ball**
Backed by a high-profile board (Blythe Brenden, Muffy MacMillan, Robert McCrea, Marialice Harwood), this ball will raise money for Abbott's new birthing center, slated to open in fall 2012. **6:30 P.M., $500, Minneapolis Marriott City Center, Minneapolis, 612-863-4612, bit.ly/qS2p4U**

• **Oct. 22: Regions Hospital's Wine Auction**
More than 1,000 people attend this wine-focused evening, with proceeds supporting the hospital's new DayBridge program, which offers mental health treatment for adults. **6 P.M., $250, St. Paul RiverCentre, St. Paul, 651-254-2376, thewineauction.org**

• **Oct. 29: Minneapolis Heart Institute Foundation's Spirit of the Heart Gala**
A high-powered crowd will likely turn out to hear this year's keynote speaker, Bill Clinton. **5:30 P.M., $1,000, Hyatt Regency Minneapolis, Minneapolis, 612-863-3844, mplsheart.org/gala**



• **Oct. 29: Park Nicollet Foundation's Celebration for Life Gala**
Proceeds benefit the foundation's Healthy Community Fund, and you just might win a special Minnesota Wild auction item, such as a team jersey or hockey stick signed by the whole team. **6 P.M., $200, Hilton Minneapolis, Minneapolis, 952-993-5023, parknicollet.com/foundation/cfl**

• **Oct. 29: Children's Hospital Association's Storyland Ball**
This gala is still going strong after a remarkable 62 years, raising money to promote children's health and help ensure care for sick children in financial need. **6 P.M., $200, St. Paul RiverCentre, St. Paul, 651-220-6176, cha-stpaul.org**

Concierge

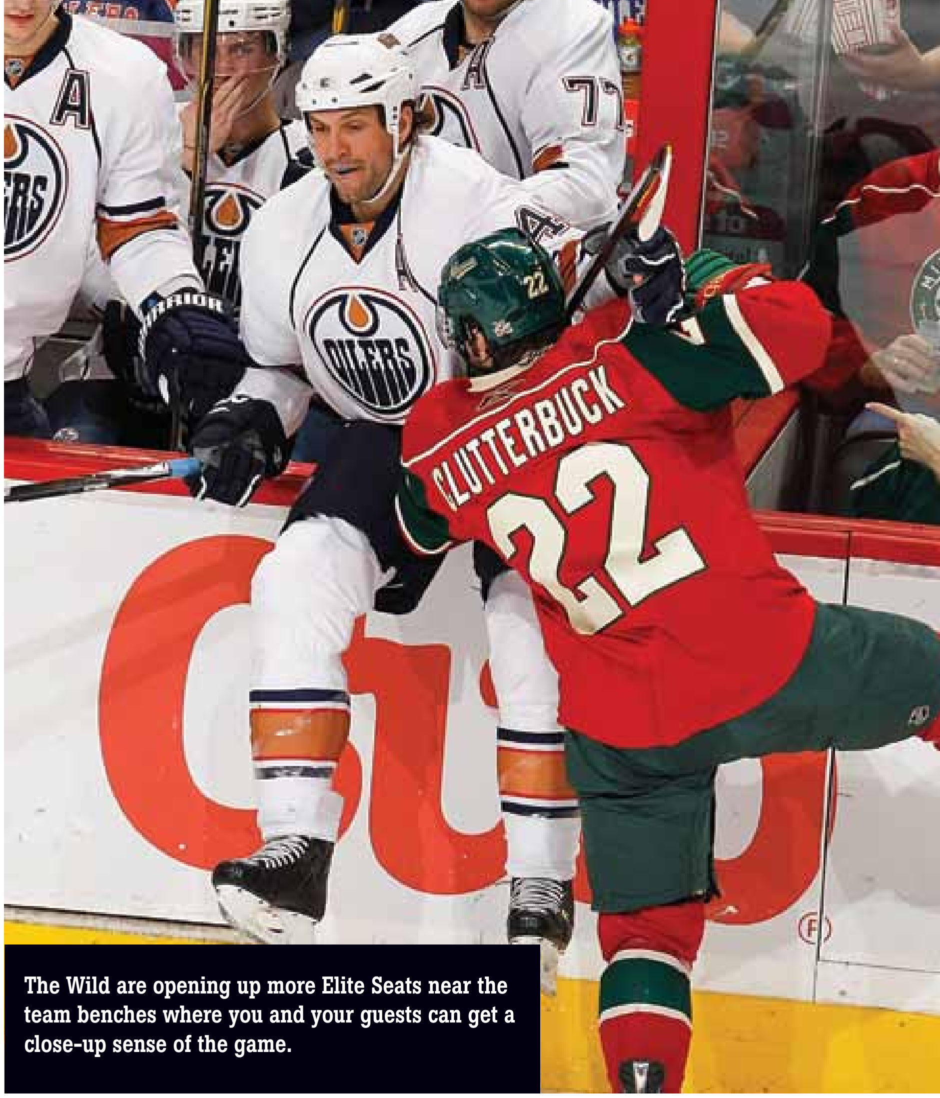
star treatment for VIP clients and guests

Go, Team! Touchdown Entertaining

Make an impression with premium sports experiences.

By Christy DeSmith

The fall sports season is well underway, and it's time to take an important guest or group to a game. The question is how can you do it best? While season tickets offer the surest route to the exclusive corners of our local stadium scene, long-term commitments aren't always required. Check out these plum seats, suites, and stadium eats available on a game-by-game basis.



The Wild are opening up more Elite Seats near the team benches where you and your guests can get a close-up sense of the game.

The Vikings add to the VIP experience in their suites with visits from cheerleaders and retired players, plus deliveries of memorabilia for everyone in your party.

Vikings

Start with a pre-game field pass, where you and your guests can watch the team prep for the game. Next, head for the 12- or 16-person suite you reserved in advance. Here you can schedule a special visit from Vikings cheerleaders or retired players such as Carl Eller and John Randle. Tip: Ask J. P. Paul, director of suites and premium seating, to have his staff make a pre-game delivery of Vikings jerseys or other team memorabilia for everyone in your party. Twelve-person single-game suites start at $6,300. 952-918-8505, **vikings.com**.

Gopher Football

The still–new feeling Gopher football stadium, with its glistening clubrooms and private box seats, is one of the best sports venues in town. For small groups, reserve seats in the indoor or outdoor clubrooms. Larger groups can vie for the private suites; reservations well in advance are a must here, as these are particularly popular.

Wherever you land within the stadium's premium seating areas, you'll enjoy reserved parking, a private stadium entrance, and access to the DQ Club Room, a comfortable 20,000-square-foot lounge with private concessions. Premium seating starts at $175 per person. Prices vary by game. 612-626-4653, **goldengopherfund.com** or **bit.ly/neDILN.**

Timberwolves

If you're lucky (and fast) enough, you can put your VIP guests in front-row seats. These are located along an extension of the team benches and come with gourmet food and beverages, leather-padded seating, and access to the Lexus Courtside Club.

Another option is to purchase a last-minute bundle of passes to the BackCourt Club. Perfect for out-of-town guests and fans of other basketball teams, the club overlooks the opposing team's entrances and exits. It's also equipped with members-only carving stations and private full-service bars.

For more information on tickets for the Lexus Courtside Club and the BackCourt Club: 612-673-8070, **timberwolves.com**.

Wild

This year, the Minnesota Wild is boosting the number of Elite Seats at Xcel Energy Center. Located between, and close to, the two teams' benches, fans sitting in these seats experience an enhanced sense of the game as they watch players duke it out on the ice and then interact with their teammates back on the bench.

Before the game, ticket holders are greeted in the players' parking garage, where a valet parks their cars. They're

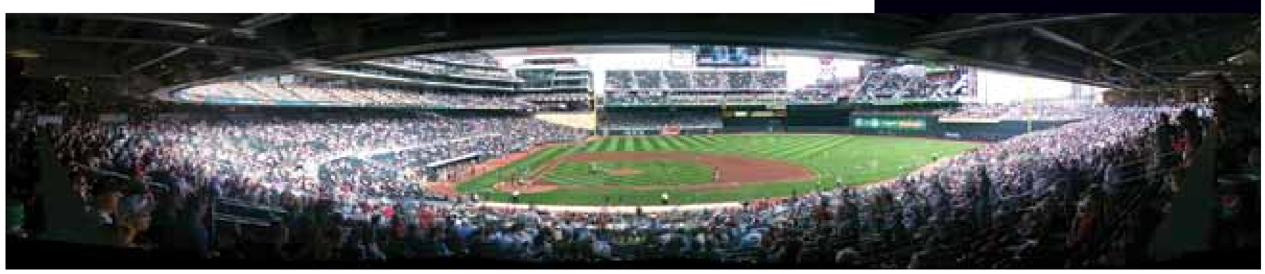
At Target Center, the Timberwolves' entertainment scene borrows from the feel of nearby nightclubs along First Avenue.

then escorted to the Headwaters for a buffet dinner, beverages, and dessert before taking their seats. During the game, guests enjoy complimentary beverages and snacks in the exclusive Fishing Lodge, a private bar right off the ice. Additional perks include being invited to post-game press conference to hear the head coach Mike Yeo talk about the game and the team. Elite Seats start at $2,000 per four-person pack. 651-602-5739, **wild.com**.

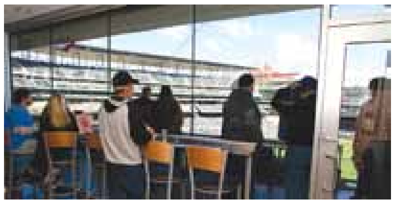
Twins

Though the Twins' season is winding down, there are still a few last games to catch at one of the big leagues' most attractive new ballparks. With the gorgeous Metropolitan Club—where season ticket holders can catch the game while enjoying a meal—and corporate suites galore, Target Field was practically made for VIP entertaining. Many of the premium seats are reserved for season ticket holders, but there are other ways to enjoy perks at the stadium.

Sweeping views of the city and the game make Target Field a natural for VIP entertaining.



SCOTT BUCHSCHACHER



On the lower-cost side, if your guests are history buffs, purchase a pair of seats in the dugout box and then take them up to the Town Ball Tavern on the club level for food and beverages. Built in homage to Minnesota's amateur baseball leagues, the restaurant features an awesome outdoor patio and the the only cuisine truly indigenous to Minneapolis—the Juicy Lucy burger.

For a more upscale experience, try reserving a bank of event suites. Located on the Club Level, these suites, sold game by game, feature sliding doors that let you tailor the room to the size of your group. Full-service catering offers everything from hot dogs and peanuts to filet mignon. Dugout box seats start at $80 per person; event suites start at $2,500 for a 24-person room. 800-338-9467, **twinsbaseball.com**.

Want to Bet? We'll wager you're curious about legal sports betting opportunities

Thanks to the federal Unlawful Internet Gambling Enforcement Act, passed by Congress in 2006, online gambling transactions are prohibited by the U.S. government. In addition, there are zero venues for legal sports wagering in the state of Minnesota. But betting is legal at the two horseracing facilities near the Twin Cities, Canterbury Park in Shakopee and Running Aces Harness Park in Columbus (near Forest Lake). While you can't bet on the big Vikings game, you can safely bet on national horseracing events any day of the week. And thinking ahead, you may want to save up for next year's live racing season, which runs from Memorial Day through Labor Day. 952-445-7223, **canterburypark.com**; 651-925-4600, **runningaceshar-ness.com.**

Minnesota Family Business Awards 2011

Join us this November when we honor five outstanding family-owned businesses, and the value they add to Minnesota's economy and overall quality of life.

2011 Honorees

Company	Category
AmeriPride Services	Legacy
Angie's Kettle Corn	Emerging
Jones Metal Products	Women-Led
M. A. Mortenson Company	Global
Pine Tree Apple Orchard	Family-Focused

These top finalists will be acknowledged at the awards celebration: JNBA Financial Advisors, Liberty Diversified, Madden's Resort, Mrs. Gerry's Kitchen and Sparboe Farms.

Awards Dinner: November 10, Hyatt Regency Minneapolis
For tickets, call 612-336-9288.

Presented By

TwinCities Business
Hubler For Business Families

Platinum Sponsors

Bremer Bank
Gray Plant Mooty
Lurie Besikof Lapidus & Company, LLP
University of St. Thomas Minnesota
Family Business Center UST Opus College of Business

Gold Sponsors

Chaffee & Associates LLC Wealth Transfer Specialists

Spotlight
people and companies to watch

Flooring It

Citadel Floor Finishing Systems is experiencing accelerated growth.

A little more than five years ago, Patrick Ilfrey was looking for a protective coating for residential insulation. He found it in the back of a truck—a substance called polyurea, which is used to protect truck beds from damage. Ilfrey also used it to found a fast-growing company called Citadel Floor Finishing Systems. The six-year-old firm's revenue was just under $10 million in 2010, and it's on pace to exceed that in 2011.

Citadel's coatings "protect concrete against water, salt, oil, and other common products on an industrial or garage floor," Ilfrey says. "It doesn't require nasty solvents for application, and it doesn't scratch or wear off, even in warehouses with forklifts and other heavy machinery running over it all the time."

Ilfrey says that a number of restaurants are adopting concrete floors instead of standard tile because of Citadel's polyurea coatings. "Mold can't grow on it, so our product is FDA compliant," he says. And though Citadel's coatings are "typically four times stronger than competing products," Ilfrey notes that they're "cheaper and easier to maintain than tile—no stripping and rewaxing needed, just a plain wash. We also have coatings specific to each part of a restaurant—nonslip in the kitchen, and a new one that makes a concrete floor look like marble for entryways and main floors."

Citadel grew out of Ilfrey's other company, a Blaine-based basement and home restoration business called Waterproofing, Inc. About six years ago, looking for a coating over insulation that could be applied year-round, he developed a easy way to apply polyurea: "Then I thought, 'Why not use it on concrete?'"

In 2007, Ilfrey took the product to the world's largest concrete trade show, in Las Vegas. "We had a picnic table in the parking lot," he recalls. This past January, the company had a prominent display in a main hall. In between those appearances, Citadel has built acceptance primarily through word of mouth among architects and contractors.

The polyurea coatings that CEO Patrick Ilfrey's company developed have been used to protect a helicopter landing pad at Rockford Memorial Hospital in Rockford, Illinois (left, top), and to provide a warm floor appearance for the Dahl Auto Museum in LaCrosse, Wisconsin.

STEPHANIE COLGAN

Garage Pro, a custom garage interior company in North Dakota, uses nothing but Citadel's products when sealing floors. "Epoxy is guaranteed to fail within one to two years," manager Darin Martell says. "I have no doubt that Citadel's coating will outlast its 20-year warranty."

For the nonprofessional, do-it-yourself market, Citadel has introduced a coating under the brand Rock Solid Floors. It's now available at Lowe's and Menards; Ilfrey says that his company also is in discussions with Home Depot. Rock Solid recently signed a distribution deal with Hirschfield's, which will help Citadel expand its network of professional contractors.

Meanwhile, Ilfrey has been courting international buyers, "because not everyone was going through a recession," exhibiting at Europe's largest concrete show, among other marketing efforts. In 2010, international sales—markets include Brazil, Australia, and Mexico—accounted for approximately 35 percent of Citadel's revenue.

Waterproofing, Inc., still exists, but Ilfrey is focusing on Citadel. "In five years, we'll be entrenched in retail outlets, including automotive shops," he predicts. "We'll have water remediation products on the market, and an even more extensive global outreach."

—Michael Lotti

ON THE WEB

You can see a portfolio of Citadel floor projects (along with some great vintage cars) at **facebook.com/Citadelfloors**

Fast and Fizzy

Joia All Natural premium sodas' rapid flow from idea to a store, restaurant, and coffeehouse near you.

For years, Bob Safford—a two-decades–plus marketer whose career includes stints at General Mills, Kraft, and Fingerhut—created his own sparkling drinks for friends. In the spring of 2010, he thought: Why not turn that hobby into a business? That April, Safford left his job as chief marketing officer of Minneapolis-based jewelry company Chamilia to start Boundary Waters Brands, LLC. In June of this year, his Minneapolis-based start-up introduced the Joia All Natural brand of premium sodas.

Unlike other highly regarded soda brands such as Colorado-based Izze's, Joia offers unique flavor combinations: grapefruit, chamomile, and cardamom; lime, hibiscus, and clove; blackberry, pomegranate, and ginger; and pineapple, coconut, and nutmeg. The flavors are interwoven so that the spices don't dominate the palate. Joia also uses cane sugar instead of high-fructose corn syrup, and not in cavity-inducing proportions. In short, this isn't pop: It's soda for grownups.

In launching Boundary Waters, Safford and cofounder Carleton Johnson, a marketing industry veteran whom Safford has known since both worked at ad agency Campbell Mithun in the 1990s, believed that there were several reasons why such distinctively flavored sodas might catch on. One reason: "There's so much going on the beverage market now," Johnson says, with new brands appearing continually. Safford also noted the trend toward incorporating spices, herbs, and other untraditional flavors into food categories such as ice cream, chocolate and sweets, and salty snacks. Why not soda? And Boundary Waters believed that it could create something that people would actually savor. In doing market research, Safford tried dozens of small-batch, independently produced U.S. sodas. His succinct conclusion: "They were awful."

Weeks of hunting convinced Safford and Johnson that no one was producing the kind of sodas they wanted to make. They then called on Dan Oskey, cocktail mixologist at the Strip Club

SPOTLIGHT

Boundary Waters cofounders (from left) Carleton Johnson, Steven Walker, Dan Oskey, and Bob Safford serve up some Joia at the Linden Hills Co-op in Minneapolis.

restaurant in St. Paul, to help them develop recipes. They started with more than 100, narrowed them down to eight (none based on Safford's own mixes, by the way). After a series of blind taste tests with family and friends in November, they took the six best-received recipes to a "flavor house" (a business that puts together ingredient combinations for food companies, household products manufacturers, and other clients). More taste tests followed in late January, and Boundary Waters whittled down the number of product possibilities to a final four.

The next step: concoct the marketing mix. Boundary Waters tapped Minneapolis-based Spunk Design Machine to create the branding and packaging, which Safford says imparts an "artisanal, natural, celebratory" message. But while Safford was able to get enough funding to get Boundary Waters flowing—one of the company's board members is former Burger King CEO and Olive Garden President Brad Blum, now a Florida-based restaurateur and investor, whom Safford worked with at General Mills—he didn't have many marketing dollars to play with. The strategy had to be, as Johnson describes it, "sample, sample, sample."

Safford terms the Joia target market "the 'zest for life' consumer." It's a "frame of mind rather than a social demographic"—it describes customers who are "cultured, educated, and enjoy trying new things." This is where Boundary Waters credits the Twin Cities as a notably strong market to launch a product like Joia. They're home to a number of food co-ops and higher-end independent grocers that "are very receptive to new products that are local and artisanal," Safford says. Besides those outlets, Joia has offered samples of its sodas at cultural gatherings including the Twin Cities Fringe Festival, the Ivey awards, film festivals, and art openings at cutting-edge galleries such as the Soap Factory in Minneapolis.

The strategy appears to be working. As of late August, Joia was available in around 100 Twin Cities–area supermarkets (including Lunds, Byerly's, and Kowalski's), restaurants, coffee shops, and delis. Fern Weiss, purchasing manager at Minneapolis's Wedge Co-op, wasn't looking to add to the "ton of sodas" her store already carries. But she did, and Joia is "selling really well." Customers like the "wonderful taste profile" as well as it being "not too sweet."

Boundary Waters credits its distributors—Thorpe Distributing, Capitol Beverage Sales, and College City Beverage, all allied with the Budweiser brands—for helping boost early sales. The sodas themselves are brewed and bottled by Minneapolis-based Crispin Cider Works' facility in California. Boundary Waters is planning to expand into other markets beginning next year; it's also considering new flavor varieties.

Joia's development from idea to launch might seem mindbendingly fast. But it reflects entrepreneurial nimbleness and focus, plus some truths about starting a beverage business. Notes Safford: "Cost barriers are fairly low, and everything can be outsourced."

—Gene Rebeck

For the Birds

All Seasons Wild Bird Store celebrates 20 years—and five locations—under its current ownership.

Twenty years ago, Al Netten bought the struggling All Seasons Wild Bird Store in Bloomington, where he'd been a customer. It's not struggling anymore. All Seasons now has five metro locations, selling feeders, birdhouses, books, binoculars, and birding-relating gifts. Its specialty, however, is food. All Seasons stores carry more than a dozen varieties of seeds and mixes "blended exclusively for us from our recipes, and delivered fresh to our stores twice a week," Netten says.

All Seasons' most popular brand, Joe's Mix, is a medley of sunflower and safflower seeds meant to attract all types of birds. Another big seller is the Cracker Jax Mix, which attracts finches, woodpeckers, and cardinals. Bird food brings in about 70 percent of All Seasons' sales, which are transacted on line as well as in stores.

"Their food is really the best quality," White Bear Lake resident and regular customer Katrina Hase says. "They also have a huge variety to entice different kind of birds, and the staff is really good at knowing which mix to use and when."

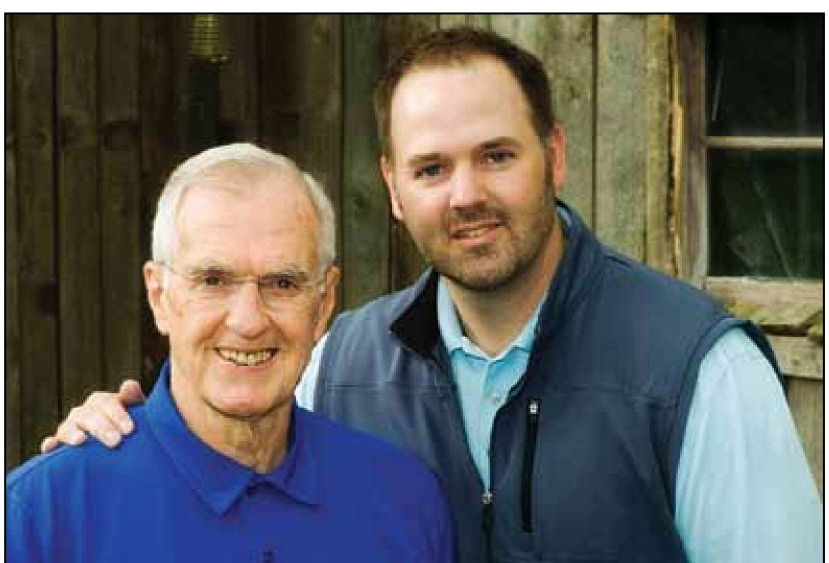
Bird food mixes cost between $2.50 to $3.50 per pound, higher than most big-box retailer prices. Netten says that All Seasons compensates for its higher prices with distinctive services. Most notable is its "store-to-door" operations, which include home delivery, feeder repair, and regular feeder cleaning, refill, and maintenance. (These services are popular with snowbirds, human as well as avian.) Some of these services are offered for free; a feeder maintenance trip costs $8.95.

"It's not a big part of the business, but is certainly something no one else is doing in the market to the extent that we are," says Al Netten's son Dave, who joined the business in 1995.

Most of All Seasons' 45 employees are experienced backyard birders who can help their customers choose the right food and feeders. All Seasons' bimonthly newsletters inform readers which birds to look for at the time, and recommend what to feed them. To help build and expand the local birding community, All Seasons staffers also make presentations at local schools and nursing homes, and they welcome sighting stories on the retailer's Facebook page and Web site.

All Seasons saw a slight uptick in sales in 2010—revenues were more than $2 million—and an 8 percent increase this year as of August. "We're not immune to recessions, but we're more driven by bird migration patterns, and weather," Al Netten says. "If birds are out there and eating, our customers are going to feed them." TCB

—*Nataleeya Boss*



Al and Dave Netten promote bird feeding throughout the Twin Cities.

Presented by the

MINNESOTA HIGH TECH ASSOCIATION

Minnesota's tekNē Awards

BE INSPIRED

Minneapolis Convention Center

Thursday, 11.3.2011

4:30 pm VIP Reception
5:45 pm Dinner
7:00 pm Awards Ceremony
8:30 pm Post Tekne Party

Reserve your tickets today!

$195 Individual Tickets
$1750 Table for Ten
$2750 VIP Corporate Table
(Includes Table for Ten)

Visit **tekneawards.org** to register and for more information.

CONGRATULATIONS MINNESOTA TEKNE AWARD FINALISTS!

Advanced Manufacturing
CyberOptics Corporation
IKONICS Corporation
Nova-Tech Engineering

CleanTech & Energy
Ecolab
Honeywell International
LightingHouse USA

Computer Hardware & Electronic Devices
Barrier1
Global Traffic Technologies
Imation

EduTech
Capella University
Naiku, Inc.
Sophia

Innovative Collaboration of the Year
Maverick Software Consulting Partnership
Normandale Community College & Foundation
TIES

Life Sciences - Established Company
Ecolab
Minntech Corporation
Starkey Laboratories

Life Sciences - Small & Growing Company
OrthoCor Medical
Pursuit Vascular
QuickCheck Health

Mobile & Communication Technologies
Avtex
GeaCom, Inc.
QONQR, LLC.

Software - Established Company
Imation
State of MN-Career One Stop
Unisys

Software - Small & Growing Company
Calabrio
Insite Software
Xollai

Technology Excellence in a Non-Profit Organization
Asian Media Access
City of Minneapolis
TIES

Technology Services - Established Company
Digital River
Merrill DataSite
Thomson Reuters

Technology Services - Small & Growing Company
Agosto
Apex Print Technologies
CaSST, Inc.

Technology Use in Sustainability
KPMG
Neighborhood Innovations
Parallel Technologies

PLATINUM SPONSORS

THOMSON REUTERS
UnitedHealth Group

GOLD SPONSORS

Grant Thornton
Honeywell
padilla speer beardsley

MEDIA SPONSOR

TwinCities BUSINESS
tcbmag.com

SILVER SPONSORS

Comcast BUSINESS CLASS
SCALES

EVENT PARTNERS

BioBusiness Alliance of Minnesota, Enterprise Minnesota and LifeScience Alley

2011 OUTSTANDING DIRECTORS

HONORING FIVE OF MINNESOTA'S MOST VALUED CORPORATE BOARD MEMBERS.

STORIES BY **PHIL BOLSTA**
PHOTOGRAPHS BY **SARA JORDE**

Twin Cities Business is once again proud to honor a group of experienced, insightful people who have helped make the companies on whose boards they've served to run more effectively for their customers, shareholders, and employees. All are experienced business leaders who understand the challenges that company leaders confront. And all are passionate lifelong learners who have combined their insights and curiosity to help craft creative ways to meet those challenges.

This is the 16th year that *Twin Cities Business* has honored top local-company directors. Once again, the magazine worked with a remarkable panel of judges. (For the criteria that these judges used to select this year's Outstanding Directors, see the Editor's Note on page 10.) They were David Fisher, Minnesota Regional Chapter president of the National Association of Corporate Directors; Kenneth Goodpaster, chair of business ethics, University of St. Thomas; Linda Hall Keller, entrepreneur in residence, Carlson School of Management; Steve Zenz, retired partner of audit for Minnesota and Iowa, KPMG; Mark Sheffert, chairman and CEO, Manchester Companies, Inc.; and Dale Kurschner, editor in chief, *Twin Cities Business*.

Sponsored by

Fredrikson & BYRON, P.A.

KPMG

16TH ANNUAL OUTSTANDING DIRECTORS AWARDS CELEBRATION

Thursday, October 20
Minneapolis Club
729 Second Avenue South

5:30 P.M. Cocktail Reception
6:30 P.M. Dinner
7:30 P.M. Awards Program

$100 per person
$800 per table of eight
Corporate table sponsorships available

Reservations are due October 13.
For tickets and more information, contact **Kristie Altstatt** at 612-336-9288 or **kaltstatt@tcbmag.com.**

RONALD JAMES

For lifetime achievement

After a successful career holding executive positions at Northwestern Bell and USWest (the predecessor companies to Qwest and now CenturyLink) and Ceridian, Ron James was tantalizingly close to taking over an entrepreneurial venture put together by a group of angel investors. Then a recruiter for the Center for Ethical Business Cultures called—for the third time. James had turned down the opportunity to lead the CEBC twice before.

The third time was the charm. "I believe that every person's unique destiny lies at the intersection of our God-given gifts and talents, the life experiences that allow us to grow and develop these talents, and the opportunity to share them with others," James says. It occurred to him that the CEBC, an independent 501(c)3 nonprofit, might be "that intersection for me because I care deeply about the purpose of business and about leaders who are focused on both the what [profitability] and the how [ethical behavior].

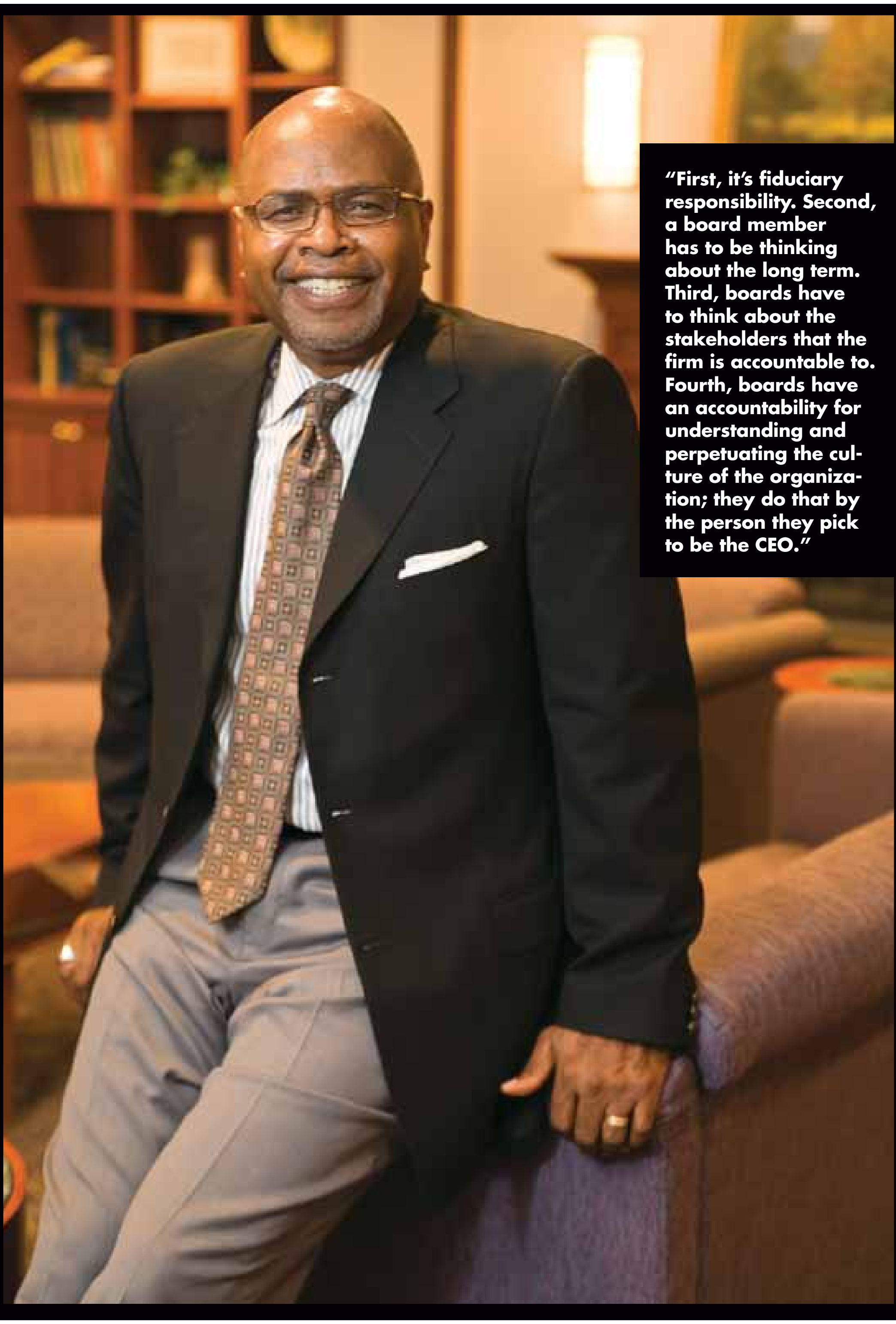
"I grew up in the middle of the civil rights movement with a strong sense of purpose and community, with many people pouring into my life," he adds. "So perhaps this was an opportunity to come full circle and pour into the lives of others."

Eleven years later, James is convinced he made the right decision. "The entrepreneurial venture would have been more of the same because I knew how to do that," he says. "Leading a nonprofit is totally different. Leveraging your gifts and talents and life experiences to make an impact in others' lives, that's pretty powerful. I see that when I see breakthroughs in how the business leaders I work with and the students I teach start to think about the what and the how."

Under James's leadership, the CEBC, which has been embedded inside the Opus College of Business at the University of St. Thomas in downtown Minneapolis since 1988, has developed and pursued a mission to assist business leaders in building ethical and profitable business cultures.

OTHER BOARD SERVICE

- Ceridian Corporation (1991–1995)
- Greater Twin Cities United Way (1992–2007)
- St. Paul Companies (1993–1998)
- Automotive Industries (1994–1995)
- Allina Hospitals & Clinics (2001–2008)
- Allina Hospitals & Clinics' Center for Health Care Innovation (2008–present)



"First, it's fiduciary responsibility. Second, a board member has to be thinking about the long term. Third, boards have to think about the stakeholders that the firm is accountable to. Fourth, boards have an accountability for understanding and perpetuating the culture of the organization; they do that by the person they pick to be the CEO."

PHOTOGRAPHS BY SARA JORDE

Both his work at the CEBC and his business career and have informed James's work as a board member. In nominating James for the 2011 Outstanding Directors award, St. Paul–based Bremer Financial Corporation cited not only his contributions to its own board, but also the numerous for-profit boards to which he has provided insights and leadership. (Page 32 provides a not-quite-exhaustive list of James's board service.)

"Ron has a great grasp of corporate governance issues and best practices, and has been a great value to our board," Bremer Financial Chairman Terry Cummings says. "Thanks to his practical approach to governance issues, the structure of our board has been upgraded quite a bit. Plus, he asks great questions, not just from a governance standpoint but from a managing-the-business standpoint." Among James's achievements at Bremer: leading the addition of an annual board self-evaluation process, which has helped facilitate communication and board governance strategies.

James also serves on the boards of Richfield-based Best Buy Company and Minneapolis-based RBC Funds, a fund group of the Royal Bank of Canada. He chairs the governance committees at both Bremer and RBC. James also chairs Best Buy's executive compensation and human resources committees, and is a member of its finance and investment committees.

Best Buy, James says, is "built on ethics and integrity. The fact that it's growing globally, and in a very interesting space, is also important, as is the responsibility for carrying on and preserving the legacy of the company and its founder, Richard Schulze."

Schulze, now Best Buy's chairman, describes James as "a director who acts with integrity and courage in addressing some of today's complex governance and business challenges. Ron has helped to shape Best Buy's governance and compensation principles in a meaningful way, and in a manner that has built upon the culture and successful history of the company."

James himself sees his board service as "yet another opportunity to enter into discussions of the what and the how." His long and distinguished service as a board director, and his profound commitment to ethical business practices, give him a particularly deep understanding of both.

RON JAMES ON THE INTERSECTION OF BUSINESS AND ETHICS

Based on the extensive research that the Center for Ethical Business Cultures has done, I would describe ethical business cultures as having five characteristics:

- **Values based** The standards of behavior are clearly articulated and practiced
- **Leadership focused** Leaders "talk the talk" and "walk the talk"
- **Stakeholder balanced** Organizations seek to understand and meet the needs of their various stakeholders (customers, employees, shareholders, communities, suppliers, et cetera)
- **Process integrity** The systems of the organization (i.e., hiring, evaluation, pay, promotion, training, et cetera) are aligned with and reinforce its values
- **Long-term planning** Organizations balance the need for short-term results with delivering over the long term, thus sustaining themselves.

Beyond ethical business cultures, there are individual ethics—values and principles that we have developed over a lifetime that guide our individual behavior. We are happiest (and more productive) when there is alignment between our individual and organizational values.

In addition, there are cultural differences in ethics and values around the world. While there are some basic consistencies, local norms and customs may differ in geographic settings. And individuals as well as organizations must learn to recognize, respect, and embrace this difference while maintaining their "sense of core" in order to participate in a global society.

The work of the Center for Ethical Business Cultures is as crucial as ever. Founded 33 years ago, the center now serves at the intersection of the academic and business communities, bridging its decades of knowledge and experience gained in its service to the business community with the academic community's leadership and dedication to preparing tomorrow's leaders.

We see a strong correlation between organizations that invest in building an ethical culture and increased profitability. Intuitively, if you behave ethically, you retain customers, and they buy more from you over a longer period: Employees stay, retention is higher, and retraining costs and quality is improved. We are finding data that support our intuition.

But I'd caution against behaving ethically just to make more money. That puts you at risk of rationalizing what "good" is. And that, in turn, can become a slippery slope.

KAREN BOHN

For board service to Otter Tail Corporation

"I enjoy being on boards of companies that are aggressively growing," Karen Bohn says. "I like companies that have high aspirations and are truly making an impact for their customers. That's an exciting place for me to be."

Bohn spent more than 20 years in various senior management roles at Piper Jaffray Companies, culminating in her position as chief administrative officer. The first woman to serve on Piper's corporate board (from 1992 to 1995) and a former CEO of Piper Trust Company, Bohn currently serves on four boards, including that of Minneapolis-based Ameriprise Bank. She also is the independent chair for Ameriprise Certificate Company, a face-amount certificate company that is regulated like a mutual fund.

At Ameriprise Certificate, "We were positioned well from an investment standpoint going in to the mortgage crisis and economic uncertainty. Our board asked for many presentations on the potential implications for the company and its clients and requested that certain contingency plans be put in place. We tactfully encouraged management to strengthen its communication protocols with the board, and similarly made constructive suggestions on beefing up certain areas of the company."

OTHER BOARD SERVICE

- Blue Cross Blue Shield of Minnesota (1994–1999)
- Gander Mountain Company (2004–2010)

Experiences like these, Bohn says, "confirmed the value of diplomacy. Balancing the need to oversee management and ensure that shareholder and customer interests are being appropriately considered is more readily achieved when conversations are direct and not adversarial."

Bohn also chairs the corporate governance committee for Otter Tail Corporation (Nasdaq: OTTR), a diversified public utility with corporate headquarters in Fergus Falls and Fargo. "On all of the utility customer service and reliability metrics, they're at the top of their game," she says. "It's exciting to be associated with a company that does things so well."

Bohn's business experience and networking skills have enabled her to introduce several outside resources to Otter Tail, including public relations, strategic planning facilitation services, and organizational development consultants. She also has significantly added to the candidate pool for Otter Tail's board.

"Karen's duties demand a detailed understanding of our business, a high degree of integrity, and true dedication to doing what is right for our shareholders," Otter Tail president and CEO John Erickson says. "On all accounts, she has brought value to the board in these areas and others through the depth of her knowledge, the quality of her counsel, and the strength of her convictions."

Bohn understands "where boards need to be focusing their attention, and I respect where management needs to be focusing their attention, and how they can work together for the benefit of the shareholder." Representing the shareholders' interests often means making difficult decisions.

"Sometimes what's right for shareholders can be painful," Bohn observes. "In one case, we determined that the company was better off being privately held. On another board, we determined that it was time for the company to be sold because they could no longer grow and prosper on their own. Ultimately, I believe that in both of those cases the right decision was made for the shareholders."

Bohn also chairs the governance committee of Alerus Financial Corporation, a multibillion-dollar financial services company headquartered in Grand Folks, North Dakota. "At Alerus, we entered the economic downturn with considerable excess capital, and as a result were able to make a number of strategic acquisitions in the Minneapolis and Phoenix marketplaces, significantly enhancing the value of our business," she says. "It's been a very exciting though challenging time for Alerus. It is one thing to make acquisitions, and another to integrate them well. We determined early on that our people were exceedingly capable of the challenge, and they have not let us down."

When her board duties permit, Bohn spends her time on Galeo Group, her consulting company, which provides interim executive services and serves as a strategic management resource for CEOs and senior management teams in areas including governance and leadership.

"Due to Sarbanes-Oxley and the ever-rising bar for corporate governance, serving on corporate boards is a much more time-consuming responsibility than it was 10 years ago. There's a growing awareness of the importance of good governance, which takes time and attention and hard work."

ROBERT LUMPKINS

For board service to the Mosaic Company

Bob Lumpkins not only serves on the board of the Mosaic Company. He helped establish the Minnetonka-headquartered crop nutrition firm.

"In 2004, we merged two organizations that were competitors and really didn't like each other a whole lot," Lumpkins recalls. Those two organizations were Cargill's crop nutrition business and that business's longtime competitor, Illinois-headquartered IMC Global.

"We brought together four directors from IMC, four directors from Cargill, and three independent directors," he adds. "I think you can imagine there was potential that the board would have factions." In fact, Lumpkins says, "the board came together and has worked together in a very constructive, productive way right from the outset."

Lumpkins' diplomatic skills and his long experience at Cargill undoubtedly played a role in that positive result. The Tennessee native joined Cargill full time in 1968 as a freshly minted Stanford MBA and stayed for 38 years. He was appointed CFO in 1989 and vice chairman in 1995. Four years after that, he became one of eight members of Cargill's newly established corporate leadership team. A few years later, Lumpkins and Fritz Corrigan, a corporate leadership teammate, began exploring the possibility of growing the firm's capital-intensive fertilizer business by acquiring or partnering with IMC Global.

"I give Fritz credit for coming up with the idea of merging with IMC," says Lumpkins, who led the negotiations with IMC.

Besides working to merge two competitors, Lumpkins and Corrigan also needed to convince Cargill's board. "It was a little bit 'out there' for a private company to have this publicly traded affiliate," Lumpkins notes.

"There were obvious synergies around bringing those businesses together," he says. Both were top producers of agricultural potash and phosphate. Plus, "You had the opportunity to put Cargill's international marketing skills to work on the output of the combined business," Lumpkins notes. "You had the opportunity to benefit from management depth across two companies. IMC was a little bit thin in management, and Cargill brought a stronger balance sheet to IMC, which had some financial distress at that time."

After five years of negotiations, the creation of Mosaic (NYSE: MOS) was finalized in October 2004. Cargill ended up owning two-thirds of the new company, naming Corrigan CEO. Lumpkins stayed at Cargill for two more years while serving as Mosaic's chairman, a position he still holds.

Mosaic was created with a board of directors that was independent of Cargill, which demonstrated to investors that Mosaic wasn't just a subsidiary of Cargill, and ensured that it was fairly valued in the market. It also enhanced Mosaic's ability to attract executive talent.

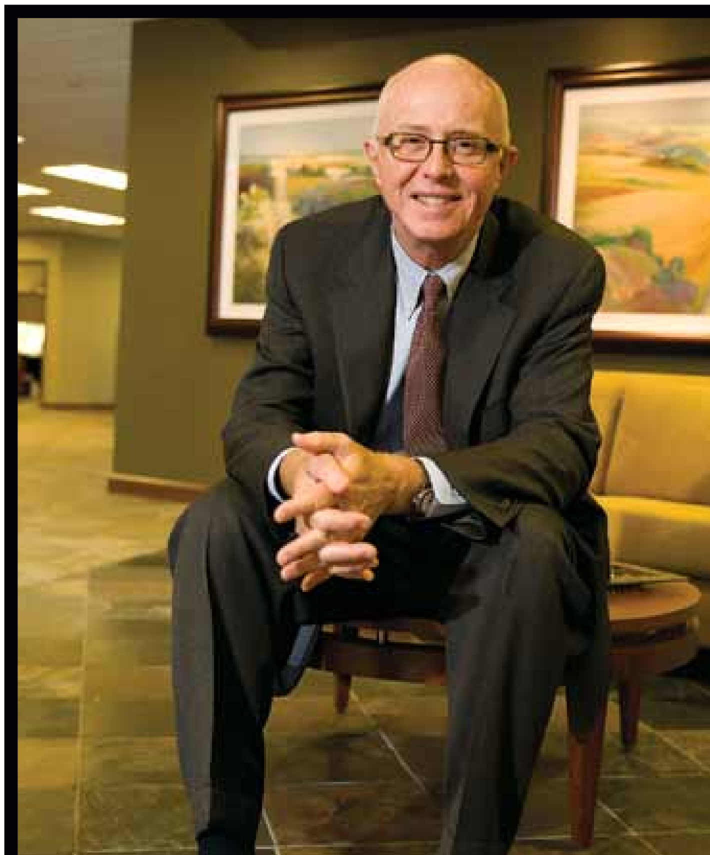
After Corrigan's retirement in 2006, Lumpkins oversaw the hiring of current CEO James Prokopanko. "Jim has brought a deep understanding of customer needs, commercial savvy, and a calm, confident leadership to Mosaic," Lumpkins says. "He's built a strong senior executive team and taken the company to a new level."

While Lumpkins considers the creation of Mosaic his crowning business achievement, he also takes pride in having started Cargill's global financial markets division in 1983, an operation that spawned CarVal Investors, a fund that invests in distressed assets. He also founded Black River Asset Management, a Cargill financial asset trading business.

Lumpkins has served on numerous boards throughout his career. "He brings a very thoughtful, studied perspective to almost any issue in front of him, whether or not it's in his sweet spot," says Douglas Baker, CEO of St. Paul–based Ecolab, on whose board Lumpkins has served since 1999. "We do a lot of work in the food and beverage segment, and Bob's intimate knowledge of that industry and the whole food chain brings great value to us. His board experience, particularly at Mosaic, and all his work with capital markets, brings great specific insight and knowledge."

OTHER BOARD SERVICE

- Cargill (1991–2006)
- Continental Airlines (1993–95)
- Santa Clara, California–based WhereNet, which offers wireless solutions for tracking and managing enterprise assets (2001–2007)
- Webdigs, a Web-assisted real estate brokerage service for homebuyers and sellers (2008–2010)
- Howard University, Washington, D.C. (1999–present)
- Ecolab, St. Paul–based provider of cleaning, sanitizing, food safety, and infection prevention products and services (1999–present)
- Airgas, a Philadelphia-based distributor of industrial, medical, and specialty gases (2010–present)



"I enjoy the intellectual stimulation as well as helping organizations and people succeed and fulfill their potential. Besides, there's only so much golf you can play or so many movies you can see. At this point in my life, I find board service to be very rewarding, and I hope I bring some value to it."

ROBERT MARZEC

For board service to Apogee Enterprises

Fresh out of Northwestern University in 1966, Chicago native Bob Marzec was weighing his options: Should he join Price Waterhouse or Arthur Andersen? He's thankful today that Price Waterhouse was the first to make an offer. "In hindsight, it certainly saved my retirement," Marzec says. "The firm served me well for 36 years. It gave me the opportunity to work with a number of senior executives in a variety of industries and travel the world."

He's also glad—though he wasn't at first—to have been transferred from Chicago to Minneapolis. He became a partner at Price Waterhouse in 1979 and later served as a managing partner until 1998, when it merged with Coopers & Lybrand to form PricewaterhouseCoopers. While Marzec continued to manage the audit practice, he began phasing out his involvement. As part of the merger agreement, the partners' earnings were protected for three years. Marzec, who was 54 at the time, retired shortly before the three-year financial protection window expired. (Company rules would have required him to retire in two years in any case.)

"I didn't want to retire as we were merging the practices because I think that shows poor leadership," he says. "If you're trying to communicate the opportunities from the merger to your staff, you shouldn't be the first one out the door. I had hired most of the people who worked for me and had helped make many of them partners, and I felt obligated to them to stay."

It's that sense of leadership and responsibility that has made Marzec an attractive board candidate. And in the wake of Sarbanes-Oxley, boards have needed to beef up their audit committees, which made him even more in demand when he retired in 2002. (PricewaterhouseCoopers policy forbade its employees from serving on for-profit company boards.) When the CEO of Medtox Scientific, a Minneapolis-based drug-testing company, asked him to come on board as audit committee chair, he readily agreed.

OTHER BOARD SERVICE

- Medtox Scientific (2002–present)
- Health Fitness Corporation (2004–2010)
- Madison, Wisconsin–based CUNA Mutual Group, a provider of financial services to credit unions, their members, and their customers (2008–present)
- Marzec also chairs the audit committees for the Minneapolis Club and the Metropolitan YMCA of Minneapolis.

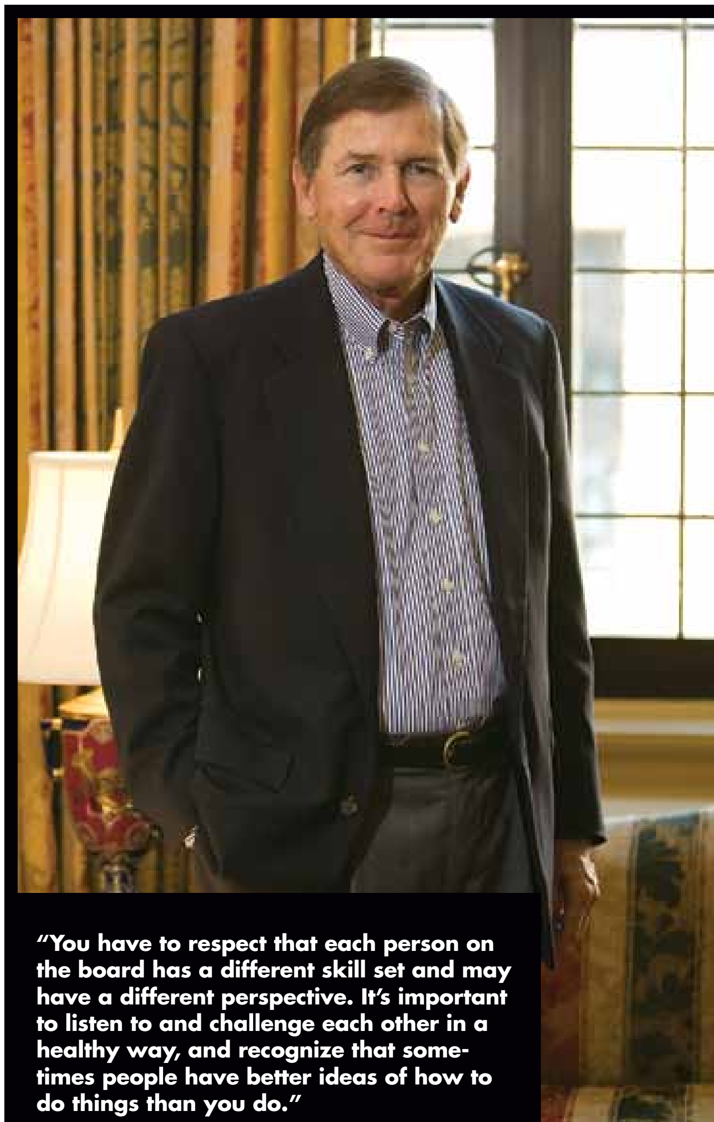
Two years later, in 2004, Marzec joined the board of Minneapolis-based Health Fitness Corporation, a health and fitness center management company that also wanted to strengthen its audit committee functions. In addition, Marzec was a member of the special committee that evaluated offers before selling the company in February 2010.

"Bob was chair of the audit committee and was the best I have worked with on over 40 boards," former Health Fitness director Mark Sheffert says. "Bob was willing to ask the tough questions when others may have been more reticent. He has a strong sense of fair play and provided great conscience for the board in balancing the needs of shareholders, employees, customers, and the community."

In 2005, Marzec joined the board of Bloomington-headquartered commercial glass firm Apogee Enterprises (Nasdaq: APOG). As chair of Apogee's audit committee, he has worked to create a more streamlined approach to reporting quarterly results. Marzec believed that the various Apogee divisions weren't communicating between each other as well as they should, and this was creating bottlenecks in getting financial information organized.

"There were a lot of audit committee meetings, and what I did was put in what was referred to as an audit planner," Marzec recalls. "That way, we knew exactly what had to be done statutorily so that we could schedule it correctly. I also worked with the board where we could change some of the board meetings around to be really consistent with our reporting requirements—i.e., if the board met in the middle of a quarter, it didn't assist the audit committee in actually doing the quarterly press releases."

Apogee CEO Russell Huffer (who announced his impending retirement in January), describes Marzec as "a super director" who "brings a commonsense, professional, levelheaded approach to the way we run our business. He gives everybody confidence that we're doing a good job managing the company when it comes to the reporting side of the business. That brings a level of comfort to the board and allows them to concentrate on more strategic issues."



"You have to respect that each person on the board has a different skill set and may have a different perspective. It's important to listen to and challenge each other in a healthy way, and recognize that sometimes people have better ideas of how to do things than you do."

ALICE RICHTER

For board service to G&K Services and Thrivent Financial for Lutherans

Retiring from accounting firm KPMG in 2001 at age 47 opened up fresh opportunities for Alice Richter. "One of the things I had enjoyed most about my career in public accounting was talking to clients about their needs above and beyond an audit," she says. Board service has given her more of those opportunities.

A partner at KPMG since 1987, Richter was national industry director of the company's food and beverage practice and a member of the board of trustees of the KPMG Foundation at the time she retired. She loved her job, but as she took on more of a national role, she found herself spending too much time on planes and not enough time with her school-age children.

And though Richter hadn't foreseen it, she picked the right time to retire. A few months afterwards, the Enron scandal blew up; the following July, the Sarbanes-Oxley Act set new limits on the actions of accountants. "After my retirement, it seemed that the profession was reduced to fact checking," Richter says. "Needless to say, I would not have enjoyed public accounting as much in the immediate post-Enron world as I did before."

Yet Sarbanes-Oxley's stringent new compliance regulations for public companies also meant that her accounting expertise and insights would be needed more than ever. In 2003, she was invited to join the board of Minnetonka-based uniform and identity apparel company G&K Services (Nasdaq: GKSR). Richter was impressed that G&K had an active board which enjoyed a good relationship with the CEO and the rest of the management team. "They viewed directors as advisors to the company, which is what I think a board ought to be," she says.

As a KPMG employee, Richter wasn't allowed to join a for-profit board. G&K was her first, and she had a clear sense of herself and her role. "Whenever I heard the phrase, 'We're looking for a woman who . . . ,' my antennae went up," she says. "I would much rather hear, 'We're looking for someone with governance and financial expertise who can strengthen our board and perhaps chair our audit committee.' I wasn't interested in being a token female on a board."

She also wasn't interested in simply sitting at the board table. After her appointment, Richter spent a day riding with a G&K delivery driver.

"I learned first hand what is involved in dealing directly with our customers—who, of course, are the foundation and total focus of our company," Richter says. "The drivers speak for us to our customers. They also hear what's important to them and oftentimes have great ideas and suggestions on how to improve our delivery service to our customers. It was a great way to be introduced to the nuts and bolts of what makes G&K tick." Richter seems to have set an example: It's now standard policy that all new G&K board members go on a route drive early in their tenure.

"Alice brings significant accounting experience to our board, in addition to considerable business acumen and judgment," G&K Services CEO Douglas Milroy says. "She is consistently well prepared and provides good, thoughtful leadership on a wide variety of issues. She is well possessed of an understanding of G&K's business, and she well understands broader industry trends and issues."

Her service on G&K's board kept her so busy that she nearly passed on the opportunity to join Minneapolis-based Thrivent Financial for Lutherans in 2007. She changed her mind after talking to Thrivent's CEO and in-house counsel. "They were talking about turning this big ship to be even more successful in the new millennium by upgrading their systems and redefining how to interact with members over the long term," Richter recalls. "Then I met with their nominating committee and was very impressed with the commitment of the people I met. Ultimately, joining that board was something I felt I had to do. It was as if the Lord tapped on my soul and said, 'Alice, you *will* make time for this.'"

After taking a couple of years to learn Thrivent's business, Richter agreed to chair its information technology committee. There she shepherded the implementation of Thrivent's $150 million IT modernization program and put in place a mechanism to measure the financial savings the company realized as a result.

OTHER BOARD SERVICE

- West Marine, a Watsonville, California–based international retailer of boating supplies and accessories (2005–present)
- Bluestem Brands, a Eden Prairie–based Internet and catalog retailer of general merchandise (2007–present)

"I encourage [those seeking their first opportunity for board service] to take positions on boards of nonprofits to start. It's a good way of learning how a board works and how they confront issues and reach consensus."

PAST OUTSTANDING DIRECTORS AWARD HONOREES

***Twin Cities Business* has recognized top local board directors since 1996. Here are each year's honorees and the companies whose boards on which they served. For several of them, we've noted their current activities.**

1996

Roger Hale
Dayton Hudson Corporation

Thomas Holloran
Malt-O-Meal

George Kline
Health Fitness
Physical Therapy, Inc.

Richard Perkins, Sr.
Eagle Pacific Industries
Children's Broadcasting
Corporation
Lifecore Biomedical

One of the deans of the Twin Cities investment community, "Perk" is currently a board member for Minnesota companies Nortech Systems and Synovis Life Technologies.

Richard Schall
First Bank Systems

1997

Gordon Stofer
Insignia Systems, Inc.

Mark Laub
Blue Cross and Blue Shield
of Minnesota

William Hodder
Tennant Corporation

Ralph Strangis
Damark International, Inc.

A partner with the Minneapolis law firm Kaplan Strangis & Kaplan, Strangis was instrumental in negotiating the deal between the Minnesota Twins and Hennepin County for the Target Field site.

1998

W. Harry Davis
Lifetime Achievement

Bernie Aldrich
Bermo, Inc.

D. Eugene Nugent
Apogee Enterprises, Inc.

Charles Cuddihy, Jr.
ATS Medical, Inc.

W. Walter Richey
U.S. Bancorp

1999

Winston Wallin
Lifetime Achievement

Donald Wegmiller
Minnesota Power
LecTec Corporation

Wegmiller is chairman of C-Suite Resources, a health-care market intelligence, education, and executive advisory firm in St. Louis Park.

Raymond Good
Great Plains Software

Mark Sheffert
Medical Graphics
Corporation
Telident

The chairman and CEO of Minneapolis-based management and turnaround firm Manchester Companies, Sheffert sits on the boards of Allina Health Systems, BMC Bancorp, Angeion Corporation, and the National Association of Corporate Directors' Minnesota chapter.

Michael Wright
Musicland Stores Corporation

2000

Kenneth Dahlberg
Lifetime Achievement

Joan Gardner
Lifecore Biomedical

Kevin Roberg
JLJ Medical Devices

Edward Bronstein, Jr.
H. B. Fuller Company

John Driscoll
Xcel Energy

2001

Luella Gross Goldberg
Lifetime Achievement

Goldberg currently serves on the board of TCF Financial Corporation.

Michael Gorman
HighJump Software

Gorman is a managing partner at Split Rock Partners in Eden Prairie. His Minnesota portfolio companies include 8thBridge, IDeaS, and SPS Commerce.

Harry Hammerly
Apogee Enterprises

Marti Morfitt
Graco, Inc.

Morfitt is CEO of dietary supplement maker Airborne, Inc. She remains a board member of Minneapolis-based fluid handling company Graco.

Virginia Stringer
First American Funds

2002

Thomas Holloran
Lifetime Achievement

Tony Christianson
Dolan Media Company

Christianson is chairman of Minnetonka-based investment bank Cherry Tree Companies. In addition to the Dolan Company, his board service includes Arctic Cat, AmeriPride Services, Peoples Educational Holdings, Titan Machinery, and Znomics.

Donald Goldfus
Apogee Enterprises

Goldfus currently serves on the board of Eden Prairie photography company LifeTouch.

Elliot Kaplan
Best Buy Company

Bruce Richard
PW Eagle

2003

David Koentopf
Liberty Enterprises

Jack Meyer
Impres Medical

Lee Mitau
Graco, Inc.

Mitau remains a member of Graco's board. Now executive vice president and general counsel at U.S. Bancorp, he also serves as chair of H. B. Fuller.

Larry Perlman
Carlson Companies

Paul Waldon
Buffalo Wild Wings

2004

Terry Glarner
NVC Corporation

Glen Nelson
MinuteClinic
Nelson, as chairman of GDN Holdings, continues to invest in and advise companies, and serves on several corporate boards. He is chairman of the board of New Brighton–based Cardiovascular Systems.

Timothy Scanlan
Synovis Life Technologies

Sven Wehrwein
Vital Images

Penny Ann Wheeler
Allina Hospitals & Clinics
Wheeler is chief clinical officer for Allina Hospitals & Clinics and a member of the Allina's Executive Leadership Team. She also is working with a national leadership program to eliminate racial and ethnic disparities in health care.

2005

Patrick Delaney
CNS

Thomas Garrett
Lifecore Biomedical

James Hickey
Vital Images, Inc.

Stephen Shank
Tennant Company
Shank chairs the board of Capella Education in Minneapolis, which he founded. He also is a senior advisor to Minneapolis-based investment firm LFE Capital.

Winston Wallin
Medtronic, Inc.

2006

Christopher Twomey
The Toro Company
Twomey is currently executive chairman of Arctic Cat, where he served as CEO from 1986 to January 2011. He also continues to serve on Toro's board.

John Penn
Health Fitness Corporation

Kenneth Larson
Nortech Systems
Still a member of Nortech's board, Larson also chairs the board of Eagan-based Restaurant Technologies, Inc., an installer of automated cooking oil systems for fast food restaurants.

Leslie Frécon
SimonDelivers
The founder and CEO of Minneapolis-based LFE Capital, Frécon serves on the boards of M. A. Gedney (headquartered in Chaska), Avant Healthcare (Florida), Immaculate Baking (North Carolina), and Portero (New York), all LFE Capital portfolio companies. She is also a director for Tennessee-based Associated Packaging Company.

Warren Mack
Buffalo Wild Wings
Mack serves on three charitable boards and five corporate boards, including Buffalo Wild Wings.

2007

Roger Hale
Lifetime Achievement

Michael Berman
Myocor
Berman's current board service includes the following companies: (in Minnesota) Aetherworks, Apnex, BridgePoint, Data Sciences International, InterValve Lutonix, and MikrobEX; (in Israel): AngioSlide and UltraShape; (in San Diego) Benechill; (in Atlanta) PharmaCentra.

Norman Dann
Leaflet Technologies

Edward Flaherty
Center for Diagnostic Imaging

Edwin "Skip" Gage
Supervalu
In addition to Supervalu, Gage currently serves on the boards of Gage Marketing, Carlson Holdings, Carlson (formerly Carlson Companies), and Agio Capital Partners.

2008

Charles Denny
Lifetime Achievement

Mark Banks
Prime Therapeutics, LLC
Banks is managing director of Blue Cross and Blue Shield of Minnesota, where he was CEO until 2008. He also serves as president and CEO of Aware Integrated, Inc., the Eagan-based holding company for the Minnesota "Blues."

Duane Carlson
Appliance Recycling Centers of America, Inc.

Dave Smith
Capella Education Company

John Voorhees
Adolfson & Peterson Construction

2009

Mark Sheffert
Lifetime Achievement

Steven Goldstein
Internet Broadcasting
Goldstein is president and CEO of the University of Minnesota Foundation.

Paul Knapp
Midwest Wind Finance
Venture Bank
Rapid Diagnostek
Knapp is chairman of University Enterprise Laboratories in St. Paul.

C. McKenzie Lewis III
SearchAmerica
In 2007, after years of focusing on investment and board service, Lewis founded St. Louis Park–based Field Solutions, which connects electronics suppliers and multiple-line electronic service firms.

Darrell Tukua
Capella Education Company

2010

Reatha Clark King
Lifetime Achievement

Fredric "Fritz" Corrigan
Xcel Energy

Esperanza Guerrero-Anderson
M&I Bank

Linda Hall Keller
Health Fitness Corporation
Keller is entrepreneur in residence at the Carlson School of Management at the University of Minnesota.

Rodney Young
Possis Medical

BY CHRISTY DeSMITH

Mayo Clinic's REFORMER

CAO Shirley Weis is leading a transformation: "We want to be **affordable, relevant,** and **helpful** to people not only when they're really sick, but **when they're trying to stay healthy."**

"I**'m an adrenaline junkie,"** says Shirley Weis, chief administrative officer for the Mayo Clinic.

When she says this, she is sitting in a beige conference room located on Mayo's Rochester campus. It hardly looks like the haunt of a thrill seeker.

But if her remark seems to clash with the sterile environment, it is true to Weis's history. As a young nurse, she worked in and managed emergency rooms at hospitals in her home state of Michigan.

"I wanted to be with the sickest people," she says. She liked working with assault victims and car crash survivors. "I wanted to be near the chaos . . . . I thought I could make more of a difference there."

Her attraction to the Mayo Clinic was different, of course. It's no critical-care patient. At 140 years old, Mayo is a pillar of the health care industry, with a coveted global reputation, more than 56,000 employees, and campuses in Rochester; Jacksonville, Florida; and Phoenix and Scottsdale, Arizona. Each year, Mayo cares for more than 1 million patients. Weis joined the administrative group at the Rochester headquarters in 1995, becoming chief administrative officer in 2007.

Now she oversees all of the Mayo Clinic's business operations: marketing, finance, insurance reimbursement, human resources, and 13 other departments—everything but the medical and research practices of Mayo's physicians.

"Because I'm the person accountable for the business models," Weis says, "I'm the one looking to the future and trying to understand what health care reform can mean."

That's where her experience in crisis management is still useful. Together, the recent recession and the approach of reform have meant 12- and 14-hour workdays for Weis—reorganizing tradition-bound business units, asking longtime employees to take on new roles, and being constantly vigilant about expenses.

Like a nurse with impeccable bedside manner, she leans in and says, "I want to help our employees be brave . . . I want them to know everything will be okay."

"It's a scary time in health care," Weis says.

$250 Million in Cuts

Industry analysts project revenue losses for health care providers due both to recent cuts in Medicare and Medicaid and to increased pressure to reduce costs under the 2010 Patient Protection and Affordable Care Act. If organizations like the Mayo Clinic are to weather the challenges ahead, they'll need to tighten their operations.

"And let's face it, most of the expense in the health care system is people, the staff," Weis says.

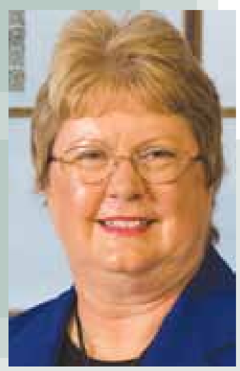
Weis has already been in cost-cutting mode for some time. In 2007, the year she took on her current job,

PHOTOGRAPH BY TRAVIS ANDERSON

Her colleagues credit Shirley Weis with sharply honed triage abilities and a head-on style of communicating and solving problems. Those who know her beyond the Mayo Clinic believe she's headed for the national stage in health care.

TURNING POINTS

Shirley Weis would be the first to say she didn't do these things alone, but she cites these turning points from her tenure at the Mayo Clinic as ones the organization can be proud of.



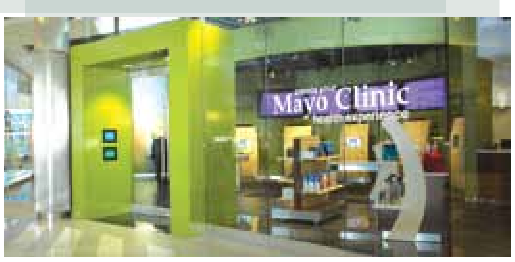
- Financial turnaround: Mayo had record operating income and cash flow in 2009, nearly erasing the damage of the 2008 financial crisis—and did it without layoffs, cancellation of key mission-related activities, or emergency borrowing.

- Creation of the Mayo Clinic Global Products and Services division in 2008: a consolidation and build out of Mayo's Web sites, call-in phone services, books, newsletters, and other media channels to expand Mayo's market presence.

- Formation of the Mayo Clinic Center for Social Media in 2010: accelerating adoption of social media by Mayo's clinicians and patients to improve health; includes the new Mayo Clinic Connect social network, which links patients and caregivers who have a shared interest, such as diabetes. More than 6,200 people have joined since the July 2011 launch.

- August 2011 opening of Create Your Mayo Clinic Health Experience, a consumer "laboratory" at the Mall of America for exploring health issues.

- Being named to *Fortune*'s "100 Best Companies to Work For" for the eighth consecutive year in 2011.



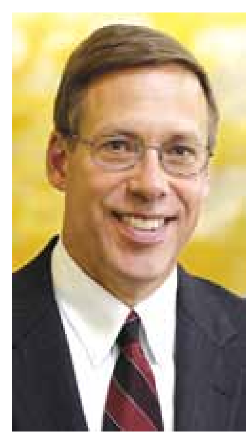
Mayo has a retail footprint at the Mall of America.

the not-for-profit Mayo Clinic was running at a modest operating margin of 2.9 percent: $197 million in income on revenues of $6.9 billion. By midyear 2008, however, the economy was in freefall. Millions of Americans were losing their jobs and finding themselves without health insurance. Others were saddled with pay cuts and higher copayments for health care. Mayo's patient volumes stayed flat that year, but income from patient services dropped by $88 million as people opted for fewer services, and hires that were made just before the crisis increased operating costs. Mayo's operating margin dropped to zero.

"These were pretty challenging times for us financially," says Mayo Chief Financial Officer Jeff Bolton, who reports to Weis. In addition to the drop in income from patient services, the clinic took an 18 percent hit to its investment portfolio in 2008, a loss of $700 million. The organization's pension fund started the year fully funded, but was running a deficit of $1.2 billion by year's end. Bolton says Mayo is always looking to gain efficiencies, "but we picked up the pace in the second half of 2008."

Weis spearheaded a monumental effort to reduce costs. "She and [Doctor John Noseworthy, Mayo's president and CEO] did a number of town-hall meetings," Bolton says. They asked Mayo employees to help identify waste within their departments. Many employees followed up with personal e-mail messages to Weis.

"Shirley responded directly in most cases," Bolton says. "A lot of expense reduction was drawn directly from these employees' perspectives."



CFO Jeff Bolton

There were no layoffs, but some employees had their hours cut, and others were asked to switch jobs. Mayo's retirement and benefit packages were reduced for current employees and retirees alike.

"We talked to our employees and shared our thinking," Weis says. "Nobody liked it, but they understood. They could see the changes were necessary."

She scrutinized the ordering and use of medical supplies. She curbed capital spending projects. In total, the ideas Weis put into play eliminated $250 million of expense during 2008, preventing the organization from running a deficit.

With continued cuts, Mayo's operating margin recovered to 4.4 percent on revenues of $7.58 billion in 2009. And as reductions were carried forward into 2010 and revenues saw a small bump to $7.9 billion, the operating margin rose further, to 6.5 percent.

Was 2008 merely a disaster drill for future problems? "That's an excellent question," Weis says, with a nervous chuckle. "What I tell our employees is this: If you think 2008 was a challenge, well, we're just getting started."

Are HMOs Part of the Answer?

Weis's start at the Mayo Clinic in 1995 is noteworthy, given the current environment of reform in health care. She was hired to be executive director of Mayo's managed care division, and she came with 10 years' experience in management roles for the Blue Care Network of Michigan, a health maintenance organization affiliated with Blue Cross Blue Shield of Michigan.

Most people will recall that health management organizations, or HMOs, took a public-opinion beating in the 1990s. (Think of actress Helen Hunt's profanity-laced rant in the 1997 movie *As Good As It Gets*.) What fewer people realize is that HMOs were a quantifiable success at slowing the rise of health care costs. A 2006 study from Harvard University's Kennedy School of Government shows that the rate of health care inflation dropped from more than 10 percent annually in the early '90s to less than 5 percent annually in the late '90s, the heyday of HMOs. Then, costs assumed their steep ascent as HMOs fell out of favor.

As the U.S. tries to reform its bloated health care system, could it be useful to remember the short-lived experiment in managed care? Weis believes so.

"I was hired because I have the background in managed care," she says. "Building on that experience plus my nursing background, I know health care inside and out. I know insurance. I know how the payers work. And I understand the concept of providing a continuum of care, from birth until death."

Weis has taken the lead in convening Mayo's senior leadership for regular discussions of health care reform. Early on, the group solidified the official Mayo Clinic perspective on reform: It supports universal insurance coverage and advocates for consumers' freedom to choose their health care providers.

The group is also trying to anticipate how the health care industry will operate in a post-reform world. In discussions, Weis prods her colleagues to shift their focus away from present-day "fee-for-service, episodic care." Eventually, she believes, reform will push the industry to take a longer view. Like the HMOs of yesteryear, she says, the health care industry will need to adopt a more global approach that considers lifelong wellness.

In truth, she acknowledges, nobody really knows exactly how reform will look or how it will play out. The only certainty she sees is that health care services will need to cost less.

"Check out the debates in Washington," Weis

"At Mayo, every physician leader has an administrative partner," says neurologist and CEO John Noseworthy. His partner, Weis, is "the best chief administrative officer in health care."

says. "They're not talking about giving providers more money. They're talking about giving us less."

By the time Weis left nursing, she had earned an MBA at Aquinas College in Grand Rapids, Michigan. She had run everything from a small emergency department to a major HMO. Doctor Al Schilmoeller, the Mayo administrator who lured her to Rochester, says, "Put those things together and you have the attributes of an ideal administrator."

Weis thinks about different attributes when she describes her job, speaking often about "delivering high-value experiences." Another idea that frequently recurs in conversation with her is "driving out expense, over and over again."

"Pull the Hardest Cases to the Front"

Weis's grassroots outreach to employees for cost cutting is both her own style and the Mayo Clinic's.

"Mayo's culture is pretty unique," she says, characterizing it as a place where teamwork is valued above individual achievement.

She has recruited a few outsiders to the organization, but even Jill Ragsdale, Mayo's chief human resources officer, who came from Sutter Health in Sacramento, California, had worked earlier at Mayo. "We already have world-class physicians and scientists," Weis says. "I want to be sure we have world-class administrators, too," so Ragsdale was the product of a nationwide search. "We looked far and wide, and she was absolutely the best," Weis says. Most often, however, she finds talent within Mayo's own ranks.

Ragsdale says, "Shirley is very transparent about succession planning," and has developed a mentoring program to spot and cultivate emerging talent at Mayo. Teams of top young employees are assigned an administrative puzzle to solve—how to integrate a new technology into an existing system, for example—to show what they can do. Meanwhile, Weis helps them network with executives throughout the organization. One of the program's graduates, Mary Jo Williamson, was recently tapped to run the Mayo Clinic's new affiliated practice network, a set of varied partnerships with other health care practices and facilities in the Upper Midwest. The network extends the Mayo Clinic's reach in the health care marketplace without the need to put up costly new buildings.

Jill Ragsdale, chief of HR

Weis's outreach—whether to promising young employees or to others she wants to engage in change at the Mayo Clinic—is never just a feel-good tactic.

"She's disarmingly authentic," says her current boss, Mayo CEO Noseworthy.

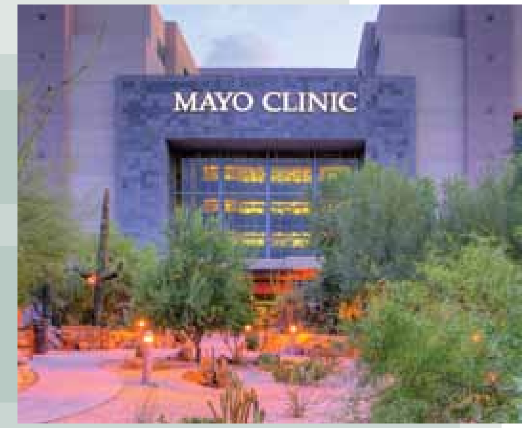
"She can be brutally honest," according to her former boss, Jim Epolito, who led Michigan's Blue Care Network. "With Shirley, the open dialogue isn't always pleasant. But she has this ease with communication."

Ragsdale says, "In an emergency room, the nurses pull the hardest cases to the front. Shirley does that with administration. Things most of us don't want to talk about, Shirley immediately puts them out there." She says Weis is quick, for example, to share observations about an individual's strengths and weaknesses, and to intervene to help an employee seek the right training opportunities.

Maybe more unusual, Weis "manages up" in a similar way. According to Marilyn Carlson Nelson, chairwoman of the Mayo Clinic's board of trustees, Weis "somehow lets Dr. Noseworthy take the lead, yet she has the sensitivity and capability to identify his strengths, while knowing where she can help him reach his goals."

Employees say that Weis is equally direct about her own administration's failures. The Mayo Clinic recently made a reduction to the short-term disability insurance it offers its workers. Human resources prematurely posted the information to the organization's intranet, before managers throughout the clinic system had been properly briefed. "Shirley called it a 'sentinel event,'" Ragsdale says. In health care, the term is used to

MAYO'S VITAL SIGNS



Mayo's Phoenix-area hospital opened in 1987.

The Jacksonville, Florida, hospital was Mayo's first outside Minnesota when it opened in 1986.

- 2010 total revenue: $7.9 billion.
- 2010 income: $515 million.
- Patients cared for in 2010 at Mayo Clinic and its affiliated Mayo Clinic Health Systems: 1,050,000.
- Percent of Mayo Clinic patients seen on an out-patient basis: 85; only 15 percent are hospitalized.
- Square feet occupied by Mayo in Rochester: 15 million, about 3.5 times as much as the Mall of America.
- Mayo Clinic campuses: Rochester (opened as St. Mary's Hospital in 1889), Jacksonville, Florida (1986), Phoenix/Scottsdale, Arizona (1987).
- Mayo Clinic Health Systems: 17 Mayo-owned hospital and clinic systems and three others managed by Mayo serving 70 communities in Minnesota, Iowa, and Wisconsin.
- Staff physicians and scientists: 2,834; in Rochester, 2,016; in Florida and Arizona, a combined 818.
- Total employees at all Mayo campuses combined: more than 56,000.
- Active human research studies being conducted by Mayo: 8,030.

Source: Mayo Clinic

describe an unexpected and potentially preventable event that causes serious injury or even the death of a patient. "She takes clinical discipline and applies it to administration," Ragsdale adds. "As a team, we broke down how the event happened. We did a situational analysis."

As a result of that sort of discipline, according to both Bolton and Ragsdale, there's a bit more swagger these days in Mayo's administrative ranks.

"It's always a delicate balance with the physician-administrative partnership," Ragsdale says. "I think there was a time when administrators were unsure about speaking their opinion . . . . Shirley is very clear—it's important for administration to fully participate, to speak up."

"Hit the Retail Level"

CMO John La Forgia

One of the administration's boldest endeavors is the new Mayo Clinic marketing strategy.

"Fifty years ago, Mayo Clinic wouldn't have used the word 'marketing' in a sentence," says John La Forgia, Mayo's chief marketing officer and a 20-year veteran of the organization. Under Weis's leadership, he sees innovation in everything that involves the clinic's "external touches." Not only does the clinic now unabashedly engage in marketing, it has become aggressive about reaching more potential patients.

"My vision has always been to hit the retail level," Weis says. "We want to be affordable, relevant, and helpful to people not only when they're sick, but also when they're trying to stay healthy."

"Mayo Here, There, and Everywhere"—an umbrella name for a set of initiatives that evolved from the Mayo's year 2020 "visioning" process several years ago—includes new wellness services for employers to roll out to their employees, and social networks for sufferers of various chronic diseases. Some programs are available not only in English, but in Spanish or Arabic.

But the most unusual element of Mayo Here, There, and Everywhere—at least in the Mayo Clinic's scope of experience—is surely the new health care laboratory it opened at the Mall of America in August this year. Rather than clinicians, the lab is staffed with "health-care experience navigators." Rather than checkups, it offers classes, books, and health related products to the mall's 40 million annual visitors.

Translation: Weis wants the Mayo to gain a role in more consumers' lives without taking on the entanglements of third-party payers, especially Medicare.

"With changes in the world of reimbursement, we'll need to reach people at the individual, personal level," Weis says. She is one of many observers who believe that as insurers and government payers cover fewer services going forward, consumers will take a more active role in their own health care decisions. The Mayo Clinic plans to support patients in this endeavor by providing some information for free, such as the basics of nutrition. But at the same time, Weis believes patients will be willing to pay for personalized products, such as the Mayo Clinic's new smoking cessation plan. That's the strategic thinking that underlies the communication-heavy Mayo Here, There, and Everywhere initiatives.

"The point is to engage people directly," La Forgia says. "That way, Mayo isn't so dependent on the government."

With her broad experience in the health care industry, and her impressive track record so far at the Mayo Clinic, people are starting to wonder what Shirley Weis's future might hold. "I've heard some of the rumors," says Epolito, Weis's former boss. "Shirley's constantly being recruited. I think she'd be the perfect person to head up health care reform for the Obama administration."

> "With changes in reimbursement," Weis says, "we'll need to reach people at the individual, personal level."

Dee Thibodeau, a consultant who specializes in health care analytics and cofounded Charter Solutions, Inc., in Plymouth, has observed and befriended Weis in recent years. "Shirley's already proven herself at Mayo," Thibodeau says, noting that Weis has been raising her profile lately—speaking at industry conferences and hosting national Webinars on health care economics and marketing.

Says Thibodeau, "Shirley's one of our top leaders in the U.S. She's ready for the national stage." **TCB**

Christy DeSmith is a Minneapolis-based freelance writer whose work has appeared in Mpls.St.Paul *magazine, Delta Air Lines'* Sky *magazine, and the* Boston Globe.

The Secret Life of In Touch

What do your employees *really* think? And what do they know that could improve your business? In Touch gets an earful when it sets up anonymous employee feedback systems for clients.

BY JACK GORDON

I am an employee on the West Coast, new with the company. Yesterday, I was sent to a store on Ivy Street in Sacramento to help clean up for a visit that we're supposedly having. I would like to know why managers and assistants were told to hide merchandise in a Ryder truck and park it down the street for this visit. I'm kind of curious as to what kind of company I've decided to work for. Thank you.

I'm calling to address an issue of great concern to myself and to many other Acme employees. It seems there has been a big secret campaign to rid our property of geese. An incident last week was incredibly upsetting to many of us in Building 4. You see, we have been enjoying the same pair of geese for years. Last week, our pair of geese started laying their eggs. The day after they started, someone strung electric fencing in the planter, right through their nest . . . .

This is what I heard from an XYZ Corporation employee who came to me because of concerns about the misuse of company assets, but fears retribution and did not know where to turn. On August 15, John Jones, an executive at XYZ, hosted a bonfire party at his home. As fuel for the fire, he used $52,000 worth of company-owned taxidermy and other items originally acquired for use in new stores, but no longer needed since retail expansion has slowed. The grand finale for the bonfire was two full-sized brown bears . . . .

Those are all real calls—transcribed, abridged, and with identifying details changed—received by In Touch, a "management communication systems" provider based in Minneapolis.

In the 20 years since he founded the company and started setting up anonymous employee hotlines for corporate clients, Peter Lilienthal has heard it all: drug use by truck drivers, workplace violence and threats of violence, graphic complaints of sexual harassment, construction workers' allegations that supervisors are doling out favors to pet contractors.

The hotlines aren't always a conduit for reports of wrongdoing, though. Police officers put a finger on what makes the booking process take so long. Hospital workers point out where better signage is needed. Employees in a service business tell how an operations glitch is frustrating them.

In that sense, In Touch's hotlines—and these days, e-mail systems and dedicated Web sites—can function as a barometer that forecasts corporate weather. Lilienthal says that if he weren't bound to protect client confidentiality, he could name two nationally known companies whose filings for Chapter 11 bankruptcy protection probably came as a surprise to shareholders but not to him. The signs were there months earlier in employees' concerns.

His toughest competition isn't another hotline provider, Lilienthal says, it's a pair

of misconceptions. One is that hotlines are just for whistleblowers, not for front-line intelligence gathering from employees. The other is that an open-door policy renders a hotline unnecessary.

Lilienthal says a lot of human resources directors are heavily invested in the idea that, thanks to their policies, employees really are unafraid to speak truth to power: "When we call on them and they say, 'We don't have a communication problem,' we say, 'Have you done an employee survey recently? What's your number-one issue?' They say, 'Well, okay, it's communication. But if we have this program, who's going to handle all the messages we get?'"

In other words, the conversation "goes straight from 'We don't have a problem' to 'This is going to be overwhelming.' And you just kind of go, 'Hmmm . . . .'"

What's Not Working? Listen

In fact, the number of messages is not overwhelming, according to In Touch clients.

Green Tree Credit Solutions, in its earlier incarnation as Green Tree Financial Corporation, became Lilienthal's first client 20 years ago and still is one. Today, the St. Paul–based company has 2,000 employees in more than a dozen states. Barbara Didrikson, senior vice president and chief human resources officer, says they use the hotline judiciously; Green Tree receives, on average, about five messages a month.

Courage Center, a Minneapolis nonprofit that provides rehabilitation services for people with brain, spine, or other traumatic injuries, reports similar numbers. Chief Financial Officer Alice Johnson says that in eight years of complaints and suggestions coming in via In Touch's service, "a high percentage of them are about whether we are treating a client properly," and some are compliments. Johnson says she's cheered by the fact that, when invited to gripe anonymously about anything they choose, it turns out that "our staff's primary concern is how we're treating clients and each other."

Do small numbers of messages mean that In Touch's services aren't all that use-

"I know the hospital is trying to save money, but taking food off the patient floor is not the way. I'm sure during the day when the kitchens are staffed, this is okay. At night, it's completely different. We have patients who are just starting to get their appetites back after surgeries, and patients who are coming up from the ER hungry. **It's embarrassing when you can only offer them graham crackers, Jello, sherbet, and plain toast."**

ful? Even one message can avert a costly problem, Lilienthal says. He cites—again preserving client confidentiality—a government contractor that learned of falsified expense reports, which would have resulted in fines had an external auditor discovered them; a transportation company that got wind of safety problems with its new truck fleet; a hospital tipped off to simmering racial tensions on its staff and plans for a high-profile public demonstration.

But his sales pitch centers on another cost: employee turnover. In Touch charges a minimum fee of $1,500 annually (though it charges nothing to Courage Center and other nonprofits). Costs range from 55 cents per employee for a bare-bones hotline that takes messages about finance and accounting in compliance with the Sarbanes-Oxley Act, to $1.50 per employee for a channel that takes all kinds of suggestions and complaints, to $3 per employee for a broad package of services that includes exit interviews and dialogues arranged between management and employees. A top-end client with 10,000 employees might be spending $30,000 a year.

Lilienthal points out that the average cost of replacing even a moderately skilled employee is about two times salary. If just one employee is prevented from leaving because he or she gets action on a complaint via In Touch, the service will have more than paid for itself, his argument goes.

"The superintendent of the mine called a meeting early this morning and told employees that if anyone had one more accident, they were going to shut the doors. **This is dangerous. I think people feel intimidated.** Employees will not want to report any accident and be responsible for everyone losing their jobs. **Also, I want to know if I should be looking for another job."**

Listening In on Social Media

You can get the scuttlebutt, but who's giving it and to what end?

OfficeLeaks.com, an online forum launched last April by Twin Cities IT entrepreneur Ryan Masanz, gives employees of any company a place to form an online community and gossip freely—that is, anonymously—by posting comments about their jobs and workplaces. Given his new site and a raft of employee- and consumer-generated blogs, YouTube videos, and Facebook pages ("I-Hate-Fill-In-Company-Name-Here"), why would any company need In Touch to stay in touch with what its frontline problems are?

In Touch founder Peter Lilienthal believes the nature of what people say through his company's private channels is different. "The people who are using [social media], do they really want the organization to be better, or are they doing it because they want attention?" He emphasizes the personal response and action that employees can see as a result of the messages they convey via In Touch.

But that distinction might be getting slimmer. In July, Masanz added a new twist to OfficeLeaks.com: the option for employers to "sponsor" their companies' communities for a fee of $99 a month. Sponsorship brings privileges such as the ability to make public postings private and accessible only to users who are registered as employees of the company. Sponsors also can interact with their communities by posing questions and getting feedback from the group. At the end of August, Masanz said his site had 1,500 users from 800 companies, and three employers had signed on as sponsors.

—Denise Logeland

It's a compelling one to Julie Watkin, senior vice president of human resources for ABRA Auto Body & Glass. The Brooklyn Center company has 108 repair shops in 11 states, 76 of them company owned. All 1,400 employees at the corporate shops and more than half from franchise shops have In Touch available to them. Auto body technicians are highly skilled and hard to replace, says Watkin, who's used In Touch since 2008. She can think of several cases where the service has allowed ABRA to keep a person who she believes would have quit otherwise. In Touch made it possible to deal internally with situations that could have escalated outside the company to attorneys, she says.

Watkin can see where communication breaks down within the company based on hotline calls. A painter or auto-body technician "may not understand how work is being distributed, because the manager hasn't explained why jobs are being divvied up the way they are."

"Fairness is a common thread," she says. Having a pipeline to employees' thoughts "reinforced for me that people want to understand what's going on. They want to understand why decisions are made and what their role is. And they want to be treated fairly."

Management Is Always the Last to Know

In Touch was Lilienthal's sideline when he launched it in 1991, while he was still vice president of finance and administration for Hamline University in St. Paul. But the idea grew from his experience elsewhere.

He came to the Twin Cities in 1973 with a Harvard MBA in hand and worked in senior finance and administrative positions for Toro, Jostens, Tonka, Munsingwear, and other companies. And everywhere he went, he noticed the same phenomenon: "Executives and the board of directors were always the last to know."

Last to know what? You name it, Lilienthal says. Whenever a fire broke out, top managers seemed to be the only ones who hadn't noticed the smoke. "People on the production lines and people in the sales office knew what was going on," he says. "But there somehow wasn't a good connection to management or to the board."

The concept of employee hotlines was by no means new. The Network, Inc., of Norcross, Georgia, and Global Compliance Services of Charlotte, North Carolina, two of the three biggest players in the industry, were both founded in the early 1980s. (The third biggie, EthicsPoint, Inc., of Lake Oswego, Oregon, dates to 1999.) Then and now, however, those companies put their focus almost exclusively on illegal activities and code-of-conduct violations, with calls handled by live operators at in-house call centers. Lilienthal envisioned a broader informational pipeline, in which whistleblower calls would be only a fraction of the messages. His service would be, simply and literally, a way for management to stay in touch.

With no call center of his own, Lilienthal says he "scrounged around" to find a service that provided an 800 number where people could call to record messages, anonymously or otherwise. He would get the messages transcribed—no recorded voice for anyone to recognize—and forward them to his clients.

That's still a method many clients choose today, though the tape recordings have been replaced by an interactive voice response system, or IVR. Other options are e-mail boxes that offer identity protection, dedicated Web sites, and live operators, which eventually became "something you kind of had to have," Lilienthal says. He contracted the live work to BHR Worldwide, a St. Louis organization whose primary business is mental health hotlines.

"It was a perfect combination," he says. "Everybody who answers the phone there, just about, has a master's degree or above in behavioral science—psychology, counseling, or social work."

The IVR system is practically unique in the industry, says In Touch Director of Operations and Client Support Peter Le. Green Tree, ABRA, and Courage Center all use it exclusively. With IVR, In Touch can take and translate calls made in any language. It also can bring translators from BHR Worldwide into live, three-way conversations.

Between automation and outsourcing, In Touch has only four full-time employees, including Lilienthal, all working in a single office suite on West Lake Street in Minneapolis. It's "a very low-stress business to run," he says.

"Why Are You Putting Up With It?"

In Touch had just seven or eight clients in 1996 when Lilienthal left Hamline to make a go of his firm. A column that fall in the *Wall Street Journal* described what he was doing, and "a deluge of phone calls came in."

Another turning point—for the entire hotline industry—came in 2002 with the Sarbanes-Oxley Act, a congressional response to corporate debacles including the meltdown of Enron Corporation. Sarbanes requires, among other things, that employees of publicly held companies must have a confidential and anonymous way to communicate directly to the board of directors any suspicions about improper accounting or internal auditing.

"The market just exploded" in Sarbanes' wake, Lilienthal says. "I got a bunch of new competitors . . . and this became an order-taking business." The opportunity to grow exponentially was there. But having undergone quadruple bypass surgery in 1998, he says, "I had kind of made up my mind that if I could just generate a comfortable level of income, I don't really want to run a big organization."

"I just want to pass along a request about the location of the barcodes on the lab tickets. When we send them to the lab, they're asking that it be packaged in a certain way for scanning purposes. If you place the barcode vertically against the right margin, **I just think the whole thing might work a little better."**

Nonetheless, In Touch has more than 200 clients today, in industries from health care to coal mining. They include giants such as FedEx and Land O'Lakes. Some global clients extend their hotlines to employees in countries from Brazil to China.

All of which is to say that for two decades, Lilienthal and his staff have been an open ear for

"Thank you for placing Malcolm King as the temporary CTO. **In the month that he's been here, he has been a terrific leader.** He has the understanding of the complexities of IT and the communication skills that have been lacking for a long time here. I for one would be thrilled to have him as the permanent CTO. **I believe he can bridge many of the gaps apparent between the IT department and upper management."**

the uncensored voices of a broad cross-section of working people in the United States and abroad. What insights does he draw from what he's heard?

The first that comes to Lilienthal's mind is "how many people are unhappy. You read some of [the recorded transcripts] and say, 'Why are you putting up with it? Why don't you quit and go do something else?' But they have so much invested in what they do that moving on is hard."

Another is "how much control a manager can have over a person's life." A single mother, for instance, needs to work the day shift to coincide with child care. A manager assigns her to the night shift, maybe to pressure her for sex, maybe because he simply dislikes her. Either way, Lilienthal says, "the manager can control [employees'] lives by controlling their schedules. There's a lot of that. Some managers kind of like to think of themselves as kings or queens."

And one more: "We get an amazing number of spouses, who may or may not work in the same workplace, who call and say, 'My spouse is having an affair with person X,' or 'My spouse is using drugs,' or 'My spouse is threatening me, and the company should know that.'" Trying to get your current husband or wife fired from a job "seems like cutting off your nose to spite your face," Lilienthal says. "So I'd say we get a very surprising number of those calls."

Le, who's been with In Touch since 2005, takes a different perspective. "I suppose I was naïve, but I always assumed that the corporation would be the bad guy in any dispute with employees," he says. "A lot of companies are putting forth real effort to try to do right by their employees."

More often than he would have guessed, Le says, the same individual will call a hotline repeatedly, pretending to be several different people to give weight to false or frivolous accusations. It's not the norm, he says, but "there are some bad employees out there."

For a hotline to have credibility, however, the company has to follow up appropriately on all messages. That can be difficult if a call was anonymous, though In Touch systems allow callers to pick a code number as their ID, which enables a back-and-forth exchange of messages between employer and employee.

The next step depends entirely on the situation. But there always has to be a next step, Watkin says. Some complaints can seem trivial, she concedes, "but we take every one seriously." **TCB**

Jack Gordon is a senior writer for Twin Cities Business. *Read his story on China's rise "From Pirate to Patent Powerhouse" in the digital edition of our July issue at* **tcbmag.com**.

Hot Buttons at Hospitals

Based on experience, In Touch can predict them.

To illustrate just how wide the communication gap yawns between employers and their employees, In Touch founder and CEO Peter Lilienthal likes to play a little game.

Say you run a hospital. Lilienthal has been asking hospital administrators for years to guess which issues draw the greatest ire from their employees. Their guesses focus on pay, benefits, working conditions, and doctors.

After serving at least 10 hospitals as clients, Lilienthal says he can almost guarantee that these four issues, in no particular order, will lead the list: food (in the cafeteria and for patients); parking (distant, dark, unsafe); signage (visitors forever lost and confused); and smoking (less an issue now than a few years ago, but somebody still will be smoking too close to the building or throwing butts in a neighboring street).

—J. G.

"I'm calling in regard to the company's Los Angeles branch. There's a lot of gambling going on in that business, including the manager, and it needs to be stopped. **I think it's probably illegal, and they don't need to be doing it there at work.** I just want this taken care of. Thank you."

HOW DO WE LOOK?

What Oklahoma City leaders noticed the most when they visited the Twin Cities this summer.

Like many major U.S. urban centers, Oklahoma City organizes an annual trip through which dozens of its business and community leaders visit other metropolitan areas to learn how well they're doing with economic development, education, infrastructure, and socioeconomic issues. Such tours provide fresh intelligence that helps Oklahoma City with its own economic development efforts.

This year, in late July, leaders from Oklahoma City visited the Twin Cities.

"We pick cities by thinking about pressing issues we have, and things we really want to learn about—either new initiatives, or ones we already have but may be able to do better," says Roy Williams, CEO and president of the Greater Oklahoma City Chamber of Commerce, who led the Oklahoma City delegation of 45 business and civic leaders. Reasons the Twin Cities region was chosen include its history with charter schools, its progress with mass transit, and its strong parks systems.

Charter Schools

Why here? "You have been at it for 20 years now," Williams notes. Minnesota was the first state to pass a charter school law, in 1991; and the first to open a charter school, when City Academy in St. Paul opened a year later. City Academy now is one of the 148 charter schools in the state that will be educating approximately 39,000 students during the 2011–2012 school year. Charter school enrollment has tripled since 2001 and accounts for nearly 5 percent of all Minnesota students, up from 1.2 percent 10 years ago.

The takeaway Williams learned how well charter schools can work, but also that "it's easy to grant a charter; it's very difficult to take it away," he says. "If they don't perform better [than traditional public schools], they should be disbanded, but that's a difficult task. So prior to giving a charter [in Oklahoma], it needs to be better set up" so that the state can close it quickly should that be deemed necessary.

Mass Transit

Why here? "Our voters recently approved construction spending on transit," Williams says. "We know that Minneapolis, and especially St. Paul, are making significant infrastructure expenditures into transit, and we wanted to learn what you have learned so far."

While work continues on the Central Corridor light rail line, the Metropolitan Council's 2030 Transportation Policy Plan looks to double transit ridership within the next two decades, primarily through new bus routes, enhanced bus lanes, and the development of a network of rail and bus transitways.

The takeaway "It seems as though so much of your resources are going for construction and infrastructure, it could eat into the ability to fund operations," Williams observes. "We heard a lot of concerns about it."

The Oklahoma group also was surprised to find that the Twin Cities relies heavily on state and federal funding for its transportation infrastructure projects. "Our

Oklahoma City's Competitive Edge

With a population less than half that of the Twin Cities, and with far fewer Fortune 500 companies, Oklahoma City's economy is outperforming those of most other metropolitan areas.

Population

Greater Oklahoma City ....1.2 million
Twin Cities metro ....3.2 million

Best Cities for Recent Grads

Newsweek/The Daily Beast, June 1, 2011
Oklahoma City 3rd
Twin Cities ....NA

10 Best Places to Buy a Home Right Now

Forbes, May 9, 2011
Oklahoma City 4th
Twin Cities ....NA

America's Top States for Business 2011: Lowest Cost of Business

CNBC, June 28, 2011
Oklahoma 6th
Minnesota 23rd

Best 200 Places for Business and Careers

Forbes, June 29, 2011
Oklahoma City 28th
Twin Cities 34th

Average Annual Growth of U.S. Metro Area Economies (2000–2010)

U.S. Conference of Mayors, June 20, 2011
Oklahoma City 78th
Twin Cities 247th

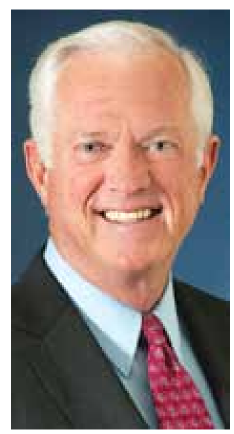
program is paid for with dedicated sales tax—no debt, no financing. Until we collect the money to pay for it, we don't build it."

Urban Parks and Trails

Why here? Minneapolis and St. Paul have been widely recognized as having great parks and recreational opportunities. *USA Today* has described Minneapolis's park system as being the "closest to park nirvana."

Approximately 18 million people visit Minneapolis's parks each year. The city's also attracting more bicyclists through its public bike-sharing program and the addition of more trails on and off city streets. Meanwhile, St. Paul is embarking on plans to create "a 21st century parks and recreation system" that, among other goals, would focus more on activities (such as bicycling) rather than building and maintaining facilities. St. Paul has started using a park dedication fee on new development to help cover the costs of maintaining and improving its parks. Minneapolis is debating whether to do the same.

The takeaway "The biggest surprise of our trip was all the amenities you have to engage people in the outdoors, including your bicycle program and trail system, and accessibility to waterfronts," Williams observes. "It was refreshing to see so much foot-traffic activity: [On a] Monday night, downtown was very much alive. It's a tribute to how much Minneapolis has created an environment where young people are outside doing things, being actively engaged. It comes across as a vibrant community."



Oklahoma City Chamber's Roy Williams: The Twin Cities is attractive to younger talent—but it's behind on developing a regional approach to economic development.

Other Issues

Williams noted that it was good to see the Twin Cities metropolitan area is developing a regional approach to economic development through Greater MSP, the recently created private-public partnership whose mission is to stimulate economic growth and prosperity throughout the Minneapolis–St. Paul region. But, he added, "it's interesting to see the region has taken so long to do it. It's been happening around the country for decades."

Williams also thought that concerns about attracting and retaining younger talent—expressed by several Twin Cities locals with whom his group visited—may be a bit overblown: "Consciously or unconsciously, you've already gone a long way toward creating an environment that talent wants." **TCB**

Next Stop: Portland

October marks the 10th year in which dozens of business and civic leaders from the Twin Cities, including the mayors of Minneapolis and St. Paul, will embark on an InterCity Visit to study how leaders elsewhere are doing with economic, socioeconomic, and infrastructure development. InterCity Visit trips are organized by St. Paul–based Civic Source, a community leadership and public policy consultancy, on behalf of the Minneapolis Regional Chamber of Commerce and the St. Paul Area Chamber of Commerce.

What's learned—and what's discussed among Twin Cities leaders while on the trips—has, among other things, helped lead to the creation of Greater MSP, the regional economic development entity that launched earlier this year. Target Field and the metro area's light rail system also moved forward because of these trips, according to Civic Source Principal Wendy Helgeson.

Cities that Twin Cities delegations have visited in previous years include Boston, Denver, San Diego, Seattle, Toronto, and Austin, Texas. This year's study group will visit Portland, Oregon, October 2–4 to examine education, economic development, and urban issues (primarily transit and housing).

Portland has an urban growth boundary established to prevent urban sprawl. The boundary's benefits include development along its public transit system and downtown high-rise housing along the city's waterfront. The cons: It increases land prices and makes housing less affordable.

On the education front, the group will look at Portland's "cradle to career" initiative and study how well Portland State University serves the city. The school's mission statement talks about providing knowledge to the city—a somewhat different approach from the way Twin Cities universities interact with Minneapolis and St. Paul.

In terms of economic development, visitors will focus on how Portland—though home to only one Fortune 500 company, compared with the Twin Cities' 18—is becoming known as the "Silicon Forest," thanks to its expanding technology, social media, and clean energy industries.

playbook

BY LEE SCHAFER | INSIDER PERSPECTIVE ON MAJOR DEALS

The Second Time's the Charm

Why merging with Digi International made sense for machine-to-machine tech entrepreneur Matt Jennings.

Talk to most entrepreneurs long enough and the conversation will inevitably roll around to selling their business. The least interesting people will murmur only about the dollars. The rest care about getting a payday, too, but they also reflect on how there is so much more at stake. "The funny thing about the emotional part of the decision is that it's so schizophrenic," venture capitalist Ben Horowitz wrote this year. "How can you reconcile Dr. Stay-the-Course and Mr. Sell-the-Thing?"

Matt Jennings has been through such a dilemma twice in the last four years, most recently when he sold Utiligent, his Minneapolis-based application development firm, to Digi International in August. Given that Minnetonka-headquartered Digi (Nasdaq: DGII) didn't issue a news release or file a Form 8-K, one can safely conclude that the transaction was immaterial to the company's attorneys and accountants. Rest assured, however, that it was exceedingly material to Jennings.

An example of an M2M application that Jennings developed: An owner of a HotSpring spa can wirelessly connect it to the Web, then fire up the hot tub from his smartphone before guests arrive.

Jennings, who still refers to himself as an entrepreneur, is the new vice president for Digi's iDigi Applications business unit. There he heads an effort to develop Web-based custom applications for customers that install Digi's communication adapters, sensors, and other electronic hardware. Jennings doesn't share much regarding the terms of the acquisition, other than to say that he at least earned back his Utiligent start-up capital. But there is no question that for Digi, it was less a decision to acquire and more a version of "acqui-hire" to bring Jennings on board.

The decision to throw in with Digi was all about its ability to make a difference in his market, Jennings says. Utiligent was barely a start-up, dating back to February, and Jennings had just one colleague, technology developer James Poehler. Joining Digi provided him with access to customers, branding, market reach, technical know-how, and other resources he did not have as the CEO of a two-person company. Plus, Jennings says, Digi appears to be led by people who are plenty entrepreneurial, even though its sales have grown well above $50 million a quarter.

Now 41, Jennings has been the owner of small businesses for most of his adult life, and he has found a keen interest in machine-to-machine (M2M) communication. Utiligent was founded to build Web-based software systems that gather and use data generated by equipment such as pool pumps, refrigerators, and convenience-store coffee pots so that businesses can "communicate" with and manage that equipment electronically and remotely.

An example of a M2M application is one that Jennings brought to Digi in the Utiligent deal. Later this year, owners of HotSpring spas can wirelessly connect them to the Web. This allows a homeowner to fire up the hot tub from his Droid or iPhone, before guests arrive. Such connectivity is nice to have for the homeowner, and great for a HotSpring dealer to have: The customer's tub also can communicate with the desktop of a maintenance scheduler.

What's more, HotSpring's parent, California-based Watkins Manufacturing, though comfortable enough turning over this initiative to a two-person firm, is even happier to now be working with Digi, which is selling an increasing array of products that can enable the wireless M2M market to develop.

Jennings had merged his M2M operation with another company before—with "disappointing" results.

When Jennings and Digi CEO Joe Dunsmore started meeting earlier this year, Jennings says, they found that they had a common view. What Digi needed to leverage its new iDigi brand was expertise and leadership to develop and offer inexpensive applications. Digi's market share could expand so much faster if Digi could make customer data easier to see, store, and analyze. Jennings and Utiligent represented an opportunity for Digi to move that initiative along. By early August, the deal was done, and Jennings and Poehler moved into Digi's headquarters.

It was a bit of déjà vu for Jennings. When I met him in 1999, he was running an M2M applications company called Global Tier. Jennings and his team developed a relationship with Restaurant Technologies, Inc. (RTI), a hot-growth Mendota Heights–based company that pioneered services for managing cooking oil for thousands of McDonald's stores and other restaurants. The idea of selling customers on the ability to remotely monitor kitchen equipment and the quality of cooking oil was compelling to RTI. In 2007, Jennings struck a deal and brought his team on board.

It didn't work out as planned, an experience Jennings simply calls "disappointing." In 2010, he left RTI; his noncompete provisions rolled off at the end of the year. No option seemed remotely as interesting to him as launching another M2M applications company. And Jennings was confident that he could build awareness in a new brand over time: He'd been once around the track, knew what to do, and was quickly up and running. Within weeks of the February launch, Utiligent had two accounts, including Watkins Manufacturing. Utiligent was ahead of plan and Jennings was optimistic that it was poised for a run.

Selling Utiligent was not in that business plan, Jennings says. He had tried selling a business and working for its new owner once before. And he had approached Digi only to talk about collaboration—sharing some ideas, perhaps, or comarketing in a couple of niches. But it didn't take long before discussions turned into joining forces through a purchase.

"I told Joe [Dunsmore] once that it is too bad I didn't know to call Digi in 2007, at the time I did the other deal," Jennings says. "He said something very interesting. He said they wouldn't have been ready for us." **TCB**

ON THE WEB

Curious about the latest news in the emerging machine-to-machine (M2M) space? Here's one place to plug in: **m2m.orangeom.com/**

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.

M I N N E S O T A ' S P R E M I E R E V E N T F O R

Hosted by:

The Collaborative®

MVCA
MINNESOTA VENTURE CAPITAL ASSOCIATION

SILVER ANNIVERSARY

25th Annual Minnesota Venture & Finance Conference

October 12-13, 2011 — **Minneapolis Convention Center**

Includes Exclusive Bonus Reception: *'25 Years of Innovation'* Celebration on October 12

The Venture & Finance Conference with Proven Success

Real Deals • Real Investors • Unbeatable Networking

- Over half of the $5.4 billion of VC invested in MN firms in the last 15 years has gone to companies that have presented at the Conference.
- More than 350 investors, entrepreneurs and executives have attended each of the last 14 Conferences.
- More than 75% of VC raised by MN companies in the last two years – and 90% raised in the last two quarters – went to past Conference presenting companies.
- Over $3.5 *billion* in capital raised by past Conference presenters.

Great Up & Coming Company Presentations • 30-40 More in the Entrepreneurial Showcase

CNS THERAPEUTICS
OptiMine
Ativa MEDICAL
BioAmber GREEN TECHNOLOGIES
BringMeTheNews.com
CONVENTUS orthopaedics
ionix Medica
AUM Cardiovascular
Healthsense®
Phraxis
BIOTHERA the immune health company
Quick Check HEALTH
RAPID ENGINES
ScyFIX
SOPHIA
STEELE™ TRAINING | EQUIPMENT | APPAREL

Maximum Opportunity, Visibility & Value

The 2011 conference will provide a dynamic and packed agenda featuring company presentations, workshops, panels and keynotes in a high energy and efficient format. Attendance includes admission for one individual to all sessions, and the Bonus Reception *'25 Years of Innovation'* on October 12.

- ***By September 28:*** ☐ $495 ☐ $295 (members of The Collaborative)
- ***After September 28:*** ☐ $595 ☐ $395 (members of The Collaborative)
- **On Site:** ☐ $645 ☐ $445 (members of The Collaborative)

Register Your Team & Save!
Receive 50% off registrations for additional employees from the same company.
See the website for details.

Entrepreneurs:
Gain visibility to investors, learn more about raising capital, and network with investors and other entrepreneurs. **No additional cost** for a profile, one-minute introduction & info table.
www.collaborative.net

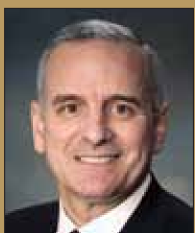
To register, for the full agenda or more information call 612-338-3828 or visit www.collaborative.net

ENTREPRENEURS AND INVESTORS

Outstanding Panel Discussions, Relevant Workshops & Top-Notch Speakers

- The State of Venture Investing
- Healthcare Innovation 2011: A Global Powerhouse for the U.S. & MN
- Where's the Money? Financing Innovation: Angels, VCs, PE and More
- Next Generation MN Innovation: Tech, Cleantech & More
- VC and Angel Financing in a Challenging Economy: Tax Credits & More
- Exits, IPOs, International Exchanges & More
- Valuation for Angels, VCs and CEOs
- and More!

CEO of the State



Governor Mark Dayton
(invited)

Billion Dollar Serial MN Entrepreneur

Phil Soran
President, Dell Compellent

The State of Venture Investing

Mark Heesen
President, National Venture Capital Assoc.

Serial Medtech Entrepreneur

Doug Kohrs
CEO, Tornier

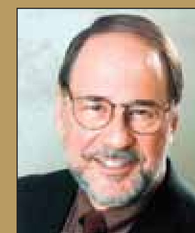
Active MN Private & Angel Investor

Joy Lindsay
President, StarTec Investments

Veteran MN Technology VC

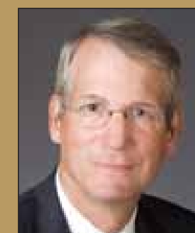
Michael Gorman
Managing Director, Split Rock Partners

Active MN Angel Investor & CEO



Vance Opperman
CEO, Key Investment

Veteran MN Healthcare VC



Pete McNerney
Partner, Thomas McNerney & Partners

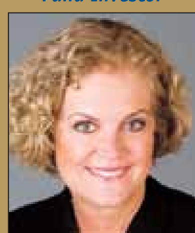
Serial Tech & Software Entrepreneurial Success

Chris Heim
President, Amcom Software

Pioneering Healthcare VC & Entrepreneur

Tony Miller
CEO, Lemhi Ventures; Carol

Growth Equity Fund Investor



Leslie Frécon
CEO, LFE Capital

Global Cleantech Manufacturer

Patrick Peyton
CEO, Despatch Industries

Heads MN's Economic Development Agency

Mark Phillips
Commissioner, Minnesota DEED

VC-Backed Cloud Based Software Firm

Justin Kaufenberg
CEO, TST Media

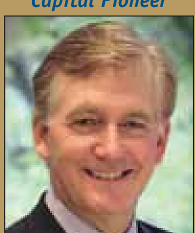
Veteran Medtech & Healthcare VC

Buzz Benson
Managing Director, SightLine Partners

MN PE Investor With New Fund

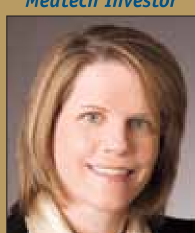
Darren Acheson
Managing Director, Mill City Capital

MN Venture Capital Pioneer



Gordon Stofer
Managing Partner, Cherry Tree

Active MN Medtech Investor



Kathy Tune
Partner, Thomas McNerney & Partners

MN Early Stage VC Investor

Mark Marlow
President, Omphalos Venture Partners

Active MN $200 Million PE Investor

Steve Soderling
Principal, Tonka Bay Equity Partners

Corporate & Securities Attorney

Bob Kuhns
Partner, Dorsey & Whitney

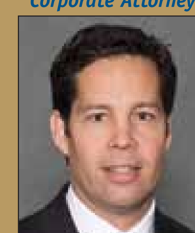
Angel Fund Organizer & Investor

Steve Mercil
CEO, RAIN Source Capital

MN Healthcare VC Investor

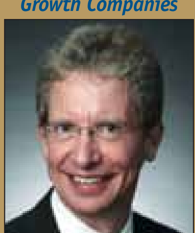
Serafin Samson
Venture Partner, Affinity Capital Management

Entrepreneurial & Corporate Attorney



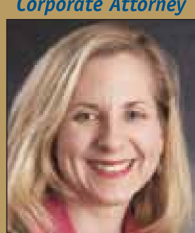
Mark Pihlstrom
Partner, Faegre & Benson

Transaction Advisor to Growth Companies



Milo Arkema
Director, Baker Tilly Virchow Krause

Venture Capital & Corporate Attorney

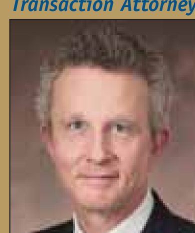


Patrice Kloss
Partner, Oppenheimer Wolff & Donnelly

Head of Strategic Growth Markets

Bill Miller
Partner, Ernst & Young

Corporate & Transaction Attorney

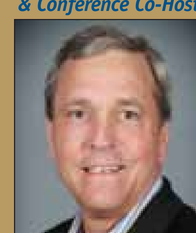


John Houston
Officer, Fredrikson & Byron

Active Intellectual Property Attorney

Tyler Nasiedlak
Shareholder, Schwegman Lundberg & Woessner

2011 MVCA President & Conference Co-Host



Ed Spencer, Jr.
Chairman, Affinity Capital Management

Conference Co-Host

Dan Carr
CEO, The Collaborative

Check the website for the full speaker line-up as well as detailed panel and workshop descriptions.

Feature Sponsors

DORSEY — DORSEY & WHITNEY LLP
BAKER TILLY — VIRCHOW KRAUSE, LLP
FAEGRE & BENSON LLP
ERNST & YOUNG
Fredrikson & BYRON, P.A.
NVCA — National Venture Capital Association
OPPENHEIMER — OPPENHEIMER WOLFF & DONNELLY LLP
POSITIVELY Minnesota — Department of Employment and Economic Development
SLW — SCHWEGMAN LUNDBERG WOESSNER — PATENT PROTECTION FOR HIGH TECHNOLOGY
TwinCities BUSINESS

Next Generation Sponsors

NEP — Norwest Equity Partners
SPLIT ROCK PARTNERS

To register, for the full agenda or more information call 612-338-3828 or visit www.collaborative.net

SPECIAL FOCUS

INNOVATIONS IN HEALTH CARE

THE NEW MEDICAL MARVELS

Devices from Minnesota companies that save patients and hospitals money while improving outcomes and recovery times.

By Katie Westfall

Attaching Muscle to Bone

Tornier, Edina

A rotator cuff tear, where tendon and muscle tissue is uprooted from a bone in the shoulder, can make it hard to do normal things, such as lifting your arm to brush your teeth, and it's a leading cause of shoulder pain. When non-surgical rehabilitation fails and pain persists, patients may require rotator cuff surgery to reattach the torn tissue to the head of the upper arm bone (humerus). In the past, open surgery was the norm for repairing this injury. But minimally invasive arthroscopic therapies for rotator cuff tears have become more popular during the last 10 to 15 years, according to Andy Joiner, vice president and general manager of U.S. commercial operations at Tornier, an orthopedic medical device firm in Edina.

Tornier's ArthroTunneler is a one-use device that enables surgeons to arthroscopically place intersecting tunnels in the arm bone and pass multiple sutures through it to "tie" the rotator cuff muscle back to the bone. And it's the only device that allows surgeons to do a minimally invasive procedure without anchors.

The ArthroTunneler from Tornier enables minimally invasive rotator cuff surgery without the use of metal anchors.

Traditionally, metal anchors are used to hold sutures in place, but ArthroTunneler only uses sutures to secure tissue to the bone. A surgery may require up to four or five anchors, costing as much as $500 apiece, so eliminating the anchors reduces the cost of the operation. In addition, there's a risk that patients' bodies will reject the anchors. Patients recover from the anchor-less surgery in about four to six weeks.

The ArthroTunneler is inserted though the top of the shoulder; a 1.8 mm drill bores into the bone about 2.22 mm deep, depending on the patient. Another tunnel is drilled perpendicular to the first. "So you tunnel down and intercept that tunnel, reinsert that suture wrapper, and pull that suture up and out of the rotator cuff tissue, and now externally you have two suture [ends] and you can tie knots and slide back down," Joiner says.

A Visible Path

Imricor Medical Systems, Burnsville

Heart ablations, where tissue is strategically burned to stop electrical conduction causing atrial fibrillation or ventricular tachycardia, are typically done with x-ray guidance. But Imricor Medical Systems' Steve Wedan, CEO of the Burnsville-based cardiac device company, says the doctor can't see the soft tissue he's trying to ablate because

Doctors can better see their instrument during cardiac ablations with the Vision MR EP Ablation Catheter from Imricor Medical.

x-rays register only bones and hard objects, such as tools and the catheter itself.

Atrial fibrillation (AF) affects more than five million patients in the U.S., according the Mayo Clinic, and can leave patients lightheaded and put them at a higher risk for stroke. The first course of action for stopping AF is drug therapy. If that doesn't work, doctors may recommend ablation. Ablation is also used for those with ventricular tachycardia, a more serious irregular heartbeat that puts patients at risk of sudden cardiac death.

Imricor developed the Vision MR EP Ablation Catheter with magnetic resonance (MR) coils in the tip, allowing the catheter to be tracked using MR imaging instead of an x-ray as it's advanced through the inferior vena cava in the groin and into the heart. Soft tissue and hard objects are visible on a screen linked to the MR imaging system, so a doctor can track the device and confirm that the ablation was a success; burned areas appear in bright color and other tissues are gray.

At a time when people are worried about radiation and its effects, it's a "radiation-free procedure that's faster and more effective," Wedan says. It's faster because it's like "taking off the blinders so doctors can see exactly what they're doing," he says, and it's more effective because doctors are more likely to ablate the right areas.

Five years after the procedure, atrial fibrillation ablations using x-rays are only 29 percent effective, Wedan says. After multiple procedures, the success rate goes up to 63 percent. "A good amount of patients get an ablation and then find that the atrial fibrillation returns, and so then they have a second ablation or third ablation," he says.

"What we're hoping is to show that ablation is so effective, and so cost effective, that under MR guidance it becomes the first line of therapy." That puts Imricor in a sweet spot because, Wedan says, the company has patented the technology: "Nobody else can make a catheter that is safe for use in MR."

Speaking the Language

GeaCom, Inc., Duluth

Imagine you're in a country where English is not spoken widely, and you end up in the hospital. How do you talk to the doctor? Duluth medical device company GeaCom, Inc., has developed the Phrazer, a handheld touchscreen device that allows medical personnel to "speak" to their patients in any language.

First, Phrazer determines a patient's language. Michelle Laurion, global sales and marketing manager at GeaCom, says a patient can use Phrazer's interac-

The handheld Phrazer device from GeaCom allows doctors and patients who don't speak the same language to communicate with each other.

tive map and point to his or her country and choose from a list of the most commonly spoken languages there, or just choose from a list of languages.

"Once their language is identified, they begin their interaction with Phrazer," Laurion says. A culturally appropriate doctor appears in a pre-recorded video and asks a patient for his or her name and basic information, medical history, insurance, current symptoms, and complaints. The patient wears headphones and answers questions via the touch screen, pointing out on a picture of the human body where the symptoms are occurring. The information is instantly uploaded to the electronic medical records system and sent wirelessly to the caregiver's headphones. The caregiver hears the information in his or her own language.

Scripted, pre-recorded videos are played in a sequence indicated by the patient's symptoms. For example, videos could show how x-rays or blood draws happen, or a doctor explaining medical protocols. The device also asks for consent to treatment. Phrazer runs on the Google Android operating system, is battery powered, and has Bluetooth wireless connectivity.

Laurion says the product is available in the U.S. and is targeted at hospitals and clinics for use at the point of admission and especially in emergency situations. "When somebody comes in, without having to get an interpreter on the phone, or try and find one in the hospital system, [Phrazer] can quickly determine who this person is and what their current symptoms and complaints are so that the doctor can begin the diagnosis and treatment of the patient," Laurion says.

Automated Massage

Tactile Systems Technology, Inc., Minneapolis

Lymphedema, a pooling of fluids in the limbs and trunk due to an impaired lymph system, can happen for a number of reasons, including a congenital malformation or disruption from radiation therapy, infection, or trauma. Without a way to flush the lymph system, which carries toxins cleansed from the blood, swelling occurs.

One way to combat the swelling is with manual lymphatic drainage massage from a therapist, but that's time consuming and expensive. Tactile Systems' Flexitouch mimics the motions of a therapist with a garment that contains 27 to 32 air chambers that inflate and deflate sequentially. For instance, the garment's pockets may work from the thigh to the calf to the foot and back again, directed by a pre-programmed controller. Flexitouch works by moving fluids through the lymph system, allowing the body to dispose of excess fluid.

However, some patients need larger Flexitouch garments because they are physically bigger or because they have severe swelling. So Tactile Systems spent a year redesigning the system and launched the Flexitouch EXT in January. "We had to do some technical changes to it to make sure that it applied the right kind of pressure when [the garment] was extra large," says Kathy Horton, marketing communications manager for Tactile Systems. The EXT line has relocated air hoses that can be used as handles to position the product. Flexitouch EXT is made of soft, durable fabric with Velcro closures, and most insurance companies cover its cost with a doctor's prescription.

Patients get measured much like they would for clothing. Tactile Systems pre-programs the controller to meet the specific needs of the patient. "We then send a trainer to their home to teach them how to put it on, how to run the machine, and all they have to do is press the on and off button," Horton says. Typically, a one-hour program does an entire limb. The same work could take a massage therapist several hours.

Horton says, "It's a very gentle pressure, and it moves the fluid from the farthest part of your limb all the way up to your trunk." The lightweight, portable controller is easy to use with large buttons and an LCD screen.

The Flexitouch EXT garment from Tactile Systems Technology uses inflatable air chambers to massage a patient's limbs.

Bracing for Less Pain

OrthoCor Medical, Minneapolis

Fifty percent of Americans will likely experience knee pain at some point in their lives, so the market for knee pain relief is enormous. Prepared to capitalize on this fact is OrthoCor Medical, a Minneapolis-based medical device company that developed a brace approved for temporary relief of joint pain, and postoperative pain and swelling for superficial soft tissue. John Dinusson, CEO and president of the company, says the OrthoCor Active Knee System is prescribed by physical therapists and, increasingly, orthopedic doctors to offer a noninvasive, surgery-free option for pain relief.

While it looks similar to regular knee braces, the OrthoCor brace uses pulsed electromagnetic frequency (PEMF) technology and heat to alleviate pain. Patients can't feel the PEMF field, but "internally it is creating frequencies that we've proven create calcium calmodulin ionic bonding, which creates more nitric oxide, which replicates the body's natural healing process, and reduces pain and edema," Dinusson says. Radio frequency coils embedded in the fabric generate the PEMF waves.

The heat is supplied by thermal pods—like the oxygen-activated heat wraps found at the drugstore—that slip into the brace on either side of the knee. This automatically starts the PEMF therapy, which lasts about two hours and can be repeated during the day. The heat reduces inflammation and soothes sore muscles and tendons.

According to the Orthopedic Research Society, a research organization in Illinois, people using OrthoCor Active Knee brace had a 45 percent reduction in pain. OrthoCor hopes to gain approval for similar devices for wrists, elbows, ankles, and backs in the next few months.

The OrthoCor Active Knee brace comes with a charger and battery and a two-week supply of pods. "We're an alternative for pills and knee replacement," Dinusson says, adding that the brace is a complementary therapy to surgery, cortisone injections, and anti-inflammatory medications such as ibuprofen.

OrthoCor's Active Knee System combines a brace with pulsed electromagnetic frequency technology.

Catheter Security
Interrad Medical, Plymouth

It doesn't happen too often, but when a central venous access catheter becomes dislodged, the results can be life threatening if medication or nourishment to a patient is cut off. For the most part these catheters—which provide access to a patient's vascular system, typically in the hand, arm, or neck—are secured with sutures or adhesive. Sutures can tug on skin and, in some instances, pop out. Adhesives can be irritating to the skin, and some patients are allergic to them. The adhesives can also break down over time due to oils in the skin.

Like many doctors who've been called upon to redo a dislodged catheter, Dr. Michael Rosenberg, the inventor of SecurAcath, thought there must be a better way to secure them. Jeff Killion, vice president and chief marketing officer, says Dr. Rosenberg had an idea: "'Instead of trying to strap things down on top of the patient's skin,' he thought, 'why don't we put something underneath the skin.'"

SecurAcath is faster to place than suturing (which takes five to six minutes) and using adhesives (three to four minutes). Once a catheter has been placed, SecurAcath is folded in half; two knobs, or anchors, are slipped under skin in the opening. The device then unfolds and the anchors spread out in the tissue just beneath the skin. Above the skin, the device is secured to the catheter. SecurAcath reduces catheter wiggle, which can lead to irritation in the skin and infection, and makes it easier to clean the catheter site. The device is approved to stay in place as long as the catheter is in place. Killion says one patient he knows of had a peripherally inserted central catheter in his arm for seven months.

Interrad has gotten a positive response from clinicians who would prefer not to suture catheters in place, since it exposes them to the possibility of needle sticks and blood-borne disease. There's nothing sharp about SecurAcath, so there's no way to prick your skin with it.

SecurAcath received its European CE mark and Health Canada clearance for use in those markets last year. It also has FDA clearance. With an estimated 15 million central venous access catheters placed in patients around the world each year, Killion thinks SecurAcath could become the standard for securing catheters.

SecurAcath from Interrad Medical ensures that central venous access catheters don't get dislodged.

Growing Lifesaving Cells
Wilson Wolf Corporation, New Brighton

In a study of its own processes, Baylor College of Medicine in Houston found it saved $6,600 in cell culture materials and reduced the number of its cell culture devices from 318 to 12 when it employed the G-Rex (which stands for gas permeable rapid cell expansion) device from Wilson Wolf Corporation. John Wilson, CEO of the New Brighton–based cell culture technology company says, "The whole process of growing cells has been stagnant, I think, for about 150 years." A far cry from the glass bottles used in the 1850s and contemporary cell culture devices such as flasks and bags, the G-Rex allows researchers to grow more cells in a smaller space more quickly.

Researchers in the biomedical industry are constantly growing cells for studies, but Wilson says an exciting development lies in adoptive cell therapy (ACT), in which cells from a cancer patient are withdrawn in a blood sample; certain disease-fighting attributes from the cells are grown to a high cell quantity, then infused back into the patient to fight cancer.

Dr. Steven Rosenberg, chief of surgery at the National Cancer Institute in Bethesda, Maryland, and a pioneer in gene therapy and immunotherapy, found out about G-Rex from the Baylor study, and is now using it in his treatment of late-stage melanoma. "They're identifying ways to make cells from the patient's immune system, called T-cells," Wilson says, then growing them in G-Rex. The survival rate of late-stage melanoma is less than 1 percent, Wilson says, but in a study of 93 Rosenberg patients who received this therapy, more than 20 percent experienced complete remission.

The G-Rex Device from Wilson Wolf is used for growing cells, notably in the promising field of adoptive cell therapy.

Rosenberg is using the soda can–sized G-Rex because it can grow 10 to 20 times more cells than a regular culture device. Cells are placed in growth-enabling glucose water and have access to unlimited oxygen via a proprietary gas permeable membrane at the bottom of the device. Cells are heavier than the liquid, so they fall toward the permeable membrane.

"Normally, the oxygen has to come from the top of the liquid," Wilson says of the traditional culture devices. But liquid doesn't hold much oxygen, so researchers put a small amount of liquid on the cells; that way, the cells are close to the oxygen. But with so little liquid, and the growing cells consuming the glucose in it very quickly, lab workers need to replenish the media every other day. With the G-Rex, researchers can in some cases fill it, place it in an incubator, and forget it, and won't have to intervene much while the cells are growing.

The goal is to use the G-Rex as a springboard for any kind of emerging adoptive cell therapy and to provide those using G-Rex with a patent license. Wilson holds a patent in conjunction with Baylor College of Medicine. "We found a really clever way to grow more cells in a shorter amount of time, and that's a big deal for people who are more or less on death row," he says.

Concentrated Healing
Circle Biologics, Plymouth

Tiger Woods did it and other pro athletes are doing it, too. They're requesting cellular therapy to help heal torn tendons faster and make them stronger. Surgeons say their patients have less pain, less bleeding, and faster recovery using a patient's own cells, whether from blood, bone marrow, or fat tissue, to assist in speedy recoveries. Circle Biologics, a biologic material management company based in Plymouth, is poised to capitalize on this trend.

Circle's Autologous Fluid Concentrator (AFC) system uses a proprietary filter to separate patient cells into materials that are incorporated back into the body to help it heal. Matthew Kyle, the company's president, uses the example of knee replacement surgery to describe how AFC works, but the same concept could be used in open heart surgery or a nose job, he says.

In the operating room, blood is drawn from the patient, put into the hourglass-shaped AFC, and spun into layers through the filter. Platelet-poor plasma (PPP) and platelet-rich plasma (PRP) are separated out. When water is taken out of PPP, the result is a concentrated protein called fibrinogen, which helps with blood clotting. The PRP contains white blood cells (disease fighters) in addition to platelets. Platelets contain growth factors that the body uses to signal other areas that "we've got a problem," Kyle says.

In knee surgery, PRP is applied in and around deep soft tissue closures, and PPP is applied to the bone ends. "Using the patient's own body's concentrated fluid helps prime the bone cuts for optimal healing once the implant is in place," Kyle says. Each AFC kit is optimized for specific procedures, and surgeons decide what cellular materials to use and how to apply it.

"In knee and hip surgeries, this therapy has been shown to achieve a four fold decrease in postoperative wound drainage," Kyle says. Too much drainage can cause swelling or infection. One study on animals looked at the strength of bone graft material after 14 days and found a 40 to 60 percent increase in strength compared to surgeries without regenerative cell therapy.

Using the AFC system also keeps fluids in a safe, enclosed environment. Current medical practice has personnel spraying the PPP or PRP fluid into a cup from outside the sterile field. Then another person draws the fluid up into a syringe and administers it to the patient. "We think that's not optimal," Kyle says. "These fluids have delicate cells in them. We want to minimize the trauma [to them] to increase the efficacy of the cells once they hit the body. Through our transfer device, we're able to reduce the fluid tumbling and/or trauma to the cells." TCB

Katie Westfall is a freelance writer and a frequent contributor to Twin Cities Business.

Are The Taxes Always Greener?

By Jack Gordon

For companies choosing locations for factories and offices, how big a role do taxes play?

The blogospheric equivalent of a tempest in a teapot erupted last March when Hutchinson Technology announced that it would eliminate 600 Minnesota jobs in a shift of certain manufacturing operations to Wisconsin and Thailand.

Faced with falling revenues, the Hutchinson-based maker of components for computer disk drives has made at least three major cuts to its hometown work force since 2008. This time, the company said it would transfer some production work to its plant in Eau Claire, Wisconsin.

Some bloggers and tweeters, eager to claim that tax rates in Minnesota were pushing jobs out of the state, attributed the move to a new two-year tax break that Wisconsin recently had begun offering to qualifying companies that opened locations there. Other bloggers countered that since Hutchinson's Eau Claire plant had been in operation for several years, the company would not qualify for Wisconsin's new-business incentive.

It was quite a little uproar for a while, notes Connie Pautz, vice president of human resources and communications for Hutchinson Technology. "But we had nothing to do with it." In the first place, she says, neither Minnesota tax rates nor Wisconsin tax incentives played any role in the move. In the second place, though some of the 600 lost Minnesota jobs arguably went to Thailand, none went to Wisconsin. Indeed, 200 jobs were cut from the Eau Claire plant earlier this year.

The move was all about facilities and technology, Pautz says. Hutchinson is transitioning to producing a "next generation" suspension assembly for disk drives. The manufacturing process is more highly automated, requiring fewer workers. The Eau Claire plant is newer and easier to convert than the Hutchinson plant.

"I still don't know if we would qualify for the Wisconsin tax credit," Pautz says. "I'd have to check. It just never came up."

Going For The Green

The Tax Foundation, a conservative Washington, D.C., interest group, ranks South Dakota number one as the state with the best tax climate for businesses.

North Dakota ranks 20th. Wisconsin, Minnesota, and Iowa are grouped as high-tax states, ranking 40, 43, and 45, respectively.

South Dakota buys radio and billboard advertisements that urge Minnesota businesses to relocate across the border to escape corporate and personal state taxes. Nobody appears to keep track of how many do so, but the threat that Minnesota companies will flee to the Dakotas or elsewhere is commonly invoked to support the argument that corporate and personal tax rates in the state are at job-killing levels.

As Hutchinson Technology's case suggests, however, businesses expand, relocate, or otherwise set up shop in particular locations for many reasons that have little or nothing to do with tax rates—or special tax breaks.

State Corporate Income Tax Rates

- **Minnesota's corporate income tax rate:** 9.8%
- **Nation's highest corporate income tax rates:** Iowa 6%–12%; District of Columbia 9.975%
- **Corporate tax rates in neighboring states:** Wisconsin 7.9%; North Dakota 2.1%–6.4%
- **States with no state corporate income tax:** Nevada, South Dakota, Washington, Wyoming

Source: Federation of Tax Administrators

This does not mean, obviously, that companies are oblivious to the tax breaks offered by job-creation programs in many states. Minnesota's own JOBZ program, which operates outside the Twin Cities metro area, can relieve a qualifying start-up of virtually all state and local taxes, including property taxes, for several years. Companies also routinely approach state and local officials to negotiate individual tax breaks and incentives for creating jobs in a particular place.

For major employers, those incentives often are worth millions of dollars, according to consultants who help companies with expansion and relocation decisions. Mark Stevens, who represents manufacturers and distributors in Minnesota and Wisconsin on behalf of national accounting firm Wipfli, says that many localities are so eager to hand out tax breaks and other incentives, such as free job training, that negotiating with them becomes almost perverse. The focus of negotiation, he says, sometimes needs to shift away from how much the company can get and turn into a matter of managing the locality's expectations.

"I've seen too many deals go bad, where a company negotiates to the point of generating ill will before it even shows up," Stevens says. "The company gets incentives that create huge expectations of what it will give to the community. And typically, the company will underdeliver."

Most of Stevens' clients are what he describes as midsize companies, with about $10 million to $750 million in revenue. When he helps them negotiate with localities for tax incentives, he prefers a no-surprises approach. "We want to share up front the high- and low-end potential of how we'll impact the community: jobs, taxes, use of utilities," he says. "Then we ask, 'What do you have available?' In other words, we bring up incentives last. We don't lead by asking for incentives."

Dan Bartholet, the partner who runs the state and local tax practice for accounting consultancy Grant Thornton, LLP, in Minneapolis, works mostly with larger companies. He agrees that tax breaks are a standard item on their wish lists when they are deciding where to locate a new facility. And he says that companies don't hesitate to ask states or localities for several years' worth of breaks on taxes—corporate tax, property tax, sales tax, and more—in return for setting up shop in their area.

"It's a typical negotiating tool if you're considering a number of locations," Bartholet says. "When you approach a county or a state's economic development authority, you can say, 'Here's what I'm seeing elsewhere, and your location doesn't match up. Is there anything you can do?'"

The Importance of Tax Breaks

The basic goal of tax breaks is the same, whether from state governments or local entities: A locale forgoes tax revenue from a new business for some period—often five or 10 years—in hopes of recouping the loss once the business is established. Meanwhile, the jobs created generate additional economic activity.

Sometimes the taxpayer investment is more direct, as when a locality underwrites job training for a new plant or pays for infrastructure or site preparation.

But how much do communities actually benefit from such deals? Decades of research suggest that the answer usually is not much, says David Schultz, a professor at Hamline University's School of Business in St. Paul and a specialist in economic development. In a blog posting last year, Schultz wrote: "Hundreds of studies overwhelmingly reach [the] conclusion [that] tax breaks to encourage economic relocation or investment are generally economically inefficient and wasteful."

It isn't that taxes don't matter to businesses when they are deciding where to locate, Schultz says. It's just that "when you line up all the factors that influence business-location decisions," taxes turn out to rank fairly low on the list.

> When you line up all the factors that influence business-location decisions, taxes turn out to rank fairly low on the list.

Studies show three "tiers" of decision factors that determine where a business will locate, Schultz says. First-tier determiners have to do with work force issues: prevailing salary scales, education and training levels, and so forth. "Basically, what kind of work force can we get for what kind of money?" he says.

Second-tier issues involve proximity to customers and suppliers, transportation routes, energy costs, site costs, and other such factors.

Taxes—both permanent tax rates in a state or area and special breaks or incentives for relocating—fall into the third tier of determiners. To oversimplify a bit, "if everything else is a wash, then taxes might tip the decision," Schultz says.

One conclusion supported by the research, Schultz says, is that more often than not, programs like JOBZ or other special tax incentives merely reward companies for moves they would have made anyway. Another conclusion is that even when a given tax incentive succeeds in luring a company that otherwise would have gone elsewhere, the community probably would get a bigger economic boost if it spent the money on education or infrastructure.

"Over the long term, the best economic development investment a state can make is in education. And infrastructure investment is number two," he says. So even if your $1 million tax break attracts a new business, "the question becomes, would there have been a more efficient thing to do with that $1 million?" In most cases, the answer appears to be yes.

To use what Schultz calls an old and cheap argument that is valid nevertheless, "If low tax rates were the determiner, Mississippi and Alabama would be far ahead of Minnesota [in business activity]. And if high taxes were a determiner, New York City would be dead."

Negotiating for incentives and tax breaks is a standard part of what consultants do when helping corporate clients with location decisions. Even so, consultants agree that taxes are very rarely the chief determiner of where companies go.

Scott Nichols, state and local tax director for RSM McGladrey, Inc., an accounting firm in Minneapolis, says that work force issues, real estate considerations, and proximity to customers and suppliers usually are his clients' top concerns. "If you're in distribution, for instance, you can only be so far from your customers before transportation costs will outweigh any tax break you're going to get," he says.

Bartholet and Stevens agree. But while conceding that point, the consultants balk at the suggestion that the tax climate in a state is a minor concern or that special tax breaks merely reward companies for doing what they would do anyway. Tax considerations may not

State Individual Income Tax Rates

- **Minnesota's top individual income tax rate:** 7.85%
- **States with the highest top individual tax rates:** Hawaii and Oregon, 11%
- **Top individual tax rates in neighboring states:** Iowa 8.98%; Wisconsin 7.75%; North Dakota 4.86%
- **States with no individual state income tax:** Alaska, Florida, Nevada, South Dakota, Texas, Washington, Wyoming

Source: Federation of Tax Administrators

be primary, but they can be significant, Nichols says. Bartholet ranks taxes as an "important concern."

Schultz's observation about tax incentives coming into play only when everything else is a wash is an overstatement, they insist. Take the issues of transportation and proximity to customers. "When we do a logistics analysis of inbound and outbound freight, we typically strike an arc 250 or 300 miles wide," says Stevens. "That means we might be talking to Minnesota, Wisconsin, Iowa, and Illinois. A five-year break on taxes can matter."

It's just that other factors often matter more. Sometimes they are idiosyncratic. Stevens has a client that uses tremendous amounts of nitrogen. Therefore, proximity to nitrogen suppliers is an overriding concern. One of Nichols's clients is a private Minnesota company that could have gained serious tax advantages by opening a branch in Canada. Against the advice of his executives, Nichols says, the owner put the new branch in Minnesota out of simple loyalty to the community.

Exodus?

Minnesota's corporate income tax rate of 9.8 percent is one of the highest in the nation. Its top personal income tax rate of 7.85 percent is well above average—and Nichols points out that the personal tax directly affects shareholders of S Corporations, whose revenue flows to them as personal income.

But while it is not uncommon for wealthy Minnesotans to change their personal residence to a low-tax state such as Florida, none of the consultants to whom *TCB* spoke could recall a single client that moved its place of business out of Minnesota in order to escape state taxes.

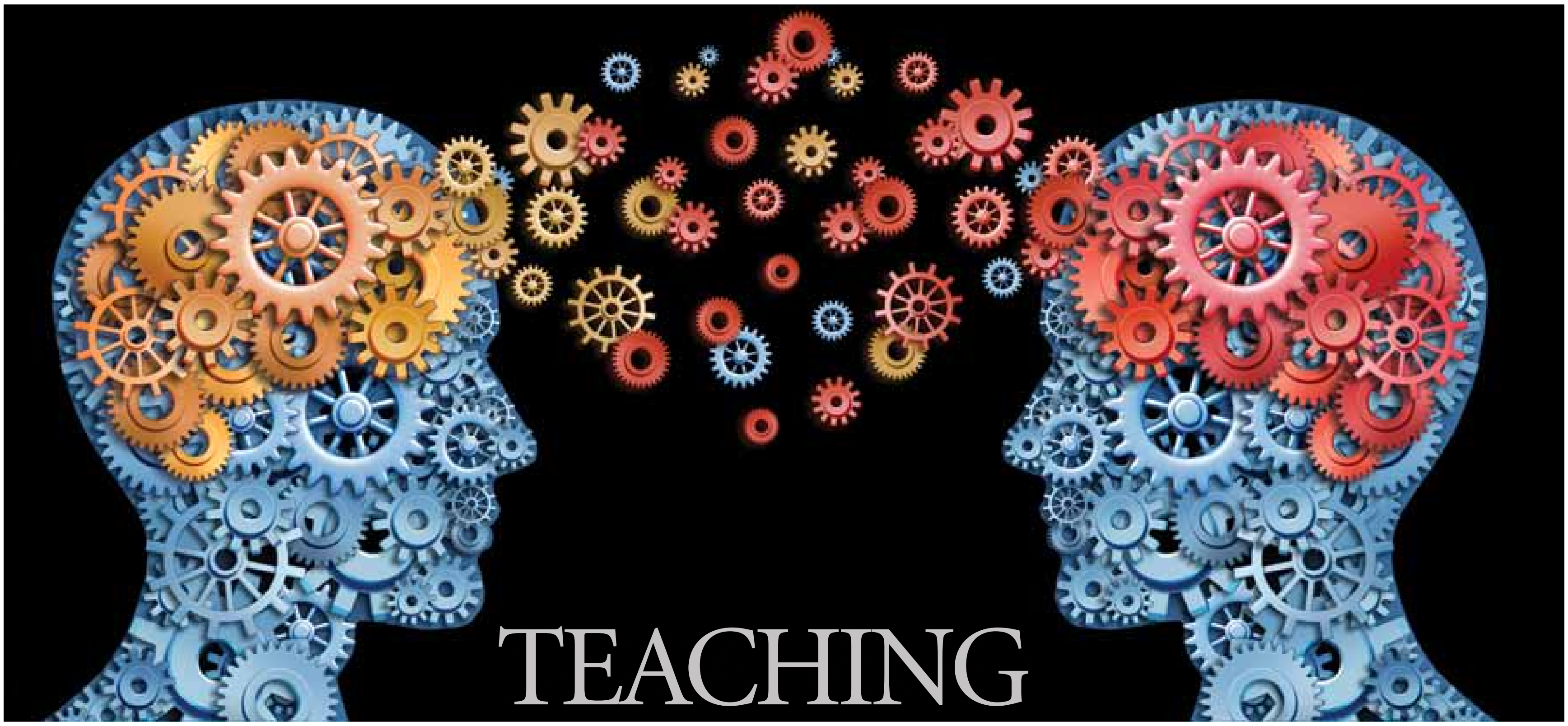
Examples of Minnesota companies that have heeded the siren song of South Dakota's radio advertisements are not easy to find in significant numbers. The most famous desertion came in 2009, when TCF Bank moved its legal headquarters to Sioux Falls, South Dakota. According to TCF spokespeople, however, the move did not cost Minnesota any jobs, and it had far more to do with South Dakota's permissive banking regulations than with its lack of corporate or personal state income taxes. At the time of the move, the Minneapolis *Star Tribune* pointed out that Wells Fargo, as well as Citibank's credit card business, already had established legal homes in South Dakota, lured by the lax regulatory climate. Citibank, in fact, moved its credit card headquarters there shortly after the state repealed its usury law in the 1980s.

While Bartholet has had no clients close their Minnesota operations due to taxes, he says he can testify that high tax rates have prevented some companies from expanding into the state. "I have seen Minnesota's tax structure cause clients to put new locations elsewhere," he says. "I think it's fair to say that if a company is expanding—even if it's a large, Minnesota-based company—Minnesota is not at the top of their list."

Stevens, who is based in Green Bay, Wisconsin, says he doesn't hear much complaining from clients about Minnesota tax rates. And he finds that companies from outside the Midwest, looking to expand into the region, do not abhor Minnesota as a notoriously high-tax state.

Says Stevens: "I really don't have any clients with negative feelings toward Minnesota—unless they're Packer fans." TCB

Jack Gordon is a senior writer for Twin Cities Business.



TEACHING INNOVATION

Can business leaders learn to foster organizational creativity?

By Jamie Swedberg

Innovation is a word that's on everyone's lips right now. And no wonder, says Richard Brynteson, a professor on the MBA faculty at Concordia University in St. Paul. "When the economy's in bad shape, people look to innovation," he says. "They're looking for some innovation that's going to help them out of the quandary of having to lay off another 3,000 people."

According to Laura Dunham, associate professor at the University of St. Thomas's Schulze School of Entrepreneurship in Minneapolis, research shows that companies that come out of recessions strong are the ones who continue to innovate. "A lot of great products, from Miracle Whip in the '30s to the iPod, were developed and invested in during a recession," she points out. "Innovation is really critical for our economy, for our continued growth, for our ability to compete in the world."

Rustin Wolfe, a professor who teaches in Saint Mary's University of Minnesota's Doctor of Education in Leadership program in Minneapolis, draws an analogy to evolutionary biology. "When a species becomes too specialized and the environment changes, the species becomes extinct," he says. "The same is true of a product or an idea or a business. Over time, you can become incredibly efficient at doing what you do, but the environment will change, and if you are not considering that, you're going to be in trouble."

But can innovation be taught? Aren't some people just naturally more creative and insightful than others? Is it just a matter of luck which organizations have the most inventive people on board?

"I was an actor for a number of years," Dunham says. "A lot of people think acting is also one of those things that's about just being creative or having a lot of talent. But it's a craft. And I strongly believe that innovation is a craft, that anybody with the right tools and training can be an innovator. Absolutely there will be a range in terms of natural aptitude and talents. But anybody can become more creative and innovative."

Dunham and her husband, associate professor John McVea, co-teach an executive education course on innovation leadership. She says the class emphasizes giving executives tools and frameworks that help them see business problems from new perspectives and uncover customer needs they hadn't thought of before. Then it arms them with creative problem-solving processes to help them refine and test new ideas.

Almost every innovation-oriented executive education program teaches a different way of managing innovation, says Uri Neren, founder and CEO of Minneapolis's Generate Companies, which runs Innovation International. The trick is to find one that teaches a framework that's useful at your particular organization.

"Executives are rarely in charge of creating single innovations," Neren says. "They're usually in charge of managing a pipeline of ideas, making sure people have the resources, making sure that the culture is there. Can you teach people how to do those things? Yeah, but it isn't a one-size-fits-all. It's a very customized approach. If you have this kind of culture in this environment in this time in history, you're going to have one answer; and if you have another, you're going to have another answer, another innovation management approach."

Stacking the Deck

One constant among innovation education programs is their emphasis on group work. Innovation is not just coming up with ideas; it's also bringing them to fruition. No one person is strong in every area, so the ability to pull together a team of people with various talents—brainstorming, research, number-crunching, prototyping, marketing, and so on—is crucial to success.

"Those programs, Carlson [Ventures Enterprise], etcetera are very collaborative, very real-world-problem-focused," notes Ben Edwards, chief designer and cofounder of Minneapolis software development firm Refactr, and cofounder of the MinneBar "unconference." "I'd say they're teaching some of the right things. When I was going to Carlson undergrad, they were instituting a number of those things. I was always like, 'Ugh! Teamwork! There's so much team-based work! Why can't I just do my assignments myself?' But really, it was preparing everyone for eventually having to do that [in real life]."

In educational programs geared toward innovation, executives learn processes, ranging from the simple to the complex, to help jump-start new ideas in their organizations. And here dies another misconception about innovation: It's not all right-brain stuff. Brynteson says he's worked with one medical-device company that has a very precise 28-step process for developing new products. It has used the process over and over to bring devices to market.

Such a process can begin with simple exercises. Working with the U.S. military to come up with better ways to test the hydraulics systems on Chinook helicopters, Brynteson challenged his students: "What 25 questions do we have about the hydraulics system in a Chinook helicopter?" If all the people in the group write out 25 questions, someone will ask something interesting. Another exercise Brynteson uses is assumption-challenging. He asks participants to identify the assumptions surrounding any business process, and then to ask "Why?"

"Say you've got a billing process that has 14 steps," he says. "Usually, it's some kid—and I do mean kid, someone in their 20s—who will come up and say 'We don't need steps 4, 6, 7, and 8 because we can do that by using this form of social media or technology.'"

Dunham focuses on tools designed to better identify customer needs. One tool, called "customer mapping," helps executives think about parts of the customer experience that the organization usually doesn't touch. She says a recent grad has taken this technique back to her employer, a health care organization, and is using it to find ways to reduce costs and improve outcomes in knee replacements. Her team isn't just thinking about the surgery; they're looking at the customer's full experience, from the first twinges of pain to the new habits they'll need to develop afterward to protect their knees.

Dunham also suggests doing qualitative research on the customer experience at an earlier stage. "Some companies do do qualitative research, but it's often somewhat later in the product development process, when they already have their ideas, their hypotheses, maybe even some prototypes, and they're putting them out in front of people to get their feedback," she says. "What companies are getting better at doing, but many still aren't, is doing really open-ended exploratory research very early on, where they go into a customer's environment, observe them using their product, and observe how the product interacts with their environment. It's a very different approach that yields very different results. You suddenly have the 'Aha!' moment: 'Oh my gosh, I didn't know my customers were coping with this.'"

Much of the learning in these education programs comes from peers exchanging ideas. With that in mind, Neren and his colleagues at Generate Companies have organized coaching groups called Innovation Minnesota, Innovation USA, and Innovation Europe, where executives can share knowledge.

"We bring executives together to learn from each other," he says. "We don't allow any competitors in the room. So besides problem solving for each other, the other thing they do is tell deep, deep stories, really detailed things that nobody would be allowed to share in a case study or in public. They dive deeply into how things work in a specific scenario that is living and breathing today."

Ad-hoc "unconferences" like the ones Edwards helps to organize can be sources of inspiration, too. Attendees tend to spend more time actually innovating than talking about it.

"There's something about when you have peer-to-peer conversations on topics that people are really enthused about, as opposed to being a passive recipient of information that's being dispensed from the stage," says Don Ball, a partner at Maple Grove–based Polymer Studios and cofounder of the Unsummit unconference. "It seems to leave people really electrified. It's very empowering and seems to be part of a movement of what I call DIY innovation. People realize they don't need to wait for any authority figure to tell them it's okay to go and do stuff and invent stuff."

A Culture of Creativity

It's hard for executives to bring this spirit of innovation to their organizations, Ball admits. "With bigger organizations, the inertia is significant. What looks like innovation to you might just look like a pain in the butt to me. I think that's where you have to take on innovation as a topic of study, because it doesn't come naturally. You have to really set out to do it."

Part of the problem is psychology 101, Wolfe says. Businesses tend to punish people severely for failing, but don't reward them much for succeeding. "In corporate America, there's a lot of 'Don't screw up,' rather than 'What can I do that would really be amazing?'" he says. "The people who take risks and are creative, if they get four things right and one thing wrong, they're in trouble for the one thing wrong. You can agree with all the theory, but the bottom line is, if you're worried you're going to lose your job at the end of the year, then you're not going to take the risk."

Bringing in an inspirational speaker to encourage employees to be innovative isn't enough, he says. It's a matter of changing company culture over the long term. "[In our course], we talk about the fact that innovation has to take place within a supporting system," Dunham says. "It's important to have the kinds of tools that help you see the world differently. But at the end of the day, you also have to have the kinds of practices within your organization and the kind of culture that allows people to dissent; to say 'I see it differently. I think we should be doing this instead of that'; to explore ideas that are unproven because they're radical and new; to actually develop products when you can't necessarily quantify how big they're going to be, because it's too early."

Many executive education programs in innovation examine the corporate structures of innovative companies such as Google, noting that they tend to be flat rather than hierarchical. But Dunham says managers in traditional

continued on page 72

Space to Innovate

When it comes to workplace innovation, different is good. So believes Rustin Wolfe, professor at Saint Mary's University of Minnesota. He says it's often people who don't quite fit into a group who come up with the most refreshing insights. Any kind of oddball will do: a state university grad in a sea of Harvard alums, a right-brainer among engineers, a punk among preppies, or just a person who can't seem to find a clique.

This observation has obvious implications for HR: Too often, companies will tend to hire the same sort of people over and over, rather than finding employees who bring a variety of backgrounds to the table.

It also has implications for workplace design. A coffee klatch made up of engineers, marketers, accountants, and graphic designers can brainstorm far more effectively than a group made up of, say, just engineers.

Modern workplaces are gradually becoming less and less siloed and more conducive to ad hoc gatherings. And interior designers often help educate executives on the types of work spaces that will maximize the potential for innovation, says Don Ball, partner at Maple Grove–based Polymer Studios and cofounder of the CoCo coworking and collaborative spaces in St. Paul and Minneapolis. "They're telling their clients, 'You might want to reconsider the way you use space. Maybe just getting new cubicles is not the answer.' They talk about how space can be more open and more fluid. People don't really need to own their space, but they need to have a place to touch down and assemble on an ad hoc basis."

—J. S.

WRITING YOUR WAY IN

The Dos and Don'ts of writing an MBA application essay.

By Katie Westfall

Though it's just one part of the application process, essays are important to MBA admissions directors. Most local MBA program directors and admissions committees read essays several times and discuss the merits of each. Some schools weight the essays similarly to GMAT scores, GPAs, and in-person interviews, while others simply disregard the entire application if the essay doesn't meet its criteria.

The gold standard is an essay that shows you understand a school's program, demonstrates your career trajectory and why you need an MBA, and uses succinct language that lets your personality shine through. Sound daunting? We've put together a handy do's and don'ts list to help you write an essay that gets you in.

DO: Have a Clear Vision

Essay questions asked on MBA applications are usually broad and open ended. These questions allow you to approach the essay in any way you choose—provided you can successfully describe your specific education and career goals. Demonstrate clearly why you're taking this step now. That's what Duncan McCampbell, MBA program director at Bethel University in St. Paul, wants to know. "We want to see that there's a clear vision," he says. "The most inspiring essays for me are ones where the applicant has arrived at a place in their life where the stars have kind of lined up . . . and the time is right," McCampbell says. Showing that you have a clear vision will go far in convincing MBA directors that you're ready for their program.

Metropolitan State University asks students, "Why would an MBA help you achieve your professional goals?" Within the answer to the question, students are directed to discuss professional achievements, career objectives, and what they can bring to the MBA program at Metro State. The essay question for admission to the Carlson School of Management at the University of Minnesota, asks: "Why do you want to pursue an MBA and why do you want to pursue it at Carlson?" Dan Bursch, director of admissions and recruiting at the Carlson School in Minneapolis says the application is modeled after a job application, so the essay question is simple and straightforward.

What do admissions directors hope to learn about you? At the University of St. Thomas Opus College of Business in Minneapolis, Dustin Cornwell, director of the full-time MBA program, says he's trying to learn more about the student as a whole person. "[It's] a chance for students to tell us in their own voice about themselves, about their goals, about who they are as a businessperson," he says.

Bursch says, "It's a chance for someone to sell [himself] as a leader to us." He wants to learn what a prospective student's "personal brand" is through a story. "Within the timeline of their career, what have they done to separate themselves or stand out in the field that they are in?"

Tip #1

Reread your essay before you go in to interview for an MBA program. You may be asked about it, says Matt Nowakowski, MBA program director and professor at Saint Mary's University of Minnesota. "I'll ask them specific things about their essay," he says, and some students seem a little shocked. They may think he doesn't actually read the essays, he surmises. Another thing to keep in mind: Admissions directors are looking for consistency, so make sure your essay matches up with your verbal communication.

DO: Know the Program to Which You Are Applying

Admissions directors want essays that show a student has researched different MBA options and has identified the strong points of a program. There are several MBA options in Minnesota, so McCampbell wants to know why a a candidtate is applying at Bethel. Its MBA program puts emphasis on ethical business management and leadership, so McCampbell wants to read essays that discuss how this approach is right for a student's career evolution.

To find out if you and a school are a good match, do your research just as you would for a job interview. Plumb the depths of the school's Web site. Know what a school is good at and what it offers that other schools don't. If you have questions about the program, call the admissions office and ask. If you have the time, visit the campus and take a tour.

"Part of the evaluation process—the whole process, not just the essay—is to help the student get a realistic preview of our program to ensure the program is a good fit for the student and also to ensure the student is a good fit for our program and our current students," says Michele Mumm, MBA director at the Herberger School of Business at St. Cloud State University in St. Cloud. Nancy Nentl, director of the MBA program at Metro State, suggests that you write about the benefits you expect from a particular MBA program and how you see the degree enhancing your professional aspirations. The bottom line: Indicate that you're familiar with the program to show a genuine interest in the school.

DO: Be Consistent

The information contained in your MBA application essay should mirror the information you provide in your cover letter, other application materials, and interview, Bursch says. Inconsistencies cast a shadow, so don't leave admissions directors questioning if what you say is true or happened the way you described.

In interviews, Cornwell sometimes asks follow-up questions about the essay. He says this adds to his baseline information about the candidate, and he gains additional insight. If a student says in her interview that she cut department expenses by 10 percent in six months, but her essay says she cut them by 15 percent, her credibility could be called into question.

Matt Nowakowski, MBA program director and professor at Saint Mary's University of Minnesota in Minneapolis, compares essays to transcripts to make sure a student took the necessary finance, economics, and accounting courses that provide a good foundation for the school's MBA program. He wants to read essays that reflect an understanding of such topics as statistics and stock valuations and that indicate an aptitude for finance.

DO: Use Standard Essay Structure, and Proofread

In the age of spell-checking software and online dictionaries, MBA program directors still find simple errors in essays. Not taking the time to reread and polish

Tip #2

To avoid writing an unpolished, last-minute essay, start the process early. "If you're ready and you've thought about why you want an MBA, it shouldn't be too hard to get that first draft of your essay out," says Dustin Cornwell, full-time MBA director at the University of St. Thomas Opus College of Business. "Get that first draft on paper and don't expect it to be perfect . . . then start polishing it."

an essay can result in easy-to-avoid errors and come off as lackadaisical. Nentl thinks poor grammar and punctuation "indicates that [a prospective student] might not be ready for grad school."

"You can tell if someone has taken the extra step to write drafts, have it proofread, and have another set of eyes look at it versus someone who did an all-nighter and just turned it in," Nowakowski says. Evidence of the latter includes sloppy, lazy mistakes that would normally be caught by a good proofreader, such as using "affect" when you mean "effect."

Give yourself adequate time to do the writing, revising, and proofreading. Although most MBA programs limit essays to one to three pages (they typically don't provide a word count), the essay is the part of the application that takes the longest to complete, program directors say.

What you learned in your high school English class still holds true. Essays need a provocative thesis statement that hooks the reader, and strong topic sentences should start every paragraph. McCampbell suggests avoiding "mushy" language, such as sentences beginning with "I feel" or "it seems," because it doesn't convey confidence. Opt for active language ("I began a training program") versus passive language ("a training program was begun"). Did you spell the admission director's name correctly? Did you say Carlson School of Business instead of its correct name, Carlson School of Management?

DON'T: Write Generic Essays

If you apply to several MBA programs with a one-size-fits-all essay, "I can smell it a mile away," McCampbell says. Sentences such as "I would like to attend your school" instead of naming a specific university are a dead giveaway that a student is saving time and effort by sending the same essay to several schools.

And avoid causing needless irritation by naming the wrong school in the essay. "Make sure that . . . the letter [you] send in has the right university on it," Nowakowski says. "Do a find and replace, people."

However, changing the school's name in the essay, but not revising the content to match the school's essay questions, is apparent, too. Program directors are well aware of the other MBA programs in Minnesota (and the questions they ask for their admissions essays). Show you really care by customizing the essay for each application.

DON'T: Get Too Personal

All the MBA admissions directors we spoke with have received essays with too much personal detail in them—and all were turned off by them. Admissions officers want to know you as an individual, but keep personal details to a minimum. "If it's not something you wouldn't talk about with your boss, [it's] probably not for an MBA [essay]," Nowakowski says. Bursch recalls stories about overcoming divorce and medical issues. One would-be student even divulged how much alimony he pays.

Tip #3

If you have a lousy GPA or gaps in your career path, address those issues in your essay. It's your only chance to do so, and you don't want to leave MBA admissions directors wondering. "There might be flaws or obvious gaps, like a lower GPA," says Nancy Nentl, director of the MBA program and a marketing professor at Metropolitan State University. "It always helps us to have that addressed in the essay."

Bursch says that's definitely too much information. It's okay to talk about how running a marathon was a big accomplishment, Bursch advises, but don't go on about it for three paragraphs. Too much personal information leaves little space for business-related accomplishments. "I can't get an idea of if you're going to be successful here professionally," he says.

DO: Be Yourself

"The thing I've noticed—and I'm not originally from Minnesota—is the humbleness. The unwillingness to brag about themselves is very apparent in our Minnesota applicants," Bursch says. "In this essay, you have two pages to wow us. So don't be afraid to tell us why you're great."

"Essays that show students have engaged in a deep level of personal reflection stand out to me," Mumm says. "It indicates they are ready to make the sacrifices—financial and time—necessary to participate actively in a graduate degree program."

Heartfelt essays that are a little offbeat or outside the box are welcome, Cornwell says. You don't have to act like anybody you're not. There's no need to "see how many current buzzwords we can fit on a couple pages," Nowakowski says. He says a lingo-filled essay gives the impression the candidate is "being cute"—not what he wants from the serious scholars and business leaders he hopes will apply to his program.

Take as much time as you need to make your essay sparkle. Give it time to percolate, and then go back and polish. And have someone you trust proofread it. Be yourself and don't worry about impressing the admissions crew with your shop talk. They'll learn more about you from a nicely crafted, customized essay than they will an essay that just attempts to say what they want to hear.

If there's one thing to keep in mind, it's that admissions directors actually read the essays and take them seriously. If you take the essay seriously, too, you won't have a problem sharing your desire for an MBA—and getting accepted to the school of your dreams. **TCB**

Katie Westfall is a freelance writer.

Innovation, continued from page 68

companies needn't despair if they're not in a position to revamp their firm's organizational chart.

"When you start pushing yourself down towards the underlying principles, in the flat organizations, people feel equal," she says. "They feel like they can speak up. They can make faster decisions because [they] don't have to go through multiple layers. You don't have to be the CEO and reorganize your organization. You can say, within your group, 'What can I do that allows the people I work with to feel safer bringing in ideas?'"

Innovative companies have a very different orientation toward failure, she says. Failure is a sign that a company is trying things for which there is no track record.

But Edwards suggests that companies take a page from computer programmers. "One of our mantras in software development is 'fail fast,'" he says. "If you can get something out there and have it fail, that is going to be valuable: How did it fail? Why? And what kind of corrections can we make? It's fairly important to do that. There's a sort of a culture of the West Coast where you kind of celebrate your start-up failures, whereas in Minnesota, it's typically not like that. We tend to feel shame on our failures. I think that kind of has to be erased."

Dunham encourages would-be innovators to get better at prototyping—not multimillion-dollar prototyping near the end of the creative process, but very rough, cheap prototyping early in the process. A little bit of money invested early can weed out nonstarting ideas and clarify good ones.

"Sometimes customers will say 'I just don't get this at all,'" she says. "But you've not put that much money into it, because you have learned how to experiment on a smaller scale with lower levels of investment. So failure is important, but it's about failing early in the process . . . and creating the kinds of systems inside that allow us to do that." **TCB**

Jamie Swedberg is a freelance writer and a frequent contributor to Twin Cities Business.

VIDEOCONFERENCING ALL-STARS

Local companies using state-of-the-art videoconferencing are saving time and money.

By Dan Haugen

Whenever business-travel-as-usual is disrupted, the case for videoconferencing always comes up.

In the past, it's been terrorist attacks, pandemic health scares, and volcanic ash plumes. Today, it's a stubborn recession and the subsequent squeeze on travel budgets that has more and more companies considering new investments in videoconferencing technology.

There's no one right way to do it. Solutions range from slapping a $100 Webcam on a PC to spending hundreds of thousands on a room-based systems whose quality borders on virtual reality.

The following are six different approaches by six Twin Cities companies.

Medtronic, Fridley

Installation: The medical device maker has had some videoconferencing capabilities since the 1990s, but it significantly upgraded in 2009. The company switched to high-definition streams in its room-based systems and installed its first immersive telepresence systems—lifelike, multiscreen setups that give users a sensation they're in the same room with remote colleagues. Medtronic also enabled videoconferencing on all desktop computers.

Sites connected: The immersive telepresence systems are installed at 10 of the company's most important sites around the globe. The less advanced room-based systems are in place at most of the company's sites. The number of room-based installs was at 113 this summer and growing quickly. About 30,000 computers have access to a desktop videoconferencing system, too.

Equipment: The immersive rooms are built around Cisco TelePresence equipment. Each station has matching walls and furniture and up to three 65-inch screens. For its room-based systems, Medtronic uses a variety of equipment from Cisco and Polycom. They usually consist of two large screens and a single camera in each room. The company's desktop video-


System Analyst Rhonda Nelson appears on-screen in one of Allina Hospitals & Clinics' videoconference rooms.

conferencing runs on Microsoft Office Communications Server.

Prep work: Setting up an immersive telepresence site requires a great deal of preparation and bandwidth, says Rick Miller, Medtronic's director of global network services. Because the equipment is so sensitive, heating, air conditioning, and ventilation systems may need to be moved or adjusted to prevent them from interfering. The network needs to be large enough and configured correctly to guarantee quality service. The room-based systems are less complicated but still need appropriate bandwidth. Medtronic tested desktop videoconferencing at selected sites to get a better idea of how much bandwidth it would require.

Who uses it: With just 10 sites worldwide, immersive telepresence is usually reserved only for executive meetings. The room-based videoconferencing systems, however, are used by all types of employees. Teams collaborating across multiple locations will sometimes camp out in a videoconferencing room for the duration of a project, Miller says. Use of the desktop system varies based on individual employees' comfort level with the technology.

Business case: A few years ago, Medtronic was on the verge of tossing out its videoconferencing equipment because of lack of use. Then the recession hit and cutting travel costs became a priority. Since then, the company has found other benefits. "It's the increased productivity of a meeting when you can actually look at all the nonverbal cues," Miller says.

Allina Hospitals & Clinics, Minneapolis

Installation: The health care provider is in the process of upgrading

PETE CROUSER

to a new videoconferencing system to replace an approximately seven-year-old one.

Sites connected: Allina has about 30 videoconferencing rooms throughout its network. Each of its 11 hospitals have between one and three videoconferencing stations, as do some of its clinic locations.

Equipment: The system is built with Polycom products—some of it older, and some of it newer, high-definition equipment. A standard room contains a 46-inch monitor with seating for five people. A handful of larger rooms contain bigger screens and higher bandwidth for sharing medical images, as well as wireless microphones for up to 20 participants.

Prep work: Rhonda Nelson, a systems analyst who supports Allina's videoconferencing operations, listens in to the first 15 minutes of each videoconference to make sure users don't have any problems. "In that time, I hear things" like feedback about audio and video quality or monitor placement, she says. Those observations, along with surveys of frequent users, have helped inform Allina's plans for upgrading the system.

Who uses it: Videoconferencing is used for systemwide meetings. The hospital and clinic network has a set of committees that oversee such areas as quality and medical records. Members are often spread out across the system's metro and outstate locations. Physicians will use it to discuss cases with each other. Allina started using videoconferencing carts this year to provide interpretive services in its hospitals and some of its clinics.

Business case: During the health care provider's 2009–2010 fiscal year, it estimates that it saved close to $180,000 in mileage costs alone, not counting lost time due to travel. The upgrade is aimed at making the system higher quality as well as easier to use. The older equipment has required "hand holding" by IT to set up conferences. The goal is also to enable desktop and mobile videoconferencing.

Mortenson Construction, Golden Valley

Installation: The commercial and industrial construction firm installed a videoconferencing center at its headquarters in May 2009, though it's been using PC-based Webcams a little longer than that.

Sites connected: Mortenson has also built videoconferencing centers in its Milwaukee office. They can link up with the Twin Cities office or connect with approximately 90 Webcams located throughout the company, some on employees' desktop computers and others set up in conference room trailers at many of its construction sites.

Equipment: The main videoconferencing centers use Polycom equipment, including 50-inch video monitors with HD room cameras attached to the base. The Webcam systems run on the company's Cisco VOIP network. A typical job site set up consists of a $100 Webcam attached to a Lenovo PC at one end of a conference room. The company also uses smart board technology.

Prep work: Mortenson already runs private, high-speed network connections to its major job sites, and because

its videoconferencing software doesn't require particularly high bandwidth, it doesn't take much to set up a station. All someone at the site has to do is plug in the camera and turn on the computer. The software installation and set-up is then handled remotely by Mortenson's tech team.

Who uses it: Any executives or managers who supervise groups or employees in remote markets. At a job site, a superintendent or project manager may regularly use the system to communicate with architects and engineers. Videoconferencing has also been valuable for training, allowing someone to simultaneously make the same presentation to multiple sites.

Business case: Using relatively inexpensive equipment, Mortenson has managed to significantly reduce travel expenses, says IT Director Nigel Wingate. Customers are increasingly asking for onsite videoconferencing so they can feel more connected to their project. For all the enthusiasm, though, there's also concern about loss of personal connection. "People still get a great deal of benefit from being able to get on a plane and actually go out to dinner with somebody," Wingate says. He thinks eventually an equilibrium will emerge in which there are more frequent meetings but more of them conducted over videoconferencing.

Woodwinds Orthopaedic Specialty Center, Woodbury

Installation: The health care provider installed a videoconferencing system at its Woodwinds Health Campus in 2005.

Sites connected: The system connects two operating rooms, a 130-seat auditorium, and a learning laboratory, all at the Woodbury location.

Equipment: Each operating room contains three Sony digital video cameras with 20x zoom capabilities. Two of them are mounted overhead on a track system; the third is on wheeled pedestal that can be positioned for horizontal shots. The cameras transmit live video to a Sony projector in the auditorium and a 50-inch plasma monitor in the learning laboratory.

Prep work: Woodwinds hired a consultant who was familiar with surgical videography to walk it through the process. Orthopedic services director Kathleen Killeen says they also spent time interviewing doctors who would

use the system about what amenities it would need in order to be most useful for them.

Who uses it: The videoconferencing system is used for training and education for Woodwinds surgeons and their assistants. The campus also regularly holds conferences and events that are open to the broader community. Vendors and colleagues sometimes produce

At the Woodwinds Orthopaedic Specialty Center, surgeries can be viewed from a separate room thanks to cameras installed in the both operating rooms.

PETE CROUSER

or request videos on procedures, which can then be used in future training sessions. The provider has also hosted live surgery Webcasts from the facility.
Business case: "We want to be a place where surgeons want to come," Killeen says. Orthopedics is a constantly evolving field that requires frequent training to keep up with new technology. Woodwinds wanted to create a "collegial learning environment," she says. The set-up reduces the risk of infection by allowing observers to watch from another room, where they also have better views than if they were looking over shoulders in the operating room.

HGA, Minneapolis

Installation: The architecture and engineering firm started using videoconferencing about eight years ago and upgraded its equipment in 2009.
Sites connected: The company has seven offices around the country. Each location has at least one videoconferencing center. It has four videoconferencing rooms at its Minneapolis headquarters office, and that number will double to eight this fall when HGA moves into its new home in the Ford Center.
Equipment: The company replaced its original system two years ago with a new one from Tandberg Edge

PETE CROUSER

Nancy Schmidt, director of information technology for HGA, says the architecture and engineering firm uses large monitors so that project drawings can be seen clearly during videoconferences.

(since acquired by Cisco). All seven offices use the same type of equipment to simplify tech support. A typical room contains a computer, wireless keyboard and mouse, and a camera attached to the base of a 50- to 70-inch, wall-mounted monitor. The screens are as large as they are in part to accommodate a presentation mode, which lets callers view and mark up shared documents. "You don't need to supersize a person, whereas a project drawing you might need to," says Nancy Schmidt, HGA's director of information technology.

Prep work: The design of the room was done in collaboration between HGA designers and its vendor. Each room is wired with digital telephone lines (ISDN), as well as Internet (IP) cables. The company beefed up its bandwidth capacity, but even with pretty good picture resolution, the videoconferencing hasn't been "all consuming" of its network.

Who uses it: "Absolutely everyone," Schmidt says. Architects and project managers use it for collaborating with colleagues and employees in other offices. Executives use the system for making company-wide announcements. Human resources uses it for training and presentations.

Business case: Videoconferencing has drastically reduced the company's travel expenditures, but it's also helped reduce errors and omissions. That's because it allows for easier and more collaboration on the front end of projects, Schmidt says. The technology has allowed HGA to "flatten" its workload across its seven offices, easily shifting assignments from one location to another as needed. "It's a part of our culture now," she says. "You could not remove them."

Ergotron, Eagan

Installation: 2008

Sites connected: The company, which makes carts and screen mounts for televisions and computer monitors, uses videoconferencing to link its Minnesota headquarters with a manufacturing and engineering site in Dongguan, China, as well as its European sales office in the Netherlands.

Equipment: It uses equipment from LifeSize, a relative newcomer in the industry that pioneered high-definition, low-bandwidth videoconferencing.

> Mobile equipment has been particularly useful, allowing engineers to position cameras on prototypes or products wherever they are set up.

What's different about Ergotron's system is that it's mobile. Instead of being installed in a conference room, the 42-inch monitor and camera are attached to one of Ergotron's Neo-Flex carts.

Prep work: The project didn't require any remodeling, and Ergotron already manufactured the Neo-Flex carts used to hold the system together. ("In this case, the cart came before the videoconferencing horse," says Channel Marketing Manager Bob Hill.) When employees needs to use the system, they simply roll it into place and adjust the height so that it matches the table ledge. It's typically parked in the company's conference room, but it frequently gets rolled out to Ergotron's testing laboratory, employee cubicles, and smaller meeting areas.

Who uses it: Pretty much every department uses the system, Hill says. Engineers are in constant contact with the manufacturing team in China. The company regularly uses the technology at trade shows. A small team will travel to the event and set up a screen on one of its Ergotron carts. Then product experts in Minnesota

Ergotron's videoconferencing equipment is mobile; monitors and cameras are attached to carts that Ergotron makes. The company has even used the technology to remotely staff trade show booths.

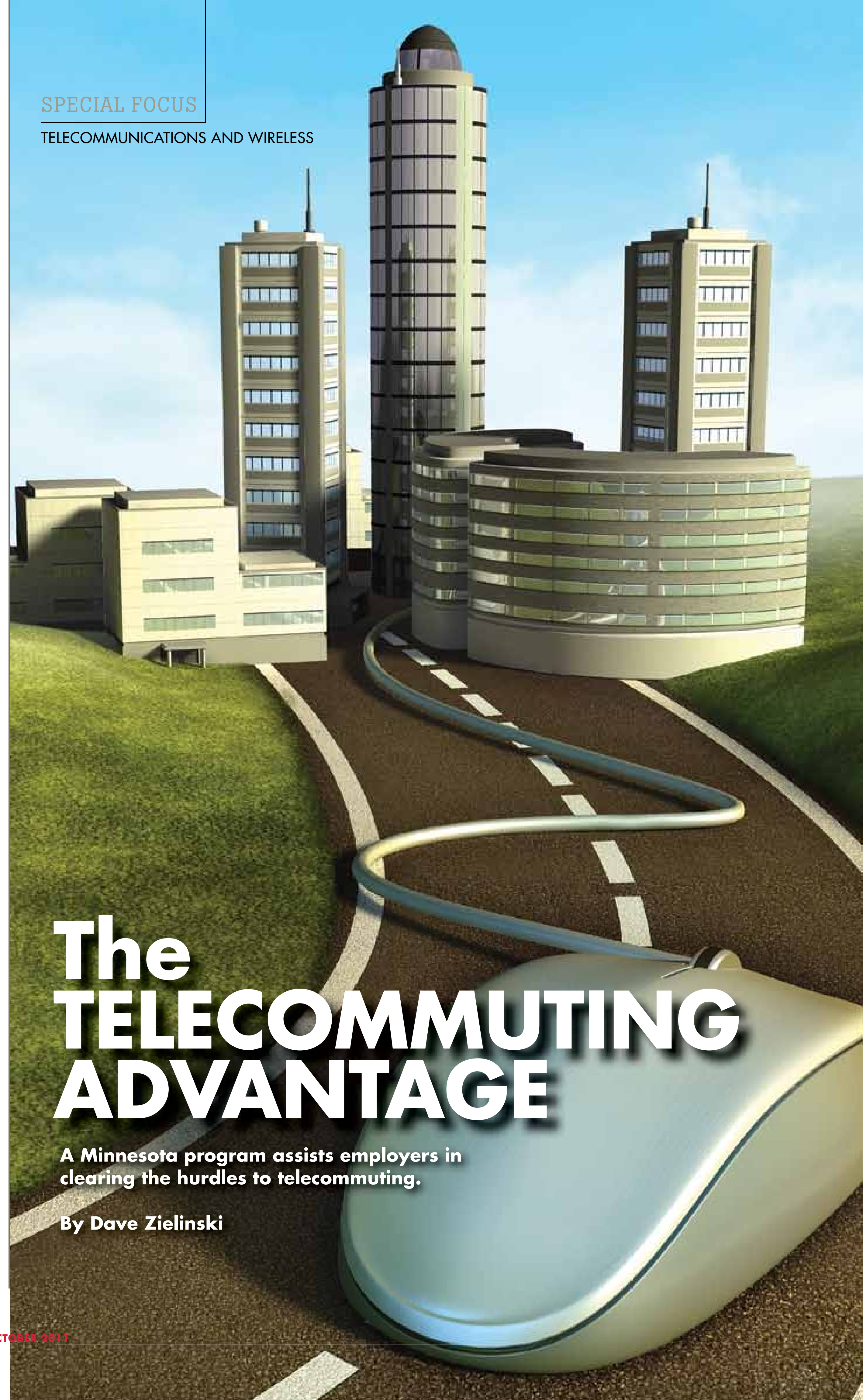
work the booth remotely via videoconferencing. "We've had some pretty interesting customer interactions that way," Hill says.

Business case: Ergotron was seeking a way to reduce its travel budget without disrupting new product launches that required collaboration with its international facilities. Videoconferencing allowed it to do just that. The fact that its equipment is movable has been particularly useful, allowing engineers to position cameras on prototypes or products wherever they are set up. TCB

Dan Haugen is a freelance writer and a frequent contributor to Twin Cities Business.

SPECIAL FOCUS

TELECOMMUNICATIONS AND WIRELESS



The TELECOMMUNTING ADVANTAGE

A Minnesota program assists employers in clearing the hurdles to telecommuting.

By Dave Zielinski

When Ecolab began looking at telecommuting as a way to boost the productivity and satisfaction of employees on its information technology (IT) service desk, one of the first resources it turned to was eWorkPlace. The state-sponsored program, launched in 2009, provides incentives, education, and support to Minnesota employers who commit to flexible work arrangements or results-only work environments. Sponsored by the Minnesota Department of Transportation, eWorkPlace also is designed to reduce congestion on metro highways and conserve fuel by convincing more organizations to adopt telecommuting policies.

EWorkPlace experts helped Ecolab think through the technological, cultural, and management issues companies face when instituting remote work policies. Ecolab's IT services group now has 12 employees who telecommute, some full time and others on select days or shifts, and the pilot's success led to the rollout of FlexWork, a corporate-wide flexible work policy.

"EWorkPlace provided us with an effective strategy for introducing telework, as well as a good understanding of the benefits and pitfalls involved when employees start to work remotely," says John Mathews, Ecolab's IT service desk supervisor.

Technology Challenges

In addition to the issues of managing remote workers and measuring their productivity, companies introducing telecommuting also face a new set of technology challenges. Smartphones, tablets, and laptops are vulnerable to hackers and damaging malware, and corporate data can be lost or inappropriately stored on employees' hard drives. Also, telecommuters end up doing more of their own technical support. So companies need to be vigilant about ensuring secure communications in these scenarios.

EWorkPlace assisted Ecolab in choosing the best equipment for its flexible work initiative, which includes phones, laptops, virtual private network (VPN) routers to ensure secure connections to corporate databases, and Webcams. The latter enables work-at-home employees to participate in office meetings, and the connection between the router and Ecolab is encrypted for additional data protection.

"All people have to do is plug into their home Internet connection, and they're ready to work," Mathews says.

According to Adeel Lari, program manager for eWorkPlace, the initiative helps companies implement, sustain, and accurately measure the results of telework. While eWorkPlace initially offered technology support services to participating organizations through a technology partner, funding for that program ended in June, Lari says, so that assistance is now offered via information on the program's Web site.

Lari says 48 Minnesota companies participated in eWorkPlace through June of this year, with more than 4,200 employees in those companies telecommuting in some form. Those employers range from small businesses with fewer than 10 employees to the likes of Medtronic, Supervalu, and Valspar. "All but one of the participating companies have reported that they are expanding their flexible work programs," Lari says.

Another organization using the program is the Hennepin County Human Services and Public Health Department (HSPHD), which provides public assistance, public health, and social services to county clients. The department used an eWorkPlace grant to pay for the consulting services of CultureRX, a Twin Cities–based firm that helps companies create results-oriented work environments, or ROWE, of which telework is usually a component. ROWE is a management strategy where employees are evaluated heavily on performance, not just their presence in an office. (See *TCB's* December 2009 feature story on CultureRx and ROWE on line at **bit.ly/79jIcn**.)

The ROWE initiative is designed to enhance productivity, position HSPHD as an employer of choice by offering flexible work options, and save on real estate costs as the department moves from centralized to regional offices, says Deb Truesdell, ROWE manager for HSPHD. Prior to the initiative, 300 employees telecommuted, she says. The initiative's goal was to enable half of the department's 2,700 people to work outside the office.

Telecommuters are given laptops with docking stations, with the only exception being programmers, who require more powerful desktops. While the department once paid for home Internet service for telecommuters, that policy no longer applies, Truesdell says.

"Our agreement is that if you are going to work remotely, you must have access to high-speed Internet," she says. That doesn't require employees purchase such service, only that they be able to access it as needed.

To ensure data security, the department uses VPNs to connect telecommuters' Hewlett-Packard laptops to the county network, and employees must go through robust user authentication before logging on and accessing software applications, says Judy Regenscheid, chief information officer for Hennepin County.

Policy requires that staff not store any county information on hard drives, only on its servers, Regenscheid says, but all hard drive data is encrypted as an additional safety step. The county also uses a "locate and recover" service to find any lost or stolen laptops and has a remote data wipe capability that can destroy a hard drive remotely, if necessary.

> Fairview Health Services increased productivity in its IT group with ROWE.

Work-at-home employees who experience technical problems can phone a central help desk that can assume control of laptops to diagnose and fix problems.

"If employees spend more than 20 minutes on the phone trying to fix an issue and still can't resolve it, they can bring their laptops into one of several swap sites we have throughout the county and receive a new laptop fully equipped with needed software to use while we fix the old one," Regenscheid says.

While not all employees in HSPHD telecommute regularly, departmental teams often brainstorm with their supervisors to explore flexible work options. For example, one team of 13 people recorded data on how many public assistance clients visit an office at certain times on certain days throughout the year. Based on that data, the team decided it only needed five people in the office at certain times to interview clients, while the rest of the team could work from remote sites on other tasks, Truesdell says.

Wooing Skeptical Managers

Ensuring efficient and secure data communications is a large piece of telecommuting programs, but it typically isn't the biggest hurdle companies face when moving to flexible work, Lari says. "The biggest challenge usually is resistance from middle managers," he says. "They can be skeptical about managing effectively when they can no longer see their people and worried about how to accurately measure productivity in these scenarios."

"That's where eWorkPlace played a major role for [Ecolab], not just in providing productivity and performance metrics to initially focus on with flexible work, but in offering counseling around handling pitfalls like the trust factor between managers and workers in telecommuting," Mathews says.

When piloting telecommuting programs, Lari suggests targeting jobs whose output is easiest to measure, such as customer service or IT support roles. "Knowledge-based work remains more difficult to measure, but we are working with a number of organizations now on how to measure productivity in those telework settings," he says. "The sustainability of these projects often depends on having good data on their bottom-line benefits."

Telecommuting not only has been a boon to employee morale and satisfaction at Ecolab, Mathews says, it also has improved his group's performance on some key business metrics. The IT services group measured a 10 percent improvement in "quick call" resolution and a 16 percent increase in volume of service calls successfully handled following the introduction of telework.

"The latter metric is huge for us, because it indicates our productivity has gone up considerably after starting telecommuting," Mathews says.

Fairview Health Services, another eWorkPlace participant that implemented ROWE in its 350-employee information technology group, also experienced productivity gains. The initiative's chief goal was to improve staff productivity, says Rhonda Christiansen, a Fairview IT director, but there also was a belief that staff given more control over their work lives would likely be happier and stay with the department longer.

"We leave it up to individuals and supervisors to determine the best time and place to get their work results," Christiansen says. "As a result of that, more people naturally started working at places other than the traditional workplace."

When IT employees were asked whether they thought they were more productive in the ROWE environment than the previous management system, 87 percent of managers and 67 percent of employees answered in the affirmative. The department also measured how many peak-time commuting trips employees made pre-ROWE and post-ROWE, using one week as the time frame.

"We found a 46 percent reduction in trips made after ROWE was implemented," Christiansen says.

While the primary mission of eWorkPlace is to reduce highway congestion and create environmental benefits, it's also been a catalyst for helping companies view work in a new light. Many program participants have adopted a renewed focus on exemplary worker results, not just on whether employees put in the requisite office face time and perform at satisfactory levels.

"No one is looked at strangely anymore if they arrive at the office at 10 A.M. in our department, because everyone knows they've probably already been working that morning or will work late that night to accomplish tasks," says Fairview's Christiansen. "We believe we're much more productive as an IT organization, and that the flexible work program's been a success." TCB

Dave Zielinski is a freelance writer living in Bloomington.

BY MARK W. SHEFFERT | INSIGHTS ON CORPORATE LEADERSHIP, GOVERNANCE, AND ETHICS

Much Ado About Nothing!

Business leaders shouldn't give significance to insignificant, misleading, or partisan hype.

In recent months, our country, and as a result much of the world, has gone through tremendous turmoil and angst. You might recall the political battles in Washington, D.C., over the nation's debt ceiling, deficit, and budget that had us watching President Obama fighting the GOP, House Speaker John Boehner fighting the Tea Party, and Senate Majority Leader Harry Reid and House Minority Leader Nancy Pelosi fighting, well, just about everyone.

Because all of them were unwilling to move away from ideological extremes, our nation was brought to the brink of collapse. Then a last-minute deal was struck August 1 to raise the debt ceiling. *Whew!* The president and both political parties proclaimed their leadership in narrowly averting a crisis. The news media pounced on the drama; the world was reading and watching every bit of coverage they produced (and all of their advertising, too, by the way).

However, in all the hype, the media generally failed to report that the debt-ceiling negotiations resulted in a deal to cut the 2012 federal budget of $3.6 trillion by just $22 billion—which is less than 1 percent of the budget, according to an analysis by the *Washington Post.* Now, I don't know about you, but for such minute results, I would like to have been spared all the name calling, accusations, skewed data, threats of economic collapse, and excess stomach acid. When I consider the magnitude of what our Washington elite has accomplished, I am reminded of William Shakespeare's comedy *Much Ado About Nothing*!

As if the ineffectual showdown weren't enough bad news, a new crisis occurred on Wall Street shortly thereafter, when Standard & Poor's downgraded its rating of U.S. sovereign debt from AAA, the best possible, to AA+, the next level down. The stock market responded to the downgrade with its greatest drop in recent years.

Up and down, round and round we go. News headlines are telling us the economy is slow and unstable and the future is uncertain. Shareholders are nervous. Employees are more nervous. Unemployed workers are distressed. And consumers are just plain skittish.

A Note from Your Friendly Fact Checker

While everyone is getting stomach ulcers over these short-term crises and the entrenched pattern of headlines about high unemployment, slow job growth, and staggering national debt, there is a counterbalance of positive indicators and good news that doesn't seem to find its way into the media. For instance, did you know that:

- The default rate on corporate debt was only 1.9 percent in July, down from 2.3 percent in June and much lower than the 5.5 percent rate a year earlier, according to Moody's Investor Service.
- According to the *Wall Street Journal*, banks now have more liquidity and capital than they did even prior to the 2008 meltdown, and are lending to credit worthy borrowers.
- The country's CFOs are reporting that their companies' cash is safe, and they don't expect the rating downgrade on sovereign debt to affect corporate debt, according to the *CFO Journal.*
- By and large, corporate balance sheets are better than they've been in several years, and the mergers and acquisitions market is starting to pick up.
- At the time of this writing, stocks on the S&P 500 are trading at prices almost 200 percent below the capitalized value of company earnings, according to economic research firm Laffer Associates.
- The Federal Reserve announced that it will keep interest rates steady at near zero through 2013, thus stimulating corporate borrowing and demonstrating the reserve bank's confidence that material inflation is unlikely in the near future.

> Business leaders need to be the calm in the economic storm for the benefit of all of their companies' stakeholders—their employees, customers, suppliers, and communities.

So what are we to believe? If you react to headlines and market fluctuations, you will perhaps believe that we are headed back into another Great Recession. But if you analyze what really drives the economy (i.e., banks lending money to healthy companies that employ people who spend money), you might believe that the economy is stabilizing and recovering. With all the back and forth between these opposing influences, I sometimes feel like I'm watching a ping-pong tournament!

Relax That Jerking Knee

My intention is not to get into a political or economic debate here. Nor am I suggesting that we not deal with our country's debt and deficit spending. Rather, my point is that we need to be careful not to engage in knee-jerk reactions to reports—positive or negative—about the economy, and make sure that instead, we are looking at a balanced scorecard.

Our country needs leaders who are smart about political and economic issues and don't overreact. If we rely on mainstream media (notwithstanding this column, of course!) to give us the good news about economic growth and business, we will be waiting for a long time. Instead, we have to dissect the hype and do our best to get to the facts. If we don't, we might be making critical business decisions on the basis of factors that have only a 1 percent impact on the economy.

Business leaders need to be the calm in the economic storm for the benefit of all of their companies' stakeholders—their employees, customers, suppliers, and communities. These stakeholders need business leaders who don't take political sides but keep a balanced outlook without panicking over market fluctuations and political mud wrestling. Overreaction is not a desirable or acceptable characteristic of a business leader.

Remember that when consumers are nervous, they stop buying new refrigerators, for instance, which means refrigerator orders slow down, which means revenues drop for refrigerator manufacturers. That makes it harder for the manufacturers to pay their employees, which means layoffs, which results in out-of-work consumers who save their money to buy groceries, not new refrigerators.

That's very simplistic, I know, but it seems that too many people have forgotten these economics 101 lessons. Let's not lose sight of the fact that the United States is still the world's largest consumer and leads the world's economy. Despite what S&P says, we are still a AAA country. And if cool heads prevail, our politicians will find compromise, unemployment will decrease, consumers will spend, and the troubled economy will heal.

Let's act like the leaders our stakeholders need us to be and not create "much ado about nothing." What they need us to create is a confident vision of the future, based on the facts. TCB

Mark W. Sheffert (mark@manchestercompanies.com) is chairman and CEO of Minneapolis-based Manchester Companies, Inc., a provider of financial-advisory, corporate-renewal, and performance-improvement services.

open letter

BY VANCE K. OPPERMAN

The Last of the Common-Sense Minnesotans

One of the state's great lawyers leaves a legacy of moderation and fairness.

To: Frank Claybourne

Dear Frank,

As your hometown newspaper, the *Albert Lea Tribune*, put it, you laid aside your earthly chores on July 28 at the age of 95. Over the past three and a half years, we frequently discussed what should be said at your memorial service, and you made me promise that I would not pray over you. That promise has now been fulfilled, but I never promised I wouldn't send you this letter.

You were counsel to the Republican Party of Minnesota for many years and counsel to many Republican campaigns, including those of presidential candidates (Harold Stassen), senatorial candidates (Rudy Boschwitz), and many others. I think you were attracted to hiring a young, Gene McCarthyite attorney like me because we shared a belief that at times our community, operating through its government, could achieve great things for the common interest.

As one example of this, the old, common-sense Minnesota Republican Party pioneered support for public education in this state. Governor Elmer Anderson was the leader in this regard, and always pointed out that Minnesota's first income tax was adopted to support public education. He was, of course, one of your close friends.

In our first days together practicing law, the Vietnam War was a raging controversy. You and I were generally in agreement regarding the futility of that American misadventure. Your views applied equally to the American misadventure in Iraq.

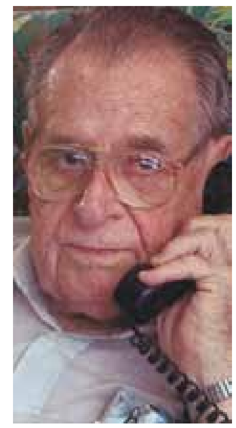
You taught many of us how to become common-sense lawyers: Tell a client when he is wrong, tell the jury the truth, and tell the judge—respectfully—the law. The many years you practiced law constitute an amazing career. You became note editor of the *Minnesota Law Review* (1943), president of the Ramsey County Bar Association (1972), and president of the Minnesota State Bar Association (1979). Our state supreme court frequently appointed you to serve in posts including the Committee on Criminal Procedure, which you chaired for more than a decade.

My casual search in the WestlawNext database shows more than 40 major cases in which you were involved, most of them in federal court, and many of them involving important issues of commercial law. The Claybourne client list reads like a Who's Who of commercial litigation; White Way Sign, Mutual of Omaha, General Electric, Minnesota Mutual Life Insurance Company, Hart Ski, Sperry Univac, First Trust, and Kawasaki Motors Corporation. You have left behind an entire generation of lawyers who learned at your knee, but I am not sure they learned all that you had to teach.

> You taught us how to be common-sense lawyers: Tell a client when he is wrong, tell the jury the truth, and tell the judge—respectfully—the law.

No discussion of your impact on the practice of law would be complete without outlining the famous Electronic Numerical Integrator and Computer (ENIAC) patent litigation. The seminal patents for electronic data processing were first granted in 1946 and eventually passed to Sperry Rand Corporation. The ENIAC patent portfolio licenses formed the basis of the data processing technology used by IBM in 1956. By 1967, companies in the electronic data processing field either had to pay a royalty for the use of ENIAC patents or, allegedly, not compete. The ENIAC machine itself had been used by Edward Teller for calculations related to the development of the hydrogen bomb. For this reason, many of the counsel who worked on that part of the lawsuit had to get security clearances.

Honeywell sued to invalidate the ENIAC patents on March 26, 1967, a case later consolidated in Minnesota as *Honeywell, Inc. v. Sperry Rand Corp. and Illinois Scientific, Inc., 1973, W. L. 903*. You were counsel for Sperry Rand. Trial commenced before the court on June 1, 1971, and continued with very few interruptions until March 13, 1972—more than 200 days in court. The trial transcript exceeds 20,000 pages. The case marked one of the seminal moments in the development of the computer age, and was probably the first lawsuit to feature the use of automated databases during trial.



Frank Claybourne retired from the since-shuttered St. Paul law firm Doherty Rumble & Butler, PA, which he chaired.

Years earlier, following a Ramsey County Bar Association meeting in the bar of the old St. Paul Athletic Club, you were pulled into a heated argument by an elected Republican (only a sense of courtesy prevents me from using his name now). Among other things, he criticized your support of Steven Maxwell in a campaign for Congress some years prior. Maxwell had since become the first black judge appointed to the district bench, and this individual's comments centered on his opposition to that development. I remember you looking at him and saying in even tones, "It is the Republican Party, the party of Lincoln."

Your life was always about common sense and treating people fairly. When you were 81 years of age, you responded to a neighbor's telephone call during a storm in the middle of the night, which had knocked out her electricity. She had forgotten to tell you that the basement stairway had been removed as part of a remodeling project. When you went into the darkened house, you stepped into the open hole and fell to the basement floor, suffering severe injuries, including a broken back and a shattered pelvis. You had to learn to walk again.

After your wife, Ingrid, died, you told me it was time for you "to check out" because you could no longer be a contributing member of society. You said further medical expense was a waste. By the same token, you thought that burying people in the ground took up valuable land and was also a waste. So at your memorial service, your ashes were scattered at your cabin on the shores of Coon Lake.

Many of us fear that with your passing, we have lost the last, or at least one of the last, of the great common-sense Minnesotans. We have certainly lost one of the state's great lawyers, and a person who loved the law, loved Minnesota, loved his family, and knew how to live every minute of his 95 years.

Well, Frank, I am sorry to end this letter. I won't pray over you, but I will be one of many who remember you.

Vance K. Opperman, Forever Your Associate

Vance Opperman (vopperman@key-investment.com) is owner and CEO of MSP Communications, which publishes Twin Cities Business.