

— APRIL 2019 —

# TWIN CITIES BUSINESS

## Merit Wins

Land O'Lakes new CEO Beth Ford got promoted the old-fashioned way: hard work. Now she's modernizing a classic.



**30 Watt: Something Big From A Box of Nothing**

**Skor North: A Radio Station for Your iPhone**

**Q&A: Radisson CEO John Kidd's Big Lift**



\$5.99



# CELEBRATING WOMEN IN LEADERSHIP

**TWIN CITIES  
BUSINESS**

Ameriprise  
Financial

**BEST  
BUY**

*Cargill*

**collemcvoy**

  
JamesDruryPartners

**JNBA**  
FINANCIAL ADVISORS

**LAND O' LAKES, INC.**

 **PNC**

  
**PATTERSON**  
COMPANIES, INC.

 **ST. CATHERINE  
UNIVERSITY**

**SALO**

 **THRIVENT  
FINANCIAL**

 **westMONROE**

**UNITEDHEALTH GROUP**





# Build something great.

Let's taco 'bout what it takes to build a business that continues to cook up great things year after year — like Vinyl Taco, which perfected the recipe for tuned in music and turned on tacos to keep their customers coming back for more. To do so, you need passionate leadership, ideas that thrive, and JLG Architects. See how Vinyl Taco is serving up happiness at [jlgarchitects.com/Vinyl-Taco](http://jlgarchitects.com/Vinyl-Taco).

MSN Money's 50 Most Admired Companies in the U.S.  
100% Employee-Owned ESOP | Inc. Magazine's Best Places to Work





# April 2019



28



34



40



24

## FEATURES

### 28 | Prank You for Your Business

Minneapolis novelty goods maker 30 Watt is putting the "fun" back into funny. *By Sam Schaust*

### 34 | Goodbye Radio, Hello Content

Hubbard Broadcasting's Skor North is an ambitious gambit to break the free fall of AM radio. *By Adam Platt*

### 40 | TCB Q&A: John Kidd

Under his second owner post-Carlson, Radisson's CEO explains the game plan to return to "player" status in the global hotel biz. *By Adam Platt*



11

## STARTERS

10-19

### Pay Now, Dine

**Later** | Gavin Kaysen's 20-seat Demi works to take the risk out of restaurant economics.

**Office Envoy** | Salesforce software firm, Magnet360, welcomes new rockin' space.

**Wild Goose Chase(r)** | How a robot built to chase geese could advance the poultry industry.

**To the Mountain Top** | Minneapolis bespoke suitmakers fit the World's Strongest Man and *Game of Thrones* star, "Thor" Bjornsson.

### 44 | Beth Ford Leads a Fortune 500 Giant

For the first time since being promoted to Land O'Lakes CEO, Ford talks in depth about her journey to the top and how she's steering Minnesota's \$15 billion ag cooperative into the future. *By Liz Fedor*

## TRENDING

### 53 | Marketing | Risky Business

The digital world offers no safe zones for companies facing a crisis. But technology does provide tools for building and maintaining business reputations. *By Gene Rebeck*

### 59 | Commercial Real Estate | Opportunity Knocks—in the Zone

New federal tax incentive draws developers and investors. *By Burl Gilyard*

## AMPED UP

20-21

### Red Carpet Photos—Straight From Duluth |

A Minnesota company delivers fashion faster with new AI tech.

### A Breath of Fresh Air |

Breathe99 is developing a high-tech breathing mask that offers protection and looks cool.

**Plastic Pushback** | These Twin Cities-based brands are doing their part to reduce plastic waste.

**Baseball With Artisan Brands** | Target Field's new "Gate 34 Experience" is a major league first.

**Networked** | Top networking opportunities in April.

**Still Closed Mondays** | As the country's biggest museums abandon weekly closings, the Twin Cities stands pat.

**Concierge** | Five fabulous ways to welcome—or pretend—it's spring.

## COMMENTARY

### 8 | Editor's Note

*Allison Kaplan*

As more women ascend the ranks, added child care and workplace flexibility are vital.

### 22 | Planting Seeds

*Rajiv Tandon*

Why Autonomous Tractor Corp. still doesn't make tractors.

### 24 | Performing Philanthropy

*Sarah Lutman*

The neighborhood library is now a global information hub and community connector.

### 26 | Working It

*Linda Holstein*

How some employers are trying to create a happy workplace.

### 64 | Open Letter

*Vance Opperman*

Dear Howard Schultz:  
Don't give voters what they don't want.

## Special Supplement + Advertising Sections

### The 2018 Minnesota Census of Women in Corporate Leadership |

St. Catherine University's annual examination of the state of women in executive and director roles.

COVER | Ackerman + Gruber





# Saluting women in leadership roles.



U.S. Bank celebrates the talents, perspectives and leadership women bring to business. We're proud to be an Honor Roll recipient in the 2018 Minnesota Census of Women in Corporate Leadership. This annual census acknowledges public companies who promote the hiring and advancement of women in corporate director and executive officer positions.

U.S. Bank also applauds fellow businesses who increase advancement opportunities for women in C-suite positions and the organizations who advocate for women executives in the workforce.





32nd Year of Service

# STOP SLIPPERY FLOORS & STEPS

**Sure Stop Floor Safety**  
*"your fast and dependable solution to any slippery floors and steps"*  
**call 763 571-1769**  
 Ceramic Tile showers, Quarry Tile, Polished Marble and Granite, Concrete Walkways, safe walking and working surfaces, proven solutions!

[www.surestop.com](http://www.surestop.com)  
**INDUSTRY EXPERTS**




## WHAT'S ON MY DESK

Peek into the workspaces of local notables. Every week at [tcbmag.com/tcbdesks](http://tcbmag.com/tcbdesks) and @tcbmag

## TWIN CITIES BUSINESS

Photo: Fiddlehead Design Group; Desk of Andrea Dixon, principal



## A DIVERSE TEAM IS A STRONG TEAM

We're proud to be on the Honor Roll for the **Minnesota Census of Women in Corporate Leadership.**

NASDAQ:OTTR | [www.ottertail.com](http://www.ottertail.com)

## BEYOND THE PAGES

tcbmag.com

## Top 5 Reads

- 1 Gabberts to Leave Galleria for New HOM Flagship in Bloomington
- 2 Downtown Hopkins Lands Indie Bookstore, With a Twist
- 3 Target Retains Crown as Top Employer in Minneapolis
- 4 Ecolab Spinning Off \$2.4B Upstream Energy Business Into Independent Public Co.
- 5 Toro Acquires Charles Machine Works, Maker of Ditch Witch, in \$700M Cash Deal

## The Hustle

[tcbmag.com/thehustle](http://tcbmag.com/thehustle)



## Writing a Book in 2019?

"Most manuscripts will never see the light of day because its writer hasn't done one simple thing: Brain dump." **Amy Quale and Dara Beevas, Wise Ink Publishing co-founders,** on how to let go of perfectionism.

## tcbmag.com

"It's going to be an interesting year. If there is a consensus, it is that the economy is due for somewhat of a slowdown. I will not be at all surprised if I see our rate of job growth diminish."

—Steve Hine, director, Labor Market Information Office for Minnesota's Department of Employment and Economic Development



## What's on My Desk

[tcbmag.com/tcbdesks](http://tcbmag.com/tcbdesks)



"Architecture is a very collaborative industry and we have a non-hierarchical work culture at Studio BV. We don't have titles and we focus on ideating together as a team to do our best work. I sit next to my team near the art gallery wall."—Betsy Vohs, founder of Minneapolis commercial design firm Studio BV



@TCBmag



facebook.com/twincitiesbusiness



@TCBmag



linkedin.com/company/twin-cities-business



tcbmagvideos





# CONGRATULATIONS!

## 2019 BOLD AWARD WINNERS



### WINNERS

**NOT FOR PROFIT**  
**J-HAP**

**EARLY STAGE**  
**Little Acorn Shave Co.**

**SMALL AND GROWING**  
**SixSpeed**

**MIDDLE MARKET**  
**Design Ready Controls**

**LARGE AND ESTABLISHED**  
**Starkey Hearing Technologies**



**BOLDest of the BOLD**

PLATINUM SPONSOR



GOLD SPONSOR



MEDIA SPONSOR

**TWIN CITIES  
BUSINESS**

RECEPTION SPONSOR



BOLD-TINI SPONSOR







**TESTED GLOBALLY.  
TRUSTED LOCALLY.**

Twin Cities companies turn  
to West Monroe to navigate  
their toughest challenges.

[www.wmp.com](http://www.wmp.com)

Your power  
source for  
brilliant  
business  
outcomes.



4LL[:HSV;OLZ[HUNHUKJVUZ\S[PUNZWLYJVUULJ[VYZ  
>LOLSW\ALTYHJLJOHUNLZV\WYIZPULZZJHUL]VS]L

**SALO**  
Let's get solving.®

©2019 Salo

See how we can help.  
[salolc.com](http://salolc.com)

FINANCE • ACCOUNTING • HUMAN RESOURCES  
CHICAGO & MINNEAPOLIS

**TCB**

**SVP/Owned Media**  
Jayne Haugen Olson

**Editor in Chief**  
Allison Kaplan  
[akaplan@tcbmag.com](mailto:akaplan@tcbmag.com)

**Publisher**  
Shelly Elmore  
[selmore@tcbmag.com](mailto:selmore@tcbmag.com)

**Executive Editor** Adam Platt [aplatt@tcbmag.com](mailto:aplatt@tcbmag.com)  
**Trending Editor** Liz Fedor [lfedor@tcbmag.com](mailto:lfedor@tcbmag.com)  
**Associate Editor** Tess Allen [tallen@tcbmag.com](mailto:tallen@tcbmag.com)  
**Senior Writer** Burl Gilyard [bgilyard@tcbmag.com](mailto:bgilyard@tcbmag.com)  
**Online & E-Newsletter Editor** Sam Schaust [sschaust@tcbmag.com](mailto:sschaust@tcbmag.com)  
**Online & E-Newsletter Associate Editor**  
Amanda Ostuni [aostuni@tcbmag.com](mailto:aostuni@tcbmag.com)  
**Northern Minnesota Correspondent** Gene Rebeck [grebeck@tcbmag.com](mailto:grebeck@tcbmag.com)

**Copy Editors** Judy Arginteanu [judarg@gmail.com](mailto:judarg@gmail.com)  
Jolene Johnson  
**Editorial Intern** Ellen Schneider [schneider@tcbmag.com](mailto:schneider@tcbmag.com)

**Design Director** Chris Winn [cwinn@tcbmag.com](mailto:cwinn@tcbmag.com)

**Account Director** Traci Auger [tauger@tcbmag.com](mailto:tauger@tcbmag.com), 612-336-9214  
**Senior Account Managers** Rian Heaslip [rheaslip@tcbmag.com](mailto:rheaslip@tcbmag.com), 612-336-9215  
Andrea Shapiro [ashapiro@tcbmag.com](mailto:ashapiro@tcbmag.com), 612-336-9211  
**Marketing Manager** Jessica Scheu [jscheu@tcbmag.com](mailto:jscheu@tcbmag.com), 612-373-9584  
**Event Coordinator** Sarah Aulik [saulik@tcbmag.com](mailto:saulik@tcbmag.com), 612-336-9288

**Contributing Writers** Linda Holstein | Sarah Lutman | Melinda Nelson  
| Rajiv Tandon

## MSP COMMUNICATIONS

**CEO & General Counsel**  
Vance K. Opperman  
**CFO** Charles F. Thell  
**COO** Nathaniel Opperman  
**President** Gary Johnson  
**SVP, Operations** Mary Authier  
**SVP, Owned Media**  
Jayne Haugen Olson

**SVP, MSP-C** Deborah Hopp  
**VP, Finance & Administration**  
John Bienias  
**VP, Project Management**  
Frank Sisser  
**VP, Client Strategy** Kevin Dunn

**Credit Manager** Dave Gschlecht  
**Office Manager** Sheri Jones  
**Senior Accountant** Anne McPhillips  
**Production Manager** Tim Dallum  
**Production Supervisor** Paul Marhart  
**Graphic Designer** Allison Cook  
**Digital Prepress Group**  
> Steve Mathewson  
> Bill Sympson  
**Senior Web Developer**  
David Waters  
**E-Newsletter Developer**  
Lauri Loveridge  
**Network Administrator**  
Steve Swanson

**Assistant Network Administrator**  
Josh Krouze  
**Audience Development Director**  
Bea Jaeger  
**Fulfillment Coordinator**  
Valerie Asante  
**Creative Services**  
> Katie Shaw  
> Janice Hamilton  
> Joy Wagner

## Contact Us

**To subscribe** | [tcbmag.com/subscribe](http://tcbmag.com/subscribe) | [tcbserve@tcbmag.com](mailto:tcbserve@tcbmag.com)  
| 612-339-7571  
**To change an address or renew** | [tcbmag.com/myaccount](http://tcbmag.com/myaccount)  
| [tcbserve@tcbmag.com](mailto:tcbserve@tcbmag.com) | 612-339-7571  
**For reprints, PDFs** | [jscheu@tcbmag.com](mailto:jscheu@tcbmag.com) | 612-373-9584  
**For permission to copy** | [akaplan@tcbmag.com](mailto:akaplan@tcbmag.com) | 612-336-9299  
**To make event reservations** | [saulik@tcbmag.com](mailto:saulik@tcbmag.com) | 612-336-9288  
**To advertise** | see account executive listings  
or contact [jscheu@tcbmag.com](mailto:jscheu@tcbmag.com) | 612-373-9584  
**To submit a press release** | [edit@tcbmag.com](mailto:edit@tcbmag.com)  
**To pitch a story** | see editorial staff listings  
or contact [akaplan@tcbmag.com](mailto:akaplan@tcbmag.com) | 612-336-9299

**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







# Trailblazer. Leader. Partner.

**colle**  
**mcvoy**

Colle McVoy is honored to work with Beth Ford and her team. Her tireless leadership and determination are an inspiration to us all. We are proud to do our part as she guides Land O'Lakes into its next 100 years of feeding human progress.

# Helping Women on the Rise

If more women are to ascend the ranks, more child care options and workplace flexibility are crucial.

By Allison Kaplan



**“We want everybody who wants to work to be able to stay in the workforce.”**

—Chad Dunkley,  
CEO, New Horizons

Last April, on my second day on the job, I attended the annual *Twin Cities Business Women in Leadership* event. That

ballroom was filled with nearly 500 people—including influential decision-makers and heads of Fortune 500 companies—and served as a powerful welcome to the magazine and our business community. This year, *TCB* will host our largest group ever for our Women in Leadership event April 23; the highlight promises to be a conversation about progress, decision making, and mentorship that will include, among several trailblazers, our inspiring cover subject, Beth Ford. Her ascension to the top spot at Land O'Lakes has garnered significant national media attention for many symbolic and significant firsts. But in our profile on Ford, Trending editor Liz Fedor goes beyond the easy headline to discover what makes her such an effective leader. (Hint: It's not her gender or sexual orientation. It's vision, confidence, collaboration, and really hard work.)

I wish we were at a point where we didn't need to specially recognize women in leadership. But St. Catherine University's 2018 Minnesota Census of Women in Corporate Leadership, included in this issue, is a reminder that there's still so much work to be done. Women hold barely 20 percent of board seats in Minnesota and only slightly more executive officer roles at public companies. At least both numbers are trending in the right direction, up slightly from 2017. And on a positive note, the number of Minnesota Honor Roll companies, with at least 20 percent women corporate directors and officers, rose in 2018 from 19 to 25.

Perhaps progress would come quicker if we figured out how to address a major career impediment that affects women at all levels of employment. I'm talking about child care. There's not enough quality care available in parts of the state, and with prices that rival college tuition, day care costs prompt many parents to opt out of the workforce—women more often than men.

A first maternity leave marks the beginning of a noticeable and permanent decline in a woman's earning power and career power, according to the National Bureau of Economic Research, reported last year by Quartz. Men see a dip too, but for mothers it's almost 20 points more than it is for fathers, and that chasm continues to widen with additional children.

When women do take a career break to be home with

their kids, studies show they face steeper career penalties in income and advancement than men do. In the U.S., women's participation in the labor force peaked in 2000 and has only declined since, while it continues to rise in other wealthy countries, according to the Organisation for Economic Co-operation and Development. The U.S. is the only developed nation that doesn't guarantee paid maternity leave.

I spoke about the child care crisis with Chad Dunkley, CEO of New Horizons and president of the Minnesota Child Care Association. “Minnesota has a workforce shortage,” Dunkley says. “We want everybody who wants to work to be able to stay in the workforce. Minnesota used to be a leader, but child care assistance was cut in 2003 and it hasn't been repaired since.”

In his proposed 2020–2021 Minnesota budget, Gov. Tim Walz called for a \$44 million investment to expand the Child Care Assistance Program, which currently helps 15,000 families pay for child care. The additional funds would be used to increase payments to many child care providers and make an additional 1,000 families eligible for assistance. “It's a smaller step than some might have expected,” Dunkley says, “but it's good recognition that we need to do something.”

Minnesota is out of compliance with even the federal recommendations.”

But better access to affordable child care isn't the only key to supporting women's career advancement. We need to encourage flexibility and family-friendly work cultures—creating environments where employees know it's OK to duck out for a kid's choir concert or to take a sick parent to the doctor and continue working from home.

It's encouraging to see corporate leaders expanding benefits. As of January, General Mills tripled full-time paid time off for new birth mothers to 18 to 20 weeks and bumped up parental leave to 12 weeks. General Mills also added a two-week paid leave for the care of immediate family members with a serious health condition and up to four weeks off for employees following the death of an immediate family member. Best Buy recently added a back-up child care program that allows employees up to 10 days of care provided by a certified professional—a savior during the crazy winter we just endured with a record number of weather-related school closures.

As a parent of school-age children, I put a premium on working for a company that values its employees as people—with families and obligations beyond the office. Flexibility begets loyalty. And that leads to better results for everyone.

*TCB Talks:*  
**Women in Leadership**  
takes place April 23.  
Register at  
[tcbmag.com/WLF19](http://tcbmag.com/WLF19)





We helped  
**24,000**

homeowners find  
their place in 2018.

*Ready to find yours?*

*Visit [results.net](https://results.net)*



04•2019 Edited by Adam Platt

# Pay Now, Dine Later

Gavin Kaysen's 20-seat Demi works to take the risk out of restaurant economics.



**D**emi, Gavin Kaysen's newest addition to the Twin Cities food scene, opened February 15. It joins a tiny minority of restaurants in the Twin Cities that offer prepaid vouchers for meals rather than simply guaranteed reservations. Despite the approach, which treats a dining experience like a nonrefundable event ticket, reservations to Demi's first weeks sold out in a matter of minutes. Kaysen says having customers pay for the meal ahead of time (a practice also employed locally at Travail), allows him to "budget backwards." Most restaurants create business plans and budgets and make a pro forma guess about how many diners will visit on a given evening, what they will order, and

how much they will spend. This helps explain why the restaurant business is such a notorious high-wire act with high failure rates. Here, Kaysen knows exactly how much revenue he will bring in and can optimize raw materials and labor to meet his prepaid sales. Demi customers have two menus to choose from: the \$95 Barrington Menu, which includes a two-hour "tasting experience" at the kitchen counter, and the \$125 WC Whitney Menu, which is a two-and-a-half-hour experience that adds a few courses on the Barrington menu. An assortment of wine pairings are also available for additional cost. Kaysen made it clear that, while Demi is small (1,200 square feet with the capacity to seat 20 at a seating and 40 per night), it is not a side project. "I would never put this much effort into anything if it was a side project," he says. Demi is expected to be profitable out of the gate and mimic dining experiences popping up in America's most ambitious dining capitals. Kaysen's Spoon & Stable and Bellecour will continue to operate on the traditional pay-after-eating system. He says restaurants are "like kids—they each have their own personalities, their own needs." Demi, befitting an exclusive experience, presents itself to the market accordingly. —Ellen Schneider

**Mall Pall**  
Big regional malls have been hammered by retail bankruptcies and store closings. But if you compare vacancy rates, there's a wide gap among them. The latest market report from Cushman & Wakefield shows how the metro's eight largest malls stack up.  
—Burl Gilyard

Mall	Vacancy rate, end 2018
Ridgedale Center	2%
Mall of America	8%
Maplewood Mall	13%
Northtown Mall	13%
Rosedale	15%
Eden Prairie Center	19%
Burnsville Center	22%
Southdale	23%

Regional malls  
(average of above)  
**13.4%**

Overall Twin Cities  
retail vacancy  
**9.4%**

Source: Cushman & Wakefield Minneapolis-St. Paul



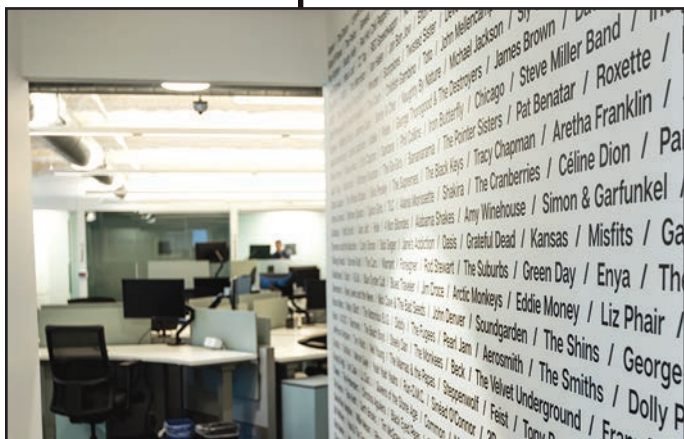
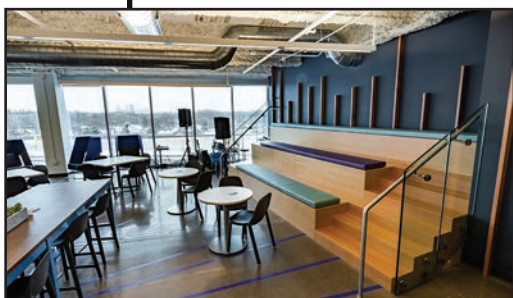
## OFFICE ENVY

Magnet360 CEO Matt Meents wanted to create a “town” atmosphere in the office. “You can be out in the open—more of that louder, agile vibe—or you can go heads-down, and every ‘neighborhood’ has these same kind of things.”

**Company** Magnet360 **Headquarters** 1665 Utica Ave. S., Suite 500, St. Louis Park **Size** 30,000 square feet **Designer** NELSON

Imagine an office designed around music, where conference rooms are named Beyoncé and Jay-Z, and drums for the office band sit in the kitchen. No, it's not a sound studio or producer's office. This is the new St. Louis Park headquarters of Salesforce software firm Magnet360, inspired by what CEO and co-founder Matt Meents describes as a “rockin’ culture.”

Teaming up with Twin Cities architecture firm NELSON, Magnet360 turned a typical office into its dream space, with equal parts collective and private work zones. “We wanted to create an intense collaboration space for people to be able to work together, but there's lots of different ways to work,” Meents says. That includes an area designed to feel like a coffee shop, a room for nursing mothers, a meditation and prayer room, and single-person work pods. Client meetings happen in a room called the Garage, evoking the birthplace of Apple, the band Nirvana, and so many other famous creative endeavors. “Our view for the customers we're working with is that it's time for them to reimagine, to go back to their garage and tinker,” Meents says. The Magnet 360 “garage” is lined with whiteboards—for when inspiration strikes. —Tess Allen



Wall of bands: Music inspired many design elements, including the “wall of bands.” “I listen to something over and over, and then I’m like, I don’t know what I want to listen to,” Meents says. “So I come over here and I’m like, I haven’t thought about Alanis Morissette in years.”

Reception: The 2x4s going up and down the wall represent sound frequencies from U2’s “Beautiful Day,” a song with the chorus “It’s a beautiful day/Don’t let it get away.” Meents explains: “The idea behind that is we have core values, and one of them is unrelenting dedication.”



# Wild Goose Chase(r)

Turns out robots hate geese as much as we do.

**L**arry Lukas was tired of pesky Canada geese on the lawn of his \$5 million Wayzata Bay home, so he hired Jack Kilian, an electrical engineering grad student, who used Lukas' funding to buy robot hardware and programmed it to create The Wild Goose Chaser—a robot that, as its name implies, keeps spaces geese-free.

The Wild Goose Chaser uses a number of sensors and cameras to watch for, recognize, and run off geese during the day, before docking at its charging station at night. Lukas' yard is one of two test sites for the robots.

Kilian, a University of Minnesota student, sees value for the technology

that extends far beyond the shores of Lake Minnetonka. "We were always kind of brainstorming other applications for that robot," he says.

So he came up with the idea for Poultry Patrol—a similar robot used in turkey and other poultry houses to perform tasks like detecting mortalities, collecting eggs, checking equipment, disinfecting excrement, and turning soil—all tedious jobs that farmers usually perform because they are too costly to hire someone else to do.

"If we put a robot in there to do the scouring for them, the robot is cheap enough that you could buy one per poultry house,"

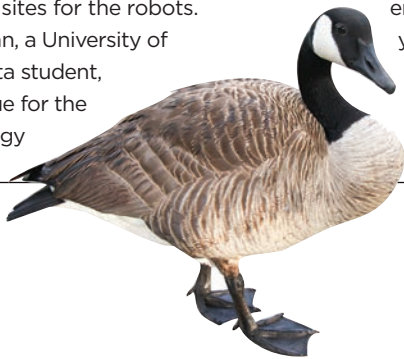
Kilian says of the approximately \$10,000 'bot. That's much cheaper than paying an employee, he says. Plus, the robots would improve biosecurity by reducing contact between birds and the outside world.

Kilian pitched the idea as part of Red Wing Ignite's Ignite Minnesota Ag Tech Challenge in January, and received \$12,500 for the project, which he's using to build and test the first Poultry Patrol machine.

Kilian is also working with researchers at Georgia Tech as well as representa-

tives from Jennie-O Foods and the Minnesota Turkey Association to advance the project and put Poultry Patrol into its first turkey house. And, with Minnesota claiming the title of "national turkey capital," producing about 44 million of the birds a year, Poultry Patrol isn't likely to be stopped cold turkey any time soon.

—Tess Allen



## On Task

Resources that help busy executives improve efficiency and recall.

App | *Wunderlist*



"I live my life making lists, so I've become addicted to Wunderlist as my go-to app to keep track of home, work, gift ideas, and other to-dos."

—Craig Samitt, president and CEO, BlueCross BlueShield of Minnesota

Product | *Franklin Planner*

"I love it as a complement to my electronic calendaring. I am a visual person, so being able to see a month at a glance is a habit I cannot break. It doubles as my briefcase, as I never run out of business cards or paper. I guess it's my 'business blankie' for keeping my life in order, and it's often a conversation starter too."

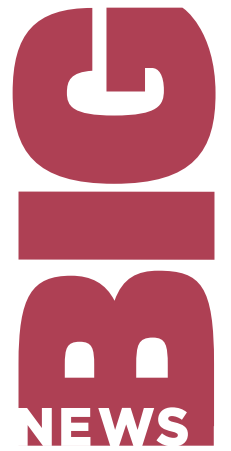
—J. Marie Fieger, CEO, Nemer Fieger, Minneapolis



Website | *Eater*

"It does a great job of highlighting the best restaurants each city has to offer in a concise way so that I can quickly figure out which places I want to eat at wherever I travel. I love that it is frequently updated to include new restaurants, and I also love their map function."

—Josh Resnik, CEO, Twin Cities Co-op Partners



■ **Chuck and Don's** (Mahtomedi) agreed to a buyout from private equity-backed New York-based Independent Pet Partners.

■ Job growth stalled out in Minnesota in late 2018, with a small net loss of 800 jobs. Unemployment remains low.

■ **C.H. Robinson** (Eden Prairie) named COO Bob Biesterfeld to replace retiring CEO John Wiehoff, who will become chairman.





**JNBA**  
FINANCIAL ADVISORS

**40**  
YEARS  
OF ADVOCACY

## Driven Advocates. Authentic Advice.

In the days when a woman needed her husband's signature to apply for a credit card – yes, really – our pioneering founder, Judith N. Brown, launched a new kind of financial advisory firm.

Forty years later, JNBA Financial Advisors is still doing things differently.

We're continuing our strong tradition of working to make sure all women – including clients, colleagues, and business and community leaders – have a seat at the table and their voices are being heard.

Learn how JNBA  
empowers women on  
their financial journeys:

[JNBA.com/authentic](https://jnba.com/authentic)

MINNEAPOLIS: 952.844.0995 | DULUTH: 218.249.0044 | [JNBA.COM](https://jnba.com)

Past performance may not be indicative of future results. Different types of investments involve varying degrees of risk. Therefore, it should not be assumed that future performance of any specific investment or investment strategy (including the investments and/or investment strategies recommended and/or undertaken by JNBA Financial Advisors, Inc. ("JNBA"), or any non-investment related services, will be profitable, equal any historical performance level(s), be suitable for your portfolio or individual situation, or prove successful. A copy of our current written disclosure Brochure discussing our advisory services and fees is available upon request. The scope of the services to be provided depends upon the needs of the client and the terms of the engagement.

# To the Mountaintop

Minneapolis suitmaker King Brothers Clothiers fitted *Game of Thrones*' Mountain because he was there.

**W**hen twin brothers Danny and Kenny King heard that "Thor" Björnsson, the World's Strongest Man and "The Mountain" on *Game of Thrones*, was coming to town for a Vikings event in 2017, they seized what became a golden opportunity.

Their Minneapolis business, King Brothers Clothiers, specializes in bespoke suits, so they offered Björnsson something they figured he'd never had: a suit that properly fit his roughly 450-pound, 6-foot-9, muscular frame.

Via Instagram, the brothers invited the Icelandic actor to a fitting; to their delight, Björnsson accepted. Then came the hard part. "Most guys have body irregularities to some extent, but no one we've worked with to date has had as unique a body as [Thor]," says Kenny King.

To measure Björnsson, they improvised. Danny King had to stand on a box just to see what he was doing on Björnsson's shoulders, and at times, they had to double up on measuring tape. For the material, the brothers say the trick is using pure special wools with natural stretch.

The brothers then went full speed ahead, liberally touting their motto, "If we can fit The Mountain, we can fit you." (A King Brothers custom suit runs \$1,000 to \$2,000.)

Thrilled with the suit, Björnsson immediately asked them to design his *Game of Thrones* final season red-carpet premiere tuxedo. The brothers can't point to the specific

financial impact of Björnsson's endorsements, given the slow-build nature of the industry, but Kenny King says after the Instagram post, they received a flurry of inquiries from similar physiques around the world. Some were too far away for a fitting to be practical; but they're in talks with some, and some they've suited already.

As for riding the coattails of Björnsson's *Game of Thrones* buzz, the brothers didn't have a finalized plan as of press time, but emphasized they aren't just the bespoke tailors to the bodybuilding set. "We work with all types of people ... [we're helping] guys feel confident in how they look," says Danny King. "Being the clothiers who work with The Mountain—that's a bonus." —Amanda Ostuni

## "Thor" Björnsson Measurements

**Chest:** About 62 inches (all measurements circumference)

**Biceps:** 21 inches, unflexed

**Thighs:** 36 inches

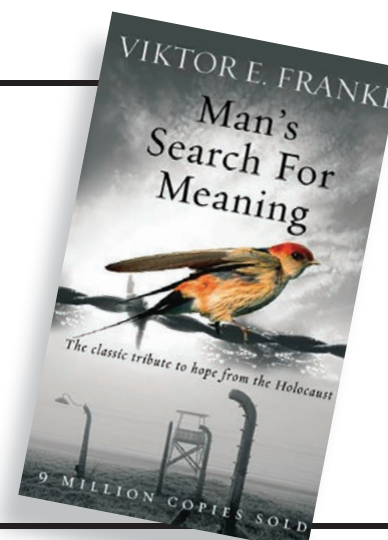


## ON MY SHELF

### *Man's Search for Meaning* by Viktor E. Frankl

"I'm working with a career coach and he recommended this 1946 book. I found it helpful to really focus on the positive in life and work. It's easy to get caught up in the chaos and problems we need to deal with, but if someone in a concentration camp can find purpose and meaning in their life, surely I can shift my mindset to intentionally focus on finding meaningful purpose in life."

—Amy Roberts, partner, Grant Thornton, Minneapolis







# Celebrating your *brilliant achievements.*

Ameriprise Financial is proud to support the **TCB Talks: Women in Leadership** forum. We recognize that your vision, commitment and leadership are qualities that drive meaningful outcomes in industries throughout our community.

As a longstanding leader in financial planning and advice, we share these same high standards. Ameriprise is committed to helping our clients feel confident, connected and in control of their financial life.

**Learn more at [Ameriprise.com/bebrilliant](https://ameriprise.com/bebrilliant)**



## Baseball With Artisan Brands

Target Field's new Gate 34 Experience is a major league first.



"Buy me some peanuts and Cracker Jacks"—along with an essential-oil diffuser, handwoven baskets, and artisan canoe paddles. Welcome to Target Field's new Gate 34 Experience, where baseball is merely a backdrop to an ever-changing array of interactive activities, including pop-up shops, lawn games, and live music.

Over the winter, Target Field reconfigured the heavily used gate to create more security lanes to help speed the entrance process, which has become more security-centric since the ballpark opened a decade

ago.

In the process, the ballpark gained 9,300 square feet of what Twins president and CEO Dave St. Peter describes as "programmable space." Determined to think beyond beer and brats, he hired pop-up guru Mich Berthiaume to curate the space, which features a pavilion and turf lawn. Berthiaume is no stranger to blending shopping and sport—she produced North Local Market at City Center during the Super Bowl. The Twins participated in her very first Shop Local market at Mall of America

five years ago.

"Today, you need to bring the brands to the audience," says Berthiaume, who is batting nearly 1,000 in interest from small local companies, including Leather Works Minnesota, Still Kickin', Manhattan Toy, Thumbs Cookies, and Spinning Wylde gourmet cotton candy. Her recipe for any successful shopping event is one part brands with a social mission, one part heritage, one part startup—like one of her recent discoveries, Hunter Handmade, a dog bed company.

Who wants to lug around a dog

bed at a Twins game? "The brands will offer delivery," Berthiaume explains. Featured brands will change for each series. "It gives fans a different experience at the ballpark," Berthiaume says.

The revolving marketplace also opens the ballpark to companies that couldn't afford to lease space for an entire season. "We're excited about the flexibility. We just want to try a lot of different things in 2019," St. Peter says. "No one else is doing this." —Allison Kaplan



### April 9 Coffee & Closers

In this interview series on growing revenue, host Mickeli Bedore talks with Upsie founder and CEO Clarence Bethea, who quit a corporate job to launch a startup. 9:30 a.m., free, WeWork Uptown, 1330 Lagoon Ave., Minneapolis, 651-605-6016, [bedorebusinessgroup.com](http://bedorebusinessgroup.com)

### NETWORKED



### April 9 TeamWomen Power Lunch

Remi Kent, a 3M global business director who leads strategy on Post-it and Scotch brands, will be the featured speaker. She'll talk about leadership in brand building, strategy, innovation development, and digital marketing. 11:30 a.m., \$25 to \$45, Town & Country Club, St. Paul, 952-525-2236, [teamwomenmn.org](http://teamwomenmn.org)

### April 12 HR Tomorrow Conference

"The Why of Work" is the theme for this annual conference. Speakers address current trends, issues, challenges, and opportunities in human resources and labor relations. 8 a.m., \$30 to \$250, Carlson School of Management, Minneapolis, 612-626-9748, [carlsonschool.umn.edu](http://carlsonschool.umn.edu)

### April 20 Thinking About Business Workshop

Connect with an expert advisor to learn about starting a business and how to design a business model. 9 a.m., free, Northside Economic Opportunity Network (NEON), Minneapolis, 612-302-1505, [eventbrite.com](http://eventbrite.com)

—Tess Allen





Collaborative.  
Creative.  
Perceptive.



ve, creative, and perceptive, we  
collaborative, creative, and perceptive, we

collaborative, creative, and perceptive, we  
collaborative, creative, and perceptive, we

# SUPER LEADERS

When courage meets expertise.



Halunen Law is proud of these dynamic women who lead the way in advocating for employees and whistleblowers. Courageous clients. Expert representation. Justice realized.

**halunenlaw**  
EMPLOYMENT • CONSUMER • WHISTLEBLOWER

LOCAL ROOTS. NATIONAL REPUTATION.  
612.605.4098 | HALUNENLAW.COM

## starters



## Still Closed Mondays

As the country's biggest museums abandon weekly closings, the Twin Cities stands pat.

New York's most popular museums are discontinuing the practice of closing Mondays. The Guggenheim is the latest, following the Metropolitan Museum of Art and the Museum of Modern Art. This is in response to consumer expectations of daily access, *The Wall Street Journal* reports.

Monday has also been a no-go day in the local museum establishment. And while other national consumer trends like food delivery and bike sharing quickly expanded to these parts, the local museum world says it will resist this trend.

"We find we don't have capacity attendance during the week," says Kristin Prestegaard, MIA's chief engagement officer. "We just don't feel like there's demand for [a seventh day], and that's even with doubling [our annual] attendance in the last 10 years."

Unlike tourists in New York, officials say locals simply accept that area museums close on

Mondays. "It's such a tradition," says Alfredo Martel, Walker Art Center's chief of marketing and strategic communications. Noting that the Walker once even sold swag adorned with "Closed on Mondays, open to interpretation," he adds, "it's almost a part of the brand."

Lacking apparent demand, museum officials can't justify opening a seventh day, which involves increased staffing and utility costs, and is especially hard on a free-admission institution like MIA. Museums say they would lose their free day for refreshing galleries, training staff, holding private events, and performing maintenance.

New York museums have the same needs, which is why the Guggenheim is testing the seven-day schedule only for 2019.

It's about cost-benefit analysis, and things could change. "There's always a conversation," Martel says. "When you look at it at face value, it's a great opportunity to explore."

—Amanda Ostuni

**CIRCLE OF WOMEN**

eliminating racism  
empowering women  
**ywca**  
Minneapolis

**Coming together to listen to those whose voices aren't always heard.**

**JOIN US May 8, 2019  
10:30am-1:15pm  
Minneapolis Convention Center**

**Our signature fundraiser event is an inspirational opportunity to support life-changing programs that empower women and girls in our community.**

**Your support creates unlimited possibilities.**  
[ywcamps.org/circle](http://ywcamps.org/circle)



# Finding April Flowers

Even if last year's thunder blizzards return to the Twin Cities, here are five fabulous ways to welcome—or pretend—it's spring.

## In the Mall

In one of the surest and most stylish signs of spring, Bachman's returns to the Galleria for the Galleria Garden Party, March 24 through April 7. In a very modern twist on a beloved local tradition that began more than 50 years ago with Dayton's Spring Flower Show, the mall will be adorned end to end with 25 lush, colorful gardens and fragrant, floor-to-ceiling vignettes designed by Bachman's expert floral artisans.

[galleriaedina.com](http://galleriaedina.com)

## At the Museum

Should you prefer your spring bouquets served with a side of art, Art in Bloom at the Minneapolis Institute of Art is a must on the annual social calendar. The weekend event runs April 11-14 and includes more than 160 inspired juxtapositions of art and flowers by local artists, a fashion show and formal luncheon, floral master classes, happy hours, and a mixology workshop, plus storytelling, crafts, and other family-friendly events. [artsmia.org](http://artsmia.org)

## At the Zoo

What better way to celebrate spring than with the annual spring flower show at the Marjorie McNeely Conservatory at Como Park, right next to the zoo, through April 21? The elegant 1915 conservatory will be



filled with fresh hyacinths, Asiatic lilies, hydrangeas, and other blooms—and, no doubt, Summit Avenue and Crocus Hill socialites wearing their finest spring hats. [comozooconservatory.org](http://comozooconservatory.org)

## At the Arboretum

Whether the crocuses, daffodils, and tulips are bravely making their debut or still sleeping under an avalanche of new spring snow, a day at the Minnesota Landscape Arboretum in Chaska is a delightful April ritual. Walk the trails (or rent a pair of snowshoes) and stop for lunch at the Arboretum Café. Note to animal lovers: Mark your calendar for the very amusing All About Dogs Day on April 27. [arboretum.umn.edu](http://arboretum.umn.edu)

## On the Town

Now that spring is technically back in town, it's time to shed the puffer jackets, pom hats, and Steger mukluks in favor of breezy neutrals, nude lips, and strappy sandals and celebrate Fashion Week Minnesota, April 28 through May 4. Envisioned, produced, and made possible by passionate volunteers, this nonprofit extravaganza includes more than 15 fashion shows and other events, so start planning a week's worth of highly Instagrammable #ootd ASAP. [fashionweekmn.com](http://fashionweekmn.com)

—Melinda Nelson



# James Drury Partners

ENHANCING THE QUALITY  
OF CORPORATE GOVERNANCE

**MATCHING AMERICA'S TOP  
CORPORATE EXECUTIVES  
WITH THE  
WORLD'S MOST  
RESPECTED PUBLIC  
BOARDS**

Proud Sponsor:

 **OUTSTANDING  
DIRECTORS**  
TWIN CITIES BUSINESS

James Drury Partners  
John Hancock Center | 875 North Michigan Avenue  
Chicago, Illinois 60611  
[www.jamesdrurypartners.com](http://www.jamesdrurypartners.com) | 312-654-6708



Regina King

Photos courtesy of Runway Manhattan

## Red Carpet Photos—Straight From Duluth

A Minnesota company delivers fashion to the world faster than ever with new AI tech.

**A**t the Academy Awards in February, media outlets could download photos of Lady Gaga on the red carpet even before she told Ryan Seacrest who she was wearing. That real-time photo identification technology came from a small startup far away from the Hollywood limelight—in Duluth.

For years, Duluth-based Runway Manhattan has supplied fashion photos, videos, and copy to publishers worldwide. At the Oscars, the company premiered its new artificial intelligence-based technology called FashionBrain, designed to make it easier for publishers to quickly track down specific images from the red carpet.

So how did a small company in Duluth earn this role? In fact, Runway Manhattan has been supplying publishers worldwide for six years. It was launched by Duluth native Lara Signorelli, a former Associated Press photo editor, and her husband, Markus Müller, a German-born photographer who ran his own news-photo agency in Denmark. The two met in 2007 at a European photojournalism festival. At the time, Signorelli was working in New York as a fashion editor, and she found herself frustrated by how difficult it was to locate specific fashion-related images. Her idea: Create an online-based system that could make fashion photos easily searchable, thus more useful for media outlets. In 2010, she and Müller launched the company that became Runway Manhattan. That same year, they moved to Duluth; Müller had not only fallen in love with Signorelli, he was also smitten with the beauty of her hometown.

Two years later, Runway Manhattan was up

and running. The company provides a conduit between freelance fashion photographers and thousands of media sources by making relevant fashion imagery easier to discover. It added text content (the stuff of photo captions) to its offerings in 2014 and video two years later. In May, it signed a partnership with Toronto-based Thomson Reuters, the world's largest international multimedia news provider, to offer fashion content to Reuters News Agency customers.

A couple of years ago, Signorelli and Müller saw that fashion publishing was changing, and fast. Globally, more and more print publications devoted to fashion were moving from print to digital. These publications typically had smaller audiences, smaller budgets, and shorter production cycles—but big demands. Meeting the growing needs in real time became unrealistic. “Only machines can

do that,” Müller says.

That's the idea behind FashionBrain. Using an AI-based platform created in conjunction with BrainCreators, an AI technology developer based in Amsterdam, FashionBrain will automatically keyword each photo it receives with fashion terms related to apparel, hair, makeup, and other categories. The software can also identify the celebs in the photo. Editors and bloggers can then more quickly pick and choose the images they wish to use.

Runway Manhattan isn't the only company developing AI-driven fashion-photo identification. Condé Nast, publisher of *Vogue* and *GQ*, is working with San Francisco-based AI-development firm Labelbox to create a machine-based fashion-image identification system that has similarities to FashionBrain. One key difference: “They have to manually identify every item in the photos because they do not have the database of 300,000 to 500,000 images that can be used to auto-train the AI,” Müller says. FashionBrain's machine-learning capabilities, he says, can provide more accurate keywording and tagging without having to manually train the system “because we've built an archive of more than 500,000 properly tagged images.”

FashionBrain also includes predictive analytics capabilities, which will “give us potential fashion trends that we can follow,” Müller says. “That is information that is very interesting for brands, because we can talk about analytics that are relevant for fashion design and production. That's a step that goes way beyond just delivering content to publishing houses.” —Gene Rebeck



Lady Gaga



# A Breath of Fresh Air

Breathe99 is developing a high-tech breathing mask that offers protection—and looks cool.

**W**hen Max Bock-Aronson studied abroad in Singapore, he was exposed to a whole new environment—literally.

“I experienced really acute air pollution,” Bock-Aronson says. “I’d always taken breathing clean air for granted, and that’s just not the case for everybody.”

That experience inspired the idea for a reusable breathing mask that offers high-tech protection and modern design for everyday wear for people living in high-pollution or wildfire-stricken areas, as well as for those who have respiratory conditions or who simply want defense against airborne diseases.

He and his two partners incorporated their Minneapolis startup under the name Breathe99—a nod to their goal of designing a filtration system for the mask that eliminates 99 percent of hazardous matter.

“We want to offer people the protection they need,” says Bock-Aronson, “but in a more nuanced, modern way ... that’s convenient for everyday use.” The Breathe99 mask is sleek and gray—designed with the urban commuter in mind, he says.

Bock-Aronson and his partners, Joél Valdez and Coleman Rollins, formalized Breathe99 as a company last year, and they have since raised \$95,000 in a

pre-seed funding round. They participated in the Twin Cities Startup Week 2018 Beta.mn showcase last fall. And they’ve gathered user feedback from people in the U.S., China, and Korea. Meanwhile, Bock-Aronson and Valdez also have day jobs with Worrell, a design firm that focuses on health care innovation.

Although Breathe99 is still perfecting its filtration system, the company plans to launch a Kickstarter

funding campaign in the spring and launch the product within a year. The mask is expected to sell for around \$50.

“At the heart of our product is a commitment

to our values,” says Valdez, Breathe99’s Creative Director. “It’s about a universal need to give access to clean air to everybody. We believe it’s a human right.”

—Amanda Ostuni



## Plastic Pushback

The future of the planet may be uncertain, but these new Twin Cities-based brands are doing their part to reduce plastic waste.

### HiBAR

Getting clean can feel dirty, with so many plastic bottles going to waste. Determined to eliminate bottles from their showers, four Minnesota friends joined forces with a team of hair care professionals to create HiBAR, a line of container-free solid shampoos and conditioners (think something like a bar of soap). The products are available for a variety of hair types and come in vegan formulas. All elements of HiBAR’s packaging are compostable, recyclable, or biodegradable—down to the shipping container and tape. [hellohibar.com](http://hellohibar.com)



HiBAR



ROV Wallet



Twiggy Fresh

### ROV Wallet

Americans alone use more than 100 billion plastic bags a year, arguably due to their sheer convenience. What if your wallet could double as a carryall? The ROV wallet, designed by Minneapolis couple Chelsea and James Ganino, is an environmentally friendly multitasker. This bifold wallet quickly and easily unfolds into a water-resistant reusable bag, but keeps the contents of your wallet safely stashed away even when the bag is in use. The empty bag folds back up into wallet form in a matter of seconds. [rovwithus.com](http://rovwithus.com)

### Twiggy Fresh

Twiggy Fresh takes it back to the basics with its eco-friendly oral care products. The Minneapolis-based brand sells bamboo toothbrushes that are BPA-free, antibacterial, and antifungal, as well as environmentally sustainable. You could say Twiggy Fresh is even pro-panda: its brushes are made with moso bamboo, a variety that panda bears don’t eat because the leaves are too high for them to reach. [twiggyfresh.com](http://twiggyfresh.com) —Tess Allen

# Better Than Ever

Built by Mother Nature, rebuilt by Mayo Clinic Sports Medicine.

1-833-MAYO-MSP  
sportsmedicine.mayoclinic.org

MAYO CLINIC | Sports Medicine

## PLANTING SEEDS



# Focusing on the Possible

Why Autonomous Tractor Corp. still doesn't make tractors.

By Rajiv Tandon

**D**riverless driving is here. Tesla claims its cars are fully self-driving at a safety level greater than with a human driver. Trucks with only a human monitor on board are already hauling refrigerators, along I-10 from Texas to California. History shows that what happens in the automotive industry ultimately finds its way into farm equipment. Scott Shearer of Ohio State says, "If you can manage the liability of self-driving vehicles in downtown Los Angeles, we can probably learn to manage the liability in the middle of a cornfield in Nebraska." Farmers' razor-thin margins make an autonomous tractor a compelling proposition.

Kraig Schulz and Terry Anderson cofounded Autonomous Tractor Corp (ATC) in 2012, driven by the vision that one day the company will be the "Tesla for tractors." Schulz spent more than 15 years consulting with bioscience companies on commercialization. Anderson has extensive automation experience, having founded seven successful technology companies, including Ancor Communications, which he sold to QLogic for \$1.9 billion in 2000.

They actually built and demonstrated an autonomous tractor, but they found it to be nonviable as a business. A farmer's routine has variations throughout the day, as well as seasonal challenges that require continuous tractor

supervision. Besides, data from Iowa State University Extension shows that for row crops, labor only makes up 5 percent of the cost of farm production. Removing the farmer from disc-plowing the field wasn't enough savings to justify the large capital expenditure.

But what they learned planted the seeds of success. The major takeaway was that for the work to be done during unpredictable, narrow windows of opportunity and seasonal pushes (when there's a steep cost for labor) farmers need to be able to deploy specialized equipment as needed.

They also saw that electric power was set to replace diesel, which has been the mainstay on farms. Diesel engines continue to add weight, girth, complexity, and expense, as regulators mandate tighter exhaust rules. The trend, even among bus and truck builders, is for electricity to be used as a prime power source.

The team pivoted and recalibrated the scope of the company. They saw the need for self-propelled special-purpose implements that could control mounting costs, extend the life of farm machinery, improve performance, get better fuel economy, and reduce repair

costs. "Autonomy is coming," Schulz notes, "but at present the need is for semi-autonomous tools—smart enough to operate on their own—[to provide] a helping hand under the supervision of the farmer who is in the field anyway."

Their first product was a boxy concept vehicle dubbed "Spirit" that could pull a 25-foot disc plow up and down a field without the aid of a driver, steering wheel, or cab. The concept earned the company second place and \$30,000 in the MN Cup entrepreneurial competition.

But a new problem emerged. Farm equipment needs much more power and starting torque than an electric car. According to Schulz, for a 200 horsepower tractor to run 10 hours, it would require \$350,000 worth of lithium batteries and weigh more than the tractor itself. And it would also need several recharges, with long dead times, to complete a job at an average farm.

Consequently, the company has adopted a diesel-electric drivetrain without batteries as the power source of choice. They developed an eDrive system that replaces a tractor's differential and axles with four simple motors powered by a diesel-electric power plant that provides better fuel efficiency, simplified repair, and





quieter operation. “The solution was a mix of electric and fossil fuel power that will prevail on the farm, for now,” Schulz says.

Consistent with their belief in electric autonomous equipment with precision capabilities for specific tasks, the company has retrofitted an electric crop sprayer that can apply fertilizer and other agents to crops. ATC also develops and markets aftermarket tractor parts such as generators, wheel motors, and electric drive-train systems. These special-purpose tools reduce the complexity and large investment that would be needed for one multipurpose tractor. Its focus is on developing equipment that cuts the largest costs first. ATC has the potential to cut many costs by 50 percent for the farmer, it believes.

Contrary to its original aspiration, ATC does not sell a fully autonomous tractor and probably won’t for a long time. “Sometimes half is better than the whole,” Schulz says.

Given this refocus, a name like Semi-Autonomous Self-Propelled Implement Corp. might be appropriate. For now, the company is simply calling itself ATC.

*Rajiv Tandon is executive director of the Institute for Innovators and Entrepreneurs and an advocate for the future of entrepreneurship in Minnesota. He facilitates peer groups of Minnesota CEOs. He can be reached at [rajiv@mn-iae.org](mailto:rajiv@mn-iae.org).*

## Physical Therapy Fixes Frozen Shoulder...In Time

*Dear Mayo Clinic:*

*Is frozen shoulder always improved with physical therapy, or are there sometimes other measures that must be taken? How long should it take to heal?*

**Answer:** In many cases, physical therapy is all that’s needed to treat frozen shoulder. It can take time, however. Even with treatment, it may be six months to a year before full function is restored. If there’s ongoing pain involved or if physical therapy isn’t enough to resolve the problem, then medication injections or, rarely, surgery may be necessary to treat frozen shoulder.

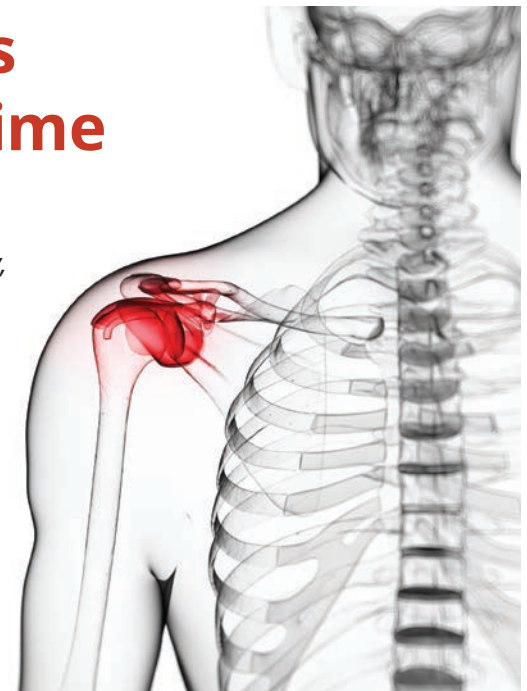
Frozen shoulder, also called adhesive capsulitis, happens when the ligaments that hold the shoulder joint in place tighten due to inflammation and restrict the joint’s movement. The condition typically progresses through three stages. During the first stage, moving the shoulder becomes painful. In the second stage, the pain subsides, but the shoulder becomes stiffer and more difficult to move. In the third stage, the stiffness decreases, and the shoulder’s range of motion gradually returns.

It’s not clear what causes frozen shoulder, but people with diabetes, those who have thyroid problems and anyone who has had shoulder surgery are at an increased risk for developing this disorder. Frozen shoulder usually can be identified based on a person’s symptoms, but, in some situations, an X-ray, MRI or other imaging exams may be needed to rule out other problems.

A thorough and careful assessment is important because frozen shoulder is commonly misdiagnosed as being a rotator cuff tear. And people who have rotator cuff tears often are told they have frozen shoulder. Accordingly, it is critical that patients who are thought to have either condition be evaluated for the other to ensure an accurate diagnosis and proper treatment.

Physical therapy is the mainstay of treatment for frozen shoulder. A physical therapist can provide exercises to help restore the shoulder’s range of motion and mobility. In more than 90 percent of cases, frozen shoulder goes away with physical therapy and time. But, even when physical therapy is done consistently, it still may take up to a year to gain back all lost shoulder function.

The pain that characterizes the first stage of frozen shoulder usually can be managed with nonprescription medications that reduce inflammation, such as



ibuprofen and aspirin. If that’s not enough, stronger prescription anti-inflammatory drugs may be useful.

In cases with significant pain and stiffness, an injection of a corticosteroid medication into the joint often is recommended. That medication can decrease inflammation and make physical therapy easier to perform. When shoulder stiffness is not accompanied by pain, corticosteroid injections are less beneficial.

Stiffness that lasts beyond a full course of physical therapy over six to 12 months or shoulder stiffness that gets significantly worse during physical therapy may signal that surgery is needed to release the tight ligaments and remove scar tissue that may contribute to the problem. The surgery usually can be done arthroscopically through two to three small incisions as an outpatient procedure, so an overnight hospital stay is not required. Physical therapy is still necessary for several weeks or more after surgery to prevent frozen shoulder from coming back.

After it’s been successfully treated, it’s uncommon for frozen shoulder to return in the same shoulder. But some patients may go on to have it in the other shoulder. In people who have medical issues that put them at risk for the condition, treating those disorders may decrease the likelihood of developing frozen shoulder.

— Christopher Camp, M.D., Orthopedic Surgery



Sports Medicine



# Not Your Grandparents' Library

The neighborhood library is now a global information hub and community connector.

By Sarah Lutman

One of my New Year's resolutions is to use the library more than I have been. When you can buy new books and have them delivered to your home with a single click and so much data and information are accessible at our fingertips (Just Google it!), the library may seem to be increasingly unnecessary. But that's only if you haven't been to a library—or a library website—lately. Libraries have been transform-

ing for some time now, as librarians dedicate themselves to serving the public's information and resource needs. Libraries are providing access to tools and equipment and developing learning opportunities for people new to technology or those who want to improve their skills. They are offering live events with authors and follow-up discussions for book clubs and reading groups, creating space to convene community conversations, and supporting job seekers, business startups, and entrepreneurs with information, skills training,

and networking to connect with people, information, and funding sources.

Today's libraries are definitely in the innovation business as they navigate the digital and the physical, working to be relevant in both realms. They offer interesting examples of continuous improvement for students of leadership and change management. Keep an eye out for new programs and services that libraries are offering, and you'll be watching an industry sprinting to stay on top of its public service mandate.

What's one reason libraries

provide such a great example of innovation? It turns out that librarians see their work as a calling. Their sense of purpose runs deep. And the public trusts libraries more than other information sources to help them navigate the facts and determine what is true. In its ongoing research on library usage, public trust, and community aspirations for libraries, the Pew Research Center shows that 40 percent of survey respondents trust information from libraries "a lot," topping the list of information providers. (Financial institutions and social media are at the bottom of the trust list.)

Minnesota is home to some 355 libraries, where citizens made 24.5 million visits in 2016, according to the most recent data from the federal Institute of Library and Museum Services. That amounts to 4.41 visits per person in the state.

So what can you find at libraries in the Twin Cities region? First of all, library websites are free, but for access to some features you'll need the bar code from your (free) library card for full digital access. Once you're inside, a



Our state is a land of 10,000 cultural treasures, including world-class venues for visual and performing arts. As a long-time partner to the Walker Art Center and Guthrie Theater, Briggs is proud to help make the Twin Cities a haven for arts lovers. Just another way our law firm has propelled our community forward for more than a century.

Briggs.com | @BriggsandMorgan | BriggsandMorgan

©2018 Briggs and Morgan, P.A.





The St. Paul Public Library provides access to computers and other resources that community members need.

treasure trove awaits you. What's there?

- Read articles from behind the paywall of dozens of newspapers, and read the full current and past issues of subscription-only magazines like *The Economist*, *The New Yorker*, and *Yoga*, to name a few.
- Search for information using research databases that include source materials such as company and industry profiles, market research reports, and a host of

specialized trade publications.

- Download thousands of e-books and audiobooks (who needs an Audible subscription or Amazon's e-books?).
- Access online encyclopedias, such as the full digital edition of *Encyclopedia Britannica*; for many entries, a double-click provides the Spanish translation.
- Locate foundation funding resources via databases.

- Find links to classes, tutorials, and online educational resources to learn new skills and study subjects you're interested in.

- Use your library bar code for access to free and reduced-price tickets to area arts activities.

Of course, libraries are also physical spaces, often beautiful ones, and they're staffed with librarians, and open year-round (think about school holidays, snow days, or days when you're just looking for something new to do).

- The Homework Help Center, part of the St. Paul Public Library, is a physical and digital resource where students can get help for everything from daily homework assignments to resources for science fairs, History Day projects, and back-to-school preparation.
- Most libraries have comfortable rooms you can reserve for off-site meetings and free or low-cost parking.
- Libraries have computers, high-speed internet access, and help available to learn computer skills and locate online resources.

- Around the Twin Cities metro, several libraries have established small business and entrepreneurship centers to help people gain access to tools and information needed to establish and grow their enterprises.

Best of all, libraries are a prime example of a democratic institution, with their free, open-access policies, support of freedom of information, and commitment to public service. It's no wonder that so many individuals, corporations, and foundations support the "friends" organizations that help bring volunteer and financial resources to their local libraries, and help preserve policies of access for all.

Another thing you can do to support libraries? Use them. Nothing would make a librarian happier.

*Sarah Lutman is a St. Paul-based independent consultant and writer for clients in the cultural, media, and philanthropic sectors.*

# "I FEEL UNDERSTOOD FOR THE FIRST TIME SINCE MY MANUFACTURING DATE."

Marco's Managed IT will help your network run leaner and meaner. Find out what your technology could be saying at [marconet.com](http://marconet.com).



business IT | managed services | cloud services | copiers & printers

**marco**  
taking technology further



## Moving From Grudge To Nudge

How some employers are trying to create a happy workplace.

By Linda L. Holstein

**H**ow would you describe your workplace culture? As a CEO, you might favor the terms “entrepreneurial,” “team-driven,” or “inclusive.” If you’re a mid-level employee, and, assuming you like your job, you’d be more inclined toward phrases such as “fair-minded management,” “good opportunity for advancement,” or “excellent benefits.”

If you don’t like your mid-level

job, however, whether because of low pay, a bad boss, an inept CEO, or even a rotten commute, your description of “workplace culture” may be more colorful. And you can let a lot of people know about it, thanks to Glassdoor.

Glassdoor was launched in 2006 as an internet site where companies could share job postings and salaries, and workers could post anonymous reviews of their work environment. Today, the site has over 30 million reviews of more than 800,000 compa-

nies, making it the go-to resource for 50 percent of job seekers in the U.S.

According to a recent exposé of the Glassdoor phenomenon by *The New Yorker* magazine, the biggest readers of the site (as opposed to those who post) are actually employers, who are not always thrilled with the transparency afforded by Glassdoor. Many executives insist they can pinpoint the identity of an anonymous negative reviewer (who must list a general job level and city), but the offended sleuths,

according to Glassdoor, are often wrong. The sting of a negative review, even with Glassdoor’s “Community Guideline” rules prohibiting profanity, discriminatory or personal attacks, or naming of any individuals below the level of C-suite executives, tends to severely bruise the egos of those trying hard to manage and lead.

The tendency to consider a negative review as just a disloyal rant from an “employee with a grudge” does nothing to advance the conversation.



### UNITEDHEALTH GROUP

## DIVERSE VOICES MAKE US STRONGER

Women leaders at UnitedHealth Group play a critical role helping people live healthier lives. We proudly support Women in Leadership as a 2019 Gold Level sponsor.

[UnitedHealthGroup.com](http://UnitedHealthGroup.com)





Particularly for companies without mandatory performance review policies, the opportunity for managers to actually seek out employee input, including negative input, is missing, and, in fact, discouraged. Rather, the model remains to be “We at the top will warn you when you’re not doing things right” versus “We at the bottom will alert you that things are very wrong here at our level.”

Simplistic though this may seem, the importance of workplace culture as part of a company’s brand to attract talent is no longer questioned. According to the global accounting firm KPMG’s 2019 survey on the future of HR, “catering to the changing expectations and demands of today’s [young] skilled employees is not dramatically different from meeting the demand of [any company’s] customers.” That includes, according to KPMG’s research, an “ongoing desire to give more responsibility and accountability to younger employees

using a modern ‘bottom-up’ approach and ‘reverse mentoring.’”

Assuming there’s an honest desire for positive change, how can a company improve its day-to-day environment so that good work is done by workers who feel good about it? Enter artificial intelligence (AI). That’s right—machine-driven learning and data analytics, not just job satisfaction surveys (or anonymous internet posts). One of the more thoughtful solutions in the workplace culture space is being touted by the startup Humu, founded in 2018 by three former Google employees, including Google’s former director of engineering. Based on the University of Chicago economist Richard Thaler’s notion of a “nudge,” (he co-authored a best-selling book by that title; he won the Nobel Prize for Economics in 2017; he had a cameo in the movie *The Big Short*), Humu claims to have invented a way to use “micro-interventions” (short texts or

emails) sent to employees to remind and inspire them to change their behavior based on extensive data they’ve previously provided about what would make them happier.

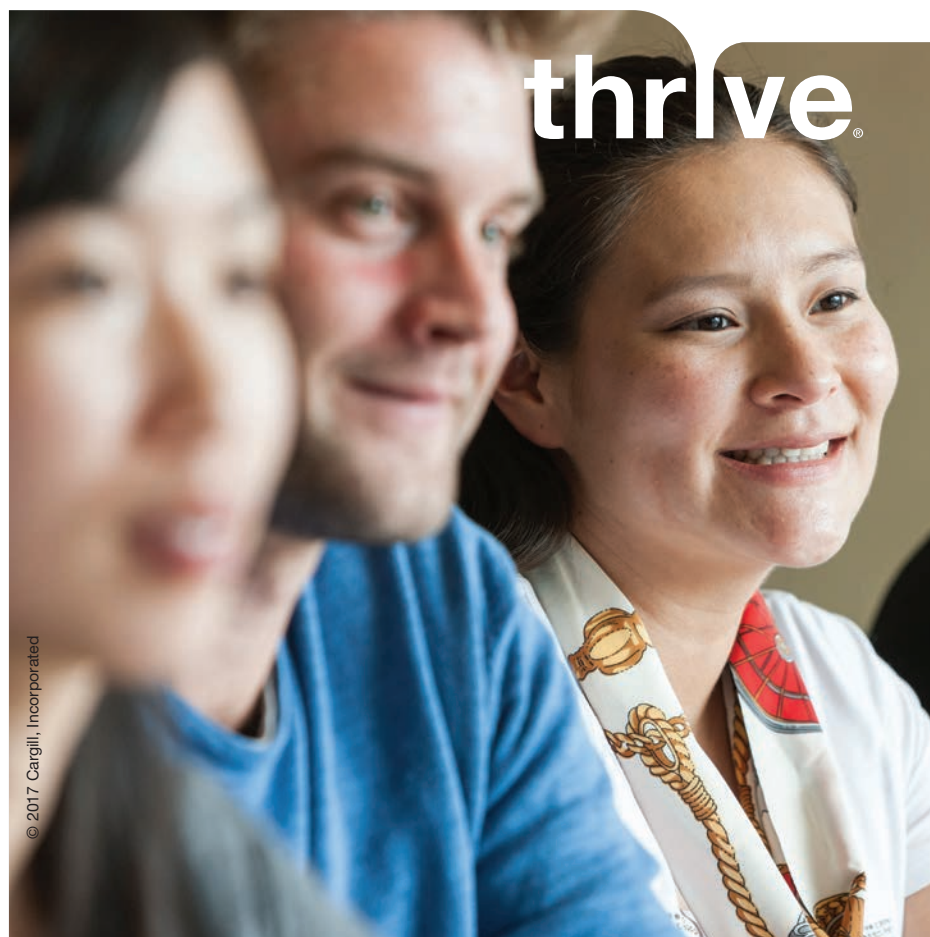
Thaler’s pioneering theories center on the irrationality of human behavior and how people have to be “nudged” into making a better choice. He is often credited with, for example, the now widely accepted practice of automatic enrollment of employees in retirement savings plans.

One of Thaler’s more enlightening examples of the nudge in action is on the University of Chicago Booth School of Business website; it’s his tour of the school’s cafeteria. As he patiently plods through the food choices, he points out the cleverness (and correctness) of placing the salad/vegetable bar smack in the middle of the room, so that you can’t get to the pasta or the pie without confronting the salad first. The “choice architect” (one who, in Thaler’s words, “organizes the context

in which people make decisions”) who laid out the floor plan for the cafeteria knew what she was doing.

Humu uses this concept of behavioral decision-making, claiming “our algorithm runs thousands of iterations of proprietary statistical models to determine the top drivers of happiness, productivity, and retention for every team” in a client’s company. Then the nudges begin. The Humu website offers by example, “Invite your team to a no-holds-barred Q&A, and ask them to come with questions.” Will the nudge make the manager enter that shark-infested water? Better there, Humu would say, than on Glassdoor.

*Linda L. Holstein is a Minneapolis writer, trial lawyer, and veteran employment law attorney with her own law firm, Holstein Law Group. She helps businesses and individuals with workplace issues, including MSP Communications.*



## Distinct perspectives. Diverse points of view. Delivering results.

Working at Cargill is an opportunity to *thrive* – a place to develop your career to the fullest while engaging in meaningful work that makes a positive impact around the globe.

Learn more at [www.cargill.com/careers](http://www.cargill.com/careers).





LOL!

Ha!

Ha!

PRANK YOU

LOL!

Ha!

LOL!

Ha!





Minneapolis  
novelty goods maker 30 Watt  
is putting the “fun” back  
into funny.

# FOR YOUR BUSINESS

By Sam Schaust



## **Ryan Walther and Arik Nordby sell empty promises.**

Under their Prank-O brand, gift-givers have coughed up millions of laughs and well over \$10 million in the last half-dozen years on “Prank Packs”—empty boxes, each one advertising an absurd product that does not exist. Even defunct in-flight catalog *Skymall* wouldn’t sell Prank-O’s stuff, which ranges from virtual reality headsets for your pet to the monstrosity Bathe & Brew that serves up a fresh cup of joe before you’re through shampooing.

When one of ABC’s *Shark Tank* producers asked the duo to pitch Prank-O on the show last year, Walther initially turned it down. “I didn’t want to sell my business in seven minutes,” he recounts from a corner booth at Nolo’s Kitchen & Bar; it’s a stone’s throw from the North Loop digs where the CEO and team, led by “chief prank officer” Nordby, crank out eight to 10 new Prank Packs annually. With some coaxing from the producer and an agreement that they could prank the show’s panel of serial entrepreneurs, Walther and Nordby last summer found themselves in a room with sharks.

Without hesitation, Mark Cuban and Kevin O’Leary both bit on Prank-O. But O’Leary’s demand for a 38-cent cut of every \$8 Prank Pack sale screamed death by margins, Walther says. They ultimately allied with Cuban. “We got a deal done on the show and we went into due diligence but just couldn’t come to terms,” Walther admits. “It was a very friendly exit. They wanted to stay in touch, and I still do, too.”

Though no deal emerged, the December episode sent tens of thousands of viewers in search of Prank-O and within minutes of airing crashed the company’s new website. Prank Pack sales rocketed, up more than 200 percent over the prior year’s web sales, and up triple digits on Amazon.

But Prank-O is just one asset of the 30 Watt comedy family. In roughly a decade, the Laugh Factory from Minneapolis, along with its Milwaukee spin-off, Drink Wisconsin, have landed products on the shelves of America’s largest brick-and-mortar businesses, including Target, Walmart, and Kohl’s. Unlike chief rivals Hallmark and American Greetings, however, they lack household name recognition. With a renewed focus, 30 Watt sees 2019 as the start of a shake-up in a retail gift industry it sees as tired and in need of a fresh take on funny.



"I got the Roto Wipe!" Mark Cuban (left) exclaimed when unwrapping his Prank Pack. Every member of the Shark Tank cast was duped with a Prank Pack during the episode.



Arik Nordby (left) and Ryan Walther started selling Prank Packs a decade ago. Before that they were known as Gotcha Boxes and sold out of *The Onion's* online merchandise store.



## Turning satire into sales

Jeff Sunberg is arguably 30 Watt's biggest believer. His business, The Creative Partners Group, sits opposite Target's downtown headquarters, and for 26 years he's been a manufacturer's representative who sells to the retail chain. When Walther wanted to bring Prank Packs and other 30 Watt merchandise into Target stores five years ago, Sunberg remembers seeing its potential immediately.

"Their humor and approach toward party, entertaining, fun, and celebrating life's moments really resonates with today's major buying population," he says. "If they continue to just stay in their lane regarding content and understanding today's consumer, they should be a \$20 [million] to \$30 million company in the next five years."

30 Watt and Prank-O (which was spun off as a separate company with the same management in 2018) last year pulled in "seven figures, approaching eight" in sales, according to Walther. Pulling together punchlines has never been a concern for Walther: Comedy comes naturally. "Humbly speaking, I've been doing it all my life," he says. "I know the people who know how to do it, and we get it there."

Walther and Nordby's roots—along with the network of comedians

they regularly tap for their products—trace all the way back to the founding of *The Onion* in 1988. As an early partner and one of the first hires at the satirical newspaper, Walther spent 20 years performing close to every task required to run the publication. He threw in headline ideas, sold ads, and even delivered it on a paper route.

As *The Onion's* popularity ascended, Walther spearheaded the launch of its Chicago office from



its original headquarters in Madison, Wis., and was there for the newspaper's expansion into film, television, and selling merchandise online. Included on *The Onion's* e-commerce store were a series of empty boxes promising ridiculous fake products, under the name "Gotcha Box." "They were just flying off the shelf and *The Onion* wasn't doing anything about it," Walther says.

Nordby, the Gotcha Box and Prank Pack creator, came up with

the idea one Christmas watching his nephew unwrap a toaster-oven box that actually had a video game inside. The moment's pandemonium flicked on a light bulb in his head and within a week he started designing fake gift boxes. They eventually premiered on *The Onion* store in the mid-2000s under a three-year contract.

Walther, at the time entering his 18th year at *The Onion*, contacted Nordby, who was freelancing as a graphic designer. When the merchandising deal was up, so was their time with *The Onion*.

"We made the leap," recalls Nor-

Most of the products advertised on Prank Packs are hand-built by "chief prank officer" Arik Nordby and never actually sold, including the Snack Hat, which Nordby (left) used to dip a chip into off of Walther's head.

db, "called it Prank Pack, and kind of started over."

At the height of the recession in 2009, 30 Watt began in a warehouse in Eden Prairie, the same place Nordby, a Minnesota native, had been running another comedic lifestyle brand called Bogey Pro, aimed at bad golfers. ("I tried to launch that myself, but it was terrible and really hard," Nordby says of the defunct brand, which primarily sold T-shirts and marketed non-existent oddities like the SwingPack, a backpack-shaped golf bag replacement that kept clubs on a golfer's back fanned out like peacock feathers.)

## Funny or die

Until 2014, 30 Watt remained a part-time money-maker for Nordby and the Wisconsin-born Walther. Their Prank Packs and assortment of novelty items were catching on at retailers like Target, and finally the time felt right to go big. Within a year, 30 Watt's headcount grew to 21, the expansion financed by Walther.

"Prank-O was always the Trojan horse for us," says Walther, earning them face time with buyers from Urban Outfitters, Bed Bath & Beyond, and elsewhere. Adam Czajka, the senior buyer for accessories, glassware, and gifts at Kohl's, was an early fan of 30 Watt.

"The Prank Pack was really unique in the market at the time," Czajka says. "It did really well in the first year," and more shelf space followed. Kohl's was so smitten with a Prank Pack promoting a fake beard used to conceal public drinking that it asked 30 Watt to produce and sell an actual Beer Beard at Kohl's. "It certainly sold well and had a moment for a couple years," Czajka says, "and then people moved onto other things."

Before long, these one-offs began to consume 30 Watt's creative team. From 2014 to 2017, "we had a 'spray and pray' [business] model," says 30 Watt chief operating officer Julie Steenerson. The company's modest portfolio developed at a rapid clip to include everything from pint glasses with one-liners to holiday sweaters to tiny cellphone-powered disco balls and light-up mirrors under the now-defunct Plug Life brand. "We probably sold a million dollars of Plug Life in a





# Elevating e-com



**30 Watt sales growth year-over-year on Amazon**

2017: 20% | 2018: 59%

**Prank-O sales growth year-over-year on Amazon**

2017: 48% | 2018: 108%

**PrankO.com direct sales growth year-over-year**

2017: 112% | 2018: 226%



year, but I didn't want to be in technology," Walther says. "You don't want to be blowing up phones."

Expensive molds to make products also walloped the company's bottom line. To build 30 Watt's Cap Capper, a tiny bottle opener you clip onto the brow of a hat, for instance, it cost around \$40,000 and left the company needing to sell roughly 75,000 units to break even. "The business suffered because I was investing in the future, and we were getting into all of these new areas—buying molds, deal-

ing with Asia [manufacturing], getting into products that have lower margins than we projected," Walther says.

That concern was compounded by retailers' penchant for pigeonholing 30 Watt's products into a three-week Christmas sales window. "Everything that the company was doing would hinge on the holiday season," Steenerson says. "It's extremely stressful to be building out for Target, Kohl's, and Amazon for the exact same time."

This left 30 Watt reliant upon a

line of credit to manage cash flows. With the focus on holiday giftables, credit would be maxed by summer, until end-of-year sales came through. "We could never get out ahead of it," Walther says. "We lost \$1 million two years ago because we were chasing all of these shiny objects. We still delivered great products, but we weren't making money."

That was the year, in late 2017, that 30 Watt's executive team realized that its long-term viability depended on a shift in strategy.

## Back to basics

"I had honestly never met a team with this much creative talent," Britta Chatterjee recalls of her first impression of 30 Watt. But when she came on as a consultant about a year ago, she recognized the need for focus.

"I described them as straddling a B2B and B2C company," she says, "and with a staff that small, it's not possible. The first thing was to focus on what's working," to get to get cash flow moving in the company's favor. Narrowing its product line was indisputably



# (SHARK TANK'S) MARK CUBAN AND KEVIN O'LEARY BOTH BIT ON PRANK-O. BUT O'LEARY'S DEMAND FOR A 38-CENT CUT OF EVERY \$8 PRANK PACK SALE SCREAMED DEATH BY MARGINS.

needed; to what was the question.

"We started looking at our business," Walther says, "and all the while this thing called the Prank Pack, which we were spending the least amount of time on, was our biggest moneymaker and growing at 150 percent year over year consistently." In 2018, Prank Packs were spun off into Prank-O, no longer second fiddle to 30 Watt's burgeoning portfolio.

Staff cuts at 30 Watt followed. The company's creative team was halved from eight to four, production and logistics staffing was halved and a fulfillment company added, all of which reduced total headcount from 22 to 12. "Now it's really about getting healthy as a company and operating in a model where we have the right number of individuals," Steenerson says. Moving headquarters down one floor to a smaller office above Black Sheep Pizza also shaved some expenses.

New to the 30 Watt game plan in 2019, however, is marketing. Over its lifetime, the company operated almost exclusively by word of mouth, never spending a dollar to promote itself or its products aside from some Facebook ads. Chatterjee, who swore off corporate life after years of working for Fortune 100 companies as a buyer and marketing professional, broke her golden rule to join 30 Watt as its first

chief marketing officer. Says Chatterjee: "Our marketing will be as ordinary as Prank-O is: not at all."

The payoff to shrinking and refocusing is already reaping rewards: 30 Watt and Prank-O's bottom lines went from red to black in a year's time. "In that one year, we had a million-dollar swing and we were profitable," Walther says. Moreover, a modest gain is expected to come from outside the U.S. for the first time as Prank Packs and 30 Watt merchandise break into Australia and the U.K. this year.

## Don't call it a comeback

The brands have no shortage of opportunities. Drink Wisconsinably—which began as a commodity business hawking pint glasses, vessel openers, and T-shirts making light-hearted mockery of Wisconsin's alcohol consumption—was spun off and relocated to Milwaukee in July after an internal "friends and family" fundraising round conducted by Walther. The business has taken an unlikely turn: Through a partnership with the Milwaukee Bucks, the brand opened three locations in the new Fiserv Forum arena and are the only spots in the stadium serving craft beer. Outside the stadium, where a climate-controlled entertainment square is being constructed, Drink Wisconsinably will

## From Eureka! to 'You Bought Me What?'

When chief prank officer Arik Nordby conceives new Prank Packs, the effort leads to more than empty boxes. Here's a look inside his creative process and its unexpected (and often unsalable) output.

**Stage 1:** When an idea hits Nordby or chief creative officer Phil Jones, they scribble down a two-sentence description and maybe a suggested title. You have three seconds to grab someone with your product, Nordby says. "Some of our names are whimsical and others are straight in your face."

**Stage 2:** The best ideas are put into a presentation using Shutterstock and Photoshop to gather gut reactions from staff.

**Stage 3:** "I'll start with the [box] cover" and looking at potential label images online, "and maybe some kind of joke will pop into my head," Nordby says.

**Stage 4:** As part of his process, Nordby purchases retail goods to mock up actual products that the company intends to only create an empty box for. Some are created in Photoshop; most are hand-built by Nordby. He's made around 40 total.

**Stage 5:** Whenever possible, friends and family serve as models on box panels. Every member of 30 Watt's staff have been pictured on a Prank Pack, and once photos are captured or downloaded, Nordby finishes the packaging.

open a 3,500-square-foot tavern in late March. With a "northern cabin meets supper club" aesthetic and bratwurst-shaped door handles, the bar will serve local-only beers, Old Fashioneds from a "bubbler" (or drinking fountain), and Drink Wisconsinably's own brandy and other bottles of booze under the Drink Wisconsinably Beverage Company label.

"The entire entertainment district and Fiserv Forum are all about being authentically Wisconsin, and Drink Wisconsinably fits that ambition perfectly," says Michael Belot, the senior vice president of Bucks Ventures and development for the NBA team. "I know they have aspirations to build this brand, certainly across the state of Wisconsin, and I think we're a great start to help build that [out]."

Back in Minnesota, 30 Watt and Prank-O in March kicked off their first line of gift bags, party supplies, smaller \$4 Prank Packs, and everyday items in Target—the first step toward eating into shelf space long owned by Hallmark and American Greetings. "Those spaces only reset twice a year, so like the brother-in-law on the

couch: It's not going anywhere," says 30 Watt chief revenue officer Sean Mortiz. "We're all crossing our fingers that people will kind of pick that up so we can spin that into a true business case to take to Kohl's, Walgreens, and other companies that have told us to [only] call them" during the holiday buying season.

30 Watt's Target representative Jeff Sunberg knows all too well the implications this opportunity holds for the company. "It's like oxygen. You need to have that success at [one retailer]—to say we're doing this amount of sales per store per week—to make other] national retailers say 'Hmm, we're missing something here.'"

With steady online sales growth, physical retail is the next frontier. "Nobody is avoiding going to stores because of Lord Bezos and his drones dropping stuff off," Walther believes. "If we had an opportunity to have a curated space that was 30 Watt, from Prank-O to our gifts, I'm telling you it works. Because it's new and trendy and it's sure as hell funny."

*Sam Schaust is the digital editor for Twin Cities Business.*



## Prank Pack Quick Facts

### Sources of inspiration:

Ax-Man Surplus, Salvation Army, Sharper Image, Brookstone, Wish.com, Japanese websites

### Ax-Man and Salvation Army trips per invention:

30, on average. Most used materials: Hot-glue gun, Dremel (rotary tool), wire, double-sided tape

### Average number of hours required to design each box:

40, on average

### Best-selling Prank Pack:

Earwax Candle Kit





**NEVER  
UNDERESTIMATE  
THE POWER OF A  
VETERINARIAN  
DENTIST  
EXECUTIVE  
MENTOR  
LEADER  
WOMAN.**

**WE DON'T.**

At Patterson Companies, we are committed to building a workplace that supports strong women leaders. Through our women mentorship program and proactive steps to increase diversity and inclusion, we are creating a culture that empowers women every day.

**JOIN OUR TEAM OF EXCEPTIONAL  
WOMEN LEADERS.  
[PATTERSONCOMPANIES.COM](https://www.pattersoncompanies.com)**



# *Goodbye* **RADIO,** *Hello* **CONTENT**

**Hubbard Broadcasting's Skor North is an ambitious gambit to break the free fall of AM radio.**



**By Adam Platt | photo by Travis Anderson**

**ESPN 1500** had a problem. Well, it had a few problems. One was that it was a distant also-ran in the sports radio wars. KFAN had the Vikings, and that would seemingly never change. KFAN moved to an FM signal a decade ago, which was the proverbial game-changer. 1500's core talent, Joe Souch-eray and Patrick Reusse, were eligible to collect Social Security in a business whose prime demographic caps out 20 years younger.

In the final ratings periods before its format refresh last fall, the station

ranked 17th in the media market, with a roughly 1.3 to 1.4 percent share of the radio audience among adults ages 35 to 64. During that same period, KFAN ranked sixth and held down roughly a 5 share.

What 1500 had going for it was a local owner, Hubbard Broadcasting, which was unafraid to put intentional dollars and innovation behind its properties. Last summer, it announced a major overhaul, tossing overboard all but one local program and most of its on-air talent.

It is perhaps telling that after the on-air purge, when the station aired little local content, its audience only dipped slightly.

"We really had to do this," says Dan Seeman, vice president and region manager for Hubbard Radio in Minnesota. "The industry has been talking about AM revitalization for years. We decided to do something about it."

"It" is the changing media consumption habits of millennials and now Gen Z, the prime audience demographic for sports radio. "I like

to say, 'Every day a 44-year-old turns 45, and takes those media habits out of the buying demo,'" Seeman says. "And every day a 17-year-old turns 18, and brings their media habits into that money demo."

What that means is the media expectations of Gen Xers and especially baby boomers should no longer be driving the programming decisions of radio stations. The weak spot, ironically, wasn't programming—it was format. Sports is sports, in a sense; but under-45s consume media differently.





Afternoon co-host Phil Mackey leads Skor North's content development.

## FM-Only Radio Listeners (Twin Cities) 2009: 61% 2016: 75%

And Hubbard's sports station was at the far end of an AM dial, facing extinction. Every funeral represents another loss to AM radio's audience. It was an existential problem lacking a solution—until recently.

"The problem AM has is a huge number of people never listen at all," says Andy Bloom, former operations boss at WCCO Radio. "All of the electronics we have create interference with AM radio." Bloom cites statistics showing that a decade ago in the Twin Cities, 61 percent of the radio audience

was exclusive to FM. By 2016, it was 75 percent, roughly the national average. That means ESPN 1500 really only had access to a quarter of the listeners KFAN had.

"If [our format] was an FM signal, we'd have needed to do this," Seeman says. "But if I am being honest, not as urgently as we are doing it now."

What "this" is, is taking the radio out of the radio station. "I applaud what Hubbard is doing," Bloom says. "For heritage AMs, standing still is not an option."

### No more monopoly

▲ The Internet has commodified content in a number of ways. It has rendered sports news non-exclusive. A fan need not tune into the radio at a given time of day to know the goings-on in their team or league. A crawl runs on ESPN all day, and notifications are pushed to your smartphone.

The web has also created a slew of sports programming, some of it microcasting about local teams, available off-air in podcast form—programming that can be listened to whenever.

The same forces buffeting network television have hit radio harder. Commercial music radio has been affected most profoundly—what does it offer that Spotify and Apple Music don't?

Sports radio does have one advantage over music. "Because sports is local content, it has a strong connection with audiences compared to music," says Jason Barrett, who runs Barrett Sports Media, an industry consultancy. But even sports radio has lost control of its longtime ace in the hole: the distribution pipelines. "Used to be

# “We really had to do this. The industry has been talking about AM revitalization for years. We decided to do something about it.”

—Dan Seeman, vice president and region manager, Hubbard Radio in Minnesota

we owned [broadcast] towers,” Seeman says. “When you owned distribution, it was a limited-entry business; now it’s unlimited entry.”

“Now all we own is content,” Seeman continues, so “content has to get way better. And we have to make it available on every device possible.”

## All day, all night

▲ As Seeman and team began to strip down AM 1500, they focused on how modern sports fans absorb content, from wakeup to bedtime.

“Our model is the day of the sports fan,” he says. “Their entire day is consuming sports on different devices on different platforms at different times of day. When we presented that idea to stakeholders, their common response was, ‘That’s me.’ We have to follow them with content, but the ultimate goal is to help advertisers follow them with their messages.”

The key is the smartphone, which is omnipresent—bedside, in the bathroom, at work, while driving. “You’re even on the phone while you watch a game,” Barrett says. “You’re part of a conversation. People now do two or three things at once, always a part of this running conversation.”

It was a conversation traditional radio was largely excluded from. “NASCAR has dedicated millions to reach younger fans,” Barrett says. And when they wanted to deploy those

dollars, they didn’t take them to ESPN or FOX, “they went to [millennial ‘bro’ sports content brand] Barstool Sports.”

So Hubbard set out to own the local sports fan’s smartphone by building a content platform that didn’t have to be exclusively consumed live, in the car.

This despite the fact that most local radio listening takes place in the car. “Radio owns the dashboard,” Seeman quips. “Traditional radio is going to own the dash for [the] foreseeable future. Half the cars coming off the line today are smart cars. But most people own cars seven to 11 years, so it’s going to take a decade to evolve. We want to be on the front end of it. That’s why we think this model of mixing traditional and digital distribution together is best for today.”

Seeman quotes a Scarborough stat that radio still reaches 91 percent of the local population each week, a statistic unchanged in five years. What has changed: “Time spent listening. That’s down in some cases 10 to 15 percent because there are so many other options.” He says Hubbard’s challenge was to take that base of reach and, rather than undercut it, add “layers of engagement. The grand experiment is [whether we can] do that under one umbrella.”

One key for Hubbard is an element of counterprogramming. Its primary radio competitor, KFAN, is personality driven. Some of its most popular shows are rather light on sports content, not geared to a hard-core fan. It’s an outlier format that performs very well in this market.

The redesigned ESPN 1500 is called Skor North (note the lack of radio frequency) and focuses on teams. “We decided to build around content verticals,” says Phil Mackey, director of content and distribution at Skor North. “Rather than hire personalities for personality’s sake, we asked ‘What were the most important content areas?’ and hired talent around them. We focused on the Vikings and Twins. We think there are content opportunities. Twins fans are especially underserved. Minnesota United [soccer team] is an up-and-coming brand.”

“We’re trying to be opportunistic. Where are the holes?” Seeman says. “The biggest issue here is this linear versus on-demand listening. A Twins fan that is not getting fulfilled in traditional media can find their Twins programming here,” any time of day.

The programming day has changed as a result. “Instead of three- to four-hour talk-radio shows, our goal was to build something that would exist with or without radio and plug it into radio,” Mackey says. “The maximum time slot for us now is two hours.” Programming is available on a redesigned website and app that’s easy to find content on.

## Digital first

▲ Integration with social media is front of mind. “There are local [radio] brands that exist on these platforms like we do, but we’re not just moonlighting [on] YouTube and Instagram,” Mackey says. “For us, it’s not secondary to radio. We’re looking to treat seven to eight different platforms as lifelines.”

For example, Mackey and Judd Zulgad do a predictions segment (“Write This Down”) during their afternoon drive show. It airs on the radio, Twitter, and Twitch. The station also streams some content over Periscope and Facebook.

“In the past, what we might have done, problematically, is take a live segment and link to the stream. But is that kind of call to action going to maximize engagement?” asks Mackey. “If our two options are to send out a link on Twitter or give them an all-encompassing experience wherever they are, we have to choose that [all-encompassing] option, which is not as easy.”

The advertising piece remains a conundrum. “We’re still trying to figure out how to integrate ad content into on-demand, because it is very different from radio,” Seeman says. “It’s currently easier to sell spots on the radio than podcast spots. This is a bridge to the next era.”

Industry insiders say Skor North is ahead of its time. Most terrestrial radio stations have not taken such a

deep dive into multi-platform because radio, like print, has yet to master a digital revenue model. It explains why KFAN and WCCO Radio, stations with more to risk in a rebranding, will likely sit back and watch Skor’s growing pains. “Most radio groups are wanting the revenue model to be established first,” Bloom says.

## Betting on the cume

▲ When they think about revenue potential, Seeman and Mackey look at it this way: “There are 1.7 million Vikings fans in the market,” Seeman says. “The best cume [total weekly audience] for a local talk station is 500,000, so you’re not going to get them all on the radio.”

Part of the appeal for Hubbard is the podcast/digital marketplace appears to be distinct from the radio advertiser. “Go listen to the ads you hear on sports radio and then listen to Bill Simmons’ [The] Ringer podcast network,” Mackey says. “They’re not the same companies.”

PwC has estimated global podcasting ad revenues will reach \$1.6 billion by 2022. (Total domestic radio revenues were just over \$17 billion last year, according to *Ad Age*.)

But right now Skor North is merely a content model being refined. Its ratings are paltry and some of its programming day remains filled with placeholder shows from ESPN. It was drawing less than a 1 rating in the winter Nielsen releases, substantially underperforming Minneapolis Public Schools–owned jazz and traffic station KBEM.

“We’re creating something to take to the marketplace,” Seeman says.

## The AM equalizer

▲ The great hope for AM radio has long been digital streaming, which negates the electronic interference and band bias that is killing AM. And the industry is perhaps on the verge of the killer app, experts say.

“The great equalizer is that AM is not at a disadvantage on a smartphone,” Bloom says. “What’s happening in the car is promising and chilling. 5G is around the corner. It will take three



Radio’s Reach:  
**91%** of MSP  
population/week  
(Scarborough)





*“Helping people live out their dream of owning a business and being an entrepreneur is exciting.”*

## DARLA HOLMGREN, MARKET PRESIDENT, KLEINBANK, A DIVISION OF OLD NATIONAL BANK

**D**arla Holmgren is a leader who goes above and beyond. Through hard work, motivation and inspiration, she consistently gets results. As market president for the West Metro commercial banking group for KleinBank, a division of Old National Bank, she develops and guides her team in delivering exceptional service to business clients. At the heart of everything she does, it's about helping the client succeed.

“That’s the fun part of banking,” Darla says. “Helping people live out their dream of owning a business and being an entrepreneur is exciting.”

In mid-April, Darla and her team will officially operate under a new name: Old National Bank. Though the name is changing, Darla will continue in her role as market president after the banks merge. Darla says she is excited that the partnership with Old National will allow the bank to add private banking and wealth management, as well as the ability for her commercial team to offer larger loans.

“It opens the door to more clients that we could help,” she says.

There are, of course, challenges that come with merging businesses.

“As we bring our banks and cultures together, we really look to people like Darla to help lead the way,” said Margaret Murphy, Minnesota region chief culture and credit officer for Old National. “Darla is a well-rounded banker and a strong community advocate, so she’s a great resource in providing guidance through this transition for our clients and associates.”

Darla, who colleagues describe as a role model, is up for the challenge.



OLDNATIONAL.COM / 800-731-2265

**Previous work:** I began my banking career in high school as a teller and kept that job all the way through college. After graduating, I started at KleinBank as a commercial credit analyst. Over the last 25 years, I worked in a variety of roles, including commercial lender, branch president and now as market president.

**Education:** Bachelor of Accounting from the University of Minnesota – Duluth; 1994.

**Civic/Community:** Board member of the Ridgeview Foundation since 2010, member and former chair of the Finance Committee; Active member of Oakwood Community Church since 2000; Regular volunteer at Feed My Starving Children; Ambassador committee member of the Waconia Chamber of Commerce for the past 20 years.

**Leadership style:** Servant leader: Setting an example with my own actions, valuing others’ opinions and helping my team with work and life issues.

**Proud accomplishments:** Personal: I raised two great kids. Professional: I became the first female bank president in the 100-year history of KleinBank.

**Success secrets:** Surround yourself with good people. I was lucky enough to have a strong mentor in the manager who hired me at KleinBank, who truly supported and encouraged me to keep working toward my goals. Having a group of coworkers that you can trust, confide in and lean on when needed is vital to success.

**Best advice received:** “Treat others as you would want to be treated.” It works in your personal and professional life and is especially helpful as a manager.

**Advice for aspiring leaders:** Don’t take no for an answer. When people around you tell you that it can’t be done, know that if you have the confidence in yourself, you can succeed at whatever you put your mind to.

## Global podcasting ad revenues

# \$1.6b by 2022

(PwC)



seconds to download a two-hour movie. Amazon is about to release Echo for the car. The entire digital world will be available in your car, not 12 radio stations.”

Home listening is negligible among listeners under 40, but technology is about to change that too, perhaps. “I talk about the smart speaker,” Seeman says, “[being] in three of four homes by 2020. The good news is radio is back in everyone’s homes. The bad news is, so is everybody else. So it’s about creating meaningful brands, great content, and discovery, discovery, discovery. This is where that AM radio station is so valuable. It will help with discovery.”

The one fly in the ointment is the real potential that car ownership in America is about to fall off a cliff. No one really knows, but futurists say driverless cars, pervasive use of ride-sharing, and other radical changes in the transportation landscape are a decade or so away. Radio may “own the dashboard,” but it’s incumbent on radio to find other ways into people’s lives if it is to ensure its longevity. “Driverless has the potential to change everything,” Seeman admits.

### Whose numbers?

▲ Radio ratings are cut-and-dried; monetizing digital is less so. Measuring

Skor North’s success on a new frontier is hardly clear. “It’s not going to be ratings,” Seeman says. “The good news on digital is the metrics are very detailed. But at the end of the day, the metrics I’m most interested in is how many cars can [advertisers] sell, or insurance policies can [they] write.”

He notes that Hubbard’s female-focused myTalk 107.1 substantially outperforms its ratings because ads work so effectively for its clients. His goal is similar for Skor North. He says the digital side will contain fewer commercials, but the cost per spot will be higher because “you are paying for effectiveness” and there is less passive

**“When you owned distribution, it was a limited-entry business; now it’s unlimited entry. Now all we own is content, [so] content has to get way better. And we have to make it available on every device possible.”**

—Dan Seeman

## CELEBRATING WOMEN BUSINESS LEADERS

Every day at Thrivent, women across our organization help shape our approach to guiding members on their Wise With Money Journey.

We know by working together, we can strengthen communities and help people live more content, confident and generous lives.

We’re grateful to collaborate with women leaders and salute their contributions to the business community.



**THRIVENT**®  
Be Wise With Money™

ADVICE | INSURANCE | INVESTMENTS | BANKING | GENEROSITY

Learn more at [Thrivent.com](https://www.thrivent.com).

29987H R2-19



**“The great equalizer is that AM is not at a disadvantage on a smartphone. What’s happening in the car is promising and chilling. 5G is around the corner. Amazon is about to release Echo for the car. The entire digital world will be available in your car, not 12 radio stations.”**

*—Andy Bloom, longtime AM radio programmer*

listening to podcasts and digital. “But we have a lot of work to do on the sales model. We’re trying to figure out what the metrics are, what to charge for it, and how to seamlessly deliver it.”

Radio, like newspapers, has been content to watch its audience and exclusivity slip away, with rather weak competitive responses. Skor North may be a work in progress, but it’s an honest shot at redefining radio’s future in an industry with few big ideas. “We do not want to pretend we have all the answers,” Mackey says. “But we’re probably among the most curious.”

ESPN 1500’s weakness has proved

a strength, but one that was exploitable only because a local owner known for prioritizing innovation decided to make an investment.

“It’s deal with it now and get ahead of it, or deal with it five to 10 years from now and be behind it,” Seeman explains. “We decided to get ahead of it. This is still a \$150 million radio market, and you can do a nice business with a share of it, but it’s not growing. We need to grow it in other ways. We’re willing to take a swing, and that’s so typical of the Hubbards.”

*Adam Platt is TCB’s executive editor.*



**Total domestic radio revenues  
\$17b by 2018**

*(Ad Age)*

**BEST  
BUY™**



**Proudly committed to gender  
diversity and the advancement  
of women in the workplace.**

# Radisson's John Kidd

Under his second owner post-Carlson, Radisson's CEO explains the game plan to return to "player" status in the global hotel biz.

By Adam Platt

Photo by  
Jake Armour

■ John Kidd came to Radisson after the Carlson family sold it to HNA Holdings of China in 2017. Kidd is a New Zealander who has spent most of his career in Asia, with Hilton and HNA. He sees the hotel industry in a world context and is of the mold of other globally minded CEOs in Minnesota, such as Hubert Joly and Inge Thulin. When overleveraged HNA sold Radisson to a consortium led by Jin Jiang International, another Chinese company, for a reported \$2 billion in 2018, his mandate was changed little: Bring the Radisson from also-ran status to up-and-comer.

The hotel industry in America has changed substantially in the last 25 years. Hotel companies operate very few of their hotels, and own even fewer. They are basically brand service companies marketing to hotel owners and guests. Minnesotans tend to view Radisson as a premier global hotelier, but outside our region, it's a brand past its heyday. We spoke to Kidd from Radisson's new offices at Carlson Center about his rejuvenation plans for Radisson, the crazily consolidating industry, and the odds that Radisson will remain based in Minnesota.

**Q | Can you explain a bit about how Radisson has changed with the two successive changes in ownership?**

**A |** The structure hasn't changed. We're a wholly owned entity of Jin Jiang International. We are Radisson Hospitality Inc. Jin Jiang owns 70 percent of Radisson Hospitality AB, our cousin, [which] is based in Brussels [Editor's note: Radisson Hospitality is the former Rezidor Hospitality.] We own all the brands, we are the master franchisor. They are the master franchisee. In Europe, the Middle East, they do all the

operations. We operate exclusively in the Americas and Asia/Pacific. I am president/CEO/COO of Inc.; I have a counterpart, Federico Gonzales, who is the president/CEO of AB. We work in tandem for things of mutual benefit, such as [information technology]. We also need to talk to the customers in the same way because we are a global brand.

**Q | Tell us about Jin Jiang.**

**A |** They are almost exclusively a hotel company, 85 percent. That is their passion. They belong to the Shanghai government. The deal to purchase Radisson and AB was a joint venture between Jin Jiang and the Sino CEEF, which is a [self-labeled private equity] fund.

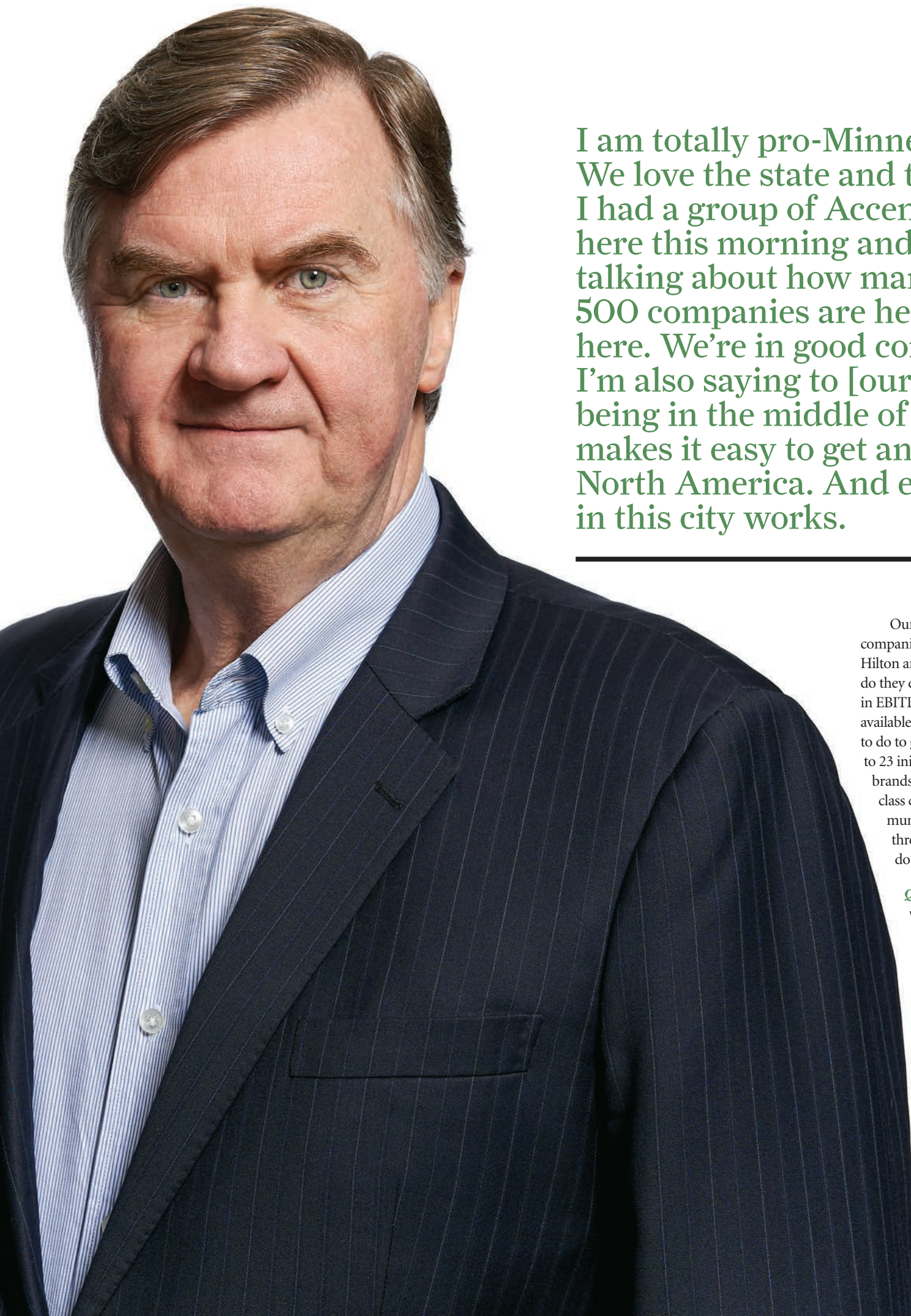
**Q | How do the government entities controlling these companies and funds interact with you?**

**A |** In the past, state-owned enterprises tended to be industrial. This is more of a commercial endeavor. The government does not get involved unless there's a reputational incident, unless there was something of major concern. Is there communication between them? Yes. They are not sitting on committees, not involved in day-to-day decisions. It's super arm's length.

**Q | While HNA owned Radisson, what were major milestones or achievements?**

**A |** When HNA purchased the company, it gave us an opportunity to really look inside and see what makes this engine tick. There were market opportunities, cleaning up the brands, making them more relevant to customers, combining all our brands under one website.





I am totally pro-Minneapolis ... We love the state and the city. I had a group of Accenture people here this morning and we were talking about how many Fortune 500 companies are headquartered here. We're in good company. I'm also saying to [our owners] that being in the middle of everything makes it easy to get anywhere in North America. And everything in this city works.

---

Our diagnostic analysis used companies that are best in class like Hilton and Marriott and saying what do they do well, why are they so good in EBITDA, RevPAR [revenue per available room], and what do we have to do to get there. We drilled it down to 23 initiatives across the spectrum of brands. If we want to be a world-class competitor, this is the minimum we have to do in the next three years, but beyond that, how do we overtake the competition?

**Q | At the time, what were Radisson's strengths and deficiencies?**

I will say to you straight up, we were lagging in just about everything. I don't mean it as a denigration of Carlson. You can imagine a company that's owned for 60 years, in the final years before a sale there's not going to be a lot of investment. We had multiple websites. No mobile capability. Couldn't process online payments.



One of the first things we did was update the brand standards; we told the owners you have to do these things. We provided some assistance in cases. It also allowed us to remove some hotels from the system that were not good for the brand.

**Q | I always had a sense the local media did not understand Radisson. The Twin Cities properties were showpieces, but outside of Minnesota it was a pretty dowdy hotelier. Yet Radisson has been articulating these same reinvention themes with each successive CEO and it just kept falling further behind. What's different now?**

**A |** We're doing it. The core Radisson product, of which there are 126 in the U.S., were really kind of rubbish. Overseas we have Radisson Blu, which is a very nice product. We only have three in the U.S. We are now expanding those across the U.S. Core Radisson standards are upgraded, and the owners know they have to get on board or leave the brand. Country Inns and Suites is our big brand in the U.S., with 460 properties. We're at generation four in product lifecycles (the local example is at Mall of America); it's just a really good family brand, good quality. It must be as polished as a five-star hotel, but just without the amenities of that level. All is in progress now.

**Q | What is the equivalent to Country Inns? Who is the competitor?**

**A |** Courtyard by Marriott, Holiday Inn Express. The niche is called upper-midscale.

**Q | What's your top-of-line product?**

**A |** It's called Radisson Collection. They were super Radisson Blus that were above and beyond the standard. We've got some fabulous properties overseas [in] Asia Pacific [and] India.

**Q | Describe the market segments and brands, if you will.**

**A |** Sure. We're not Hilton or Marriott, with 32 brands. We have eight brands, across the spectrum of scale and service. We can find a brand that suits [an owner's] capital budget and we can offer an assurance we're not going to create a new brand a block away and cannibalize your business. Would we like to, one day, have 15 to 20 brands and 2,000 hotels in the U.S. and have that same problem? Yeah, maybe. But, at the moment, we are honestly able to say to an owner that we won't park another couple hotels down the street. [Editor's note: This is common practice at Marriott and Hilton.]

**Q | So your North American brands are Country Inns, Radisson, Radisson Red, and Radisson Blu. Is that right?**

**A |** Yes.

**Q | What is the growth focus, specific brands or markets?**

**A |** We're trying to expand generally, but in North America we're putting a lot of emphasis on Radisson Blu. As you pointed out, our quality was falling behind. So we wanted to [emphasize] our better quality, which is Blu. We're also going to owners and saying we want to operate with a hub-and-spoke principle. So, if you're an owner in New York, [and] you've got a Hilton, a Marriott, or a St. Regis, give us that hotel, we'll brand it as a Blu, perhaps with preferential terms, but then owners in that market will see it and develop hotels in the area because they know this is the quality. [Radisson] means business. Up to now, we don't have those key, city center, polished products that we can show [an owner] so they can have confidence we're going to meet their expectations.

The [Chinese] government does not get involved unless there's a reputational incident, unless there was something of major concern. Is there communication between them? Yes. They are not sitting on committees, not involved in day-to-day decisions. It's super arm's length.

**Q | So you're looking to create showpieces to market the brand to other hotel owners in a region?**

**A |** Yes, exactly.

**Q | Does Radisson own any hotels?**

It's very much an asset-light situation. We only own three of our hotels.

**Q | Has that model, which has taken over the industry, had any downsides, being at arm's length from all your properties?**

**A |** [Hotel] companies are now spending all their time focused on the customer: What do they want? What is the experience? It allows owners to say, "I want an innovative company to manage my hotels, or allow me to utilize their expertise and manage my own properties." That's a best of both worlds. The owner gets intense research and innovation delivered to their doorstep. If hotel companies

were mired in real estate, then whenever markets took a turn, I think you would find an element of conservatism influence the business.

The managed approach is more profitable and we're able to maintain more control over the product, but in a mature market like the U.S., we're not uncomfortable with owners just using the brands. But where we manage our hotels, every crack and crevice is tended to, whereas that might not happen in any franchise hotel.

**Q | How many of the North American hotels are Radisson-managed?**

About 3 percent.

**Q | Does the sun still rise and set on the business traveler? Or with the huge rise in leisure travel, have they become a bit of an afterthought for hotels?**

**A |** If you look at the space our brands operate in, Country Inn is aimed at family travelers. Radissons are geared



to the business traveler. One of the reasons we're polishing the brands is to attract a traveler that will get us a better rate, and that is in the business space. The brand has to also be able to accommodate that person, meaning efficiencies and amenities that resonate with a businessperson.

**Q | How so?**

A | Business travelers need a desk in the room. They look for fast wi-fi and technology that makes their stay efficient. But families scream just as loud if the pool is closed or a ceiling is falling in.

**Q | Has all the growth been on the leisure side in the past couple decades?**

A | In the economy sector, yes. In the upper scale [sector], no.

**Q | There is always pressure on corporate travelers to cut back on travel. But in the leisure sector it's become so much cheaper to travel frequently.**

A | What companies also do, though, is say, "Instead of staying at a Waldorf-Astoria, you're going to stay at a Hilton"; \$200 a night is the limit, not \$400. The frequency is there, but the spend[ing] is different.

**Q | The hotel industry has been through this massive consolidation, but there are more brands than ever, because it's the only way they can keep adding hotels yet adhere to their contracts with existing hotel owners. Are there more mergers to come?**

A | The [2018] deal Marriott did with

Starwood was huge, but there's not a lot of opportunity left. There's not a lot of companies left that can afford such massive purchases.

**Q | Explain the calculus in it.**

A | The brands become so big that you cannot avoid them. They offer every range of product in every place you want to be.

**Q | Is Radisson likely to have so little scale in North America that it is acquired by one of the behemoths again?**

A | Absolutely not. Jin Jiang is incredibly pleased and proud of our brands. Our upper scale differentiates them. They want to be in the Americas. They are fascinated by the Americas markets. They need our brands to augment what they have. I don't see them selling us or our brands. They want us to bring our brands to Asia-Pacific.

**Q | Let's talk about frequent-stay programs. Do they still matter?**

A | It's a necessary evil. If you're not in the game, you're going to lose out. At times I've wished we could scrap the loyalty thing and win customers by virtue of our products.

**Q | Like Four Seasons?**

A | Right. But that's not the world we live in. But just giving more points or redemptions are not going to make for loyal customers. If the quality of our hotels and people are not high, no one is going to stay with us anyway.

**Q | So you're saying the hotel sector is not as commodified as the airline sector? People still go out of their way for a specific hotel or brand experience?**

A | Yes. I know other companies say the same thing and it becomes trite, but it's true. The other important thing to us is we allow guests to rack points up, but where do you redeem them? We don't have a lot of resorts where people can redeem. We've been look-

ing for some good resort development projects so our loyalty program has that important option. Mexico, the Caribbean.

**Q | Are those plans profit centers like they are for the airlines?**

A | They should not be. We're in the hotel business. If we wanted to make it a profit center, it would make it prohibitively expensive for our owners, meaning higher room rates.

**Q | Now that the company is no longer tethered to the Carlson family, it's no longer obligatory that it be headquartered in Minnesota. What are the odds you will relocate to a market closer to your owners or merely in a larger business center?**

I am totally pro-Minneapolis. I've lived here a year and a half now. We love the state and the city. I had a group of Accenture people here this morning and we were talking about how many Fortune 500 companies are headquartered here. We're in good company. I'm also saying to Jin Jiang that being in the middle of everything makes it easy to get anywhere in North America. And everything in this city works. It's big enough, but it's also small enough that I can get from the outskirts to downtown in 15 to 20 minutes. You can't do that in L.A. or New York. I'm a strong proponent of keeping the headquarters here in Minneapolis. And the people are so damned nice.

*Adam Platt is TCB's executive editor.*

---


I will say to you straight up, we were lagging in just about everything. I don't mean it as a denigration of Carlson. You can imagine a company that's owned for 60 years, in the final years before a sale there's not going to be a lot of investment.

# Beth Ford

## Leads a Fortune 500 Giant

She's a national phenomenon. Now, for the first time since being promoted to Land O'Lakes CEO, Ford talks in depth about her journey to the top and how she's steering Minnesota's \$15 billion ag cooperative into the future.

By Liz Fedor



When Beth Ford was a spirited child at Epiphany grade school in Sioux City, Iowa, no doubt the Catholic nuns recognized she was a smart student with tremendous potential.

But about 45 years ago, they may not have fully grasped the competitive drive that Ford was developing in her own home as the fifth of eight children.

Flash-forward to 2019, and Beth Ford, 55, is leading about 10,000 employees in more than 50 countries as the president and CEO of Land O'Lakes Inc. The company generates about \$15 billion a year in revenue. She's among only two dozen U.S. women serving as CEOs of Fortune 500 companies. She joined the cooperative in 2012 as chief supply chain and operations officer.

Where and how did she develop the self-confidence and drive to succeed at the highest corporate level? She smiles, seated at her ivory-colored oval desk in Land O'Lakes headquarters in Arden Hills, and points to the dynamics in her family. "When you are in the middle of eight children, you need to learn to throw an elbow if you ever want to eat," Ford says with a laugh.

"I was very competitive with my older sister Judy, who's one year apart. And I was competitive with my older brother Michael." She recalls the nuns asking her how she was similar to her older siblings. Those questions did not sit well with her mother. "She would be like, 'Beth, leave the room,' and then proceed to tell the nuns: 'Don't ever compare my children.'" Ford's parents married when they were very young. "My father has since passed," Ford says. "He was a truck driver. At one point, he sold used cars. We were very much a working-class family."

She describes her mother, Carol, as a profound influence on her character and career. "My mom is the best role model I've ever had in my life," Ford says. "My mom would always say, 'Don't be a people-pleaser.' I don't fall into the people-pleasing thing. If I do that, then I'm not going to live up to what I think is most important."





She also characterizes her mother as “unbelievably resilient and strong,” and notes that her mother fashioned three careers for herself as well as raising eight children. “My mom was a nurse,” Ford says. “I was delivered when she was in RN training. Then she got her

## “She absolutely was the most qualified. It was critical that we have a proven leader.”

—Pete Kappelman, former board chairman, Land O’Lakes

master’s and she became a psychologist and therapist. She remarried. My folks had divorced. She became a minister. She always said, ‘I worked on the body, their mind, and then their soul.’”

Ford adopted her mother’s lessons to be yourself, work hard, aim high, and dust yourself off and move forward after you encounter a setback.

### History-making CEO

The grounding that Ford got in her Iowa family set her on a path to earn an MBA at Columbia Business School in New York, excel in executive positions in several industries, and achieve so many business goals at Land O’Lakes that she was the heir apparent to succeed veteran CEO Chris Policinski in 2018.

When Land O’Lakes announced in July that the board of directors had selected Ford to become president and CEO, the cooperative’s news release didn’t mention that Ford was the first woman to serve in the top job. The news release concluded with the sentence: “Ford and her spouse, Jill Schurtz, have three teenage children and live in Minneapolis.”

In the days following her selection, Ford attracted national media attention because she was the first openly gay woman to become a Fortune 500 CEO.

One aspect of Ford’s ascension that was overlooked is the fact that she was promoted to the CEO position by an all-male board, including many who live in rural America.

As a cooperative founded in 1921, the farmers and local co-op managers who serve on the Land O’Lakes board are elected at the

grassroots level by members.

Pete Kappelman, a dairy producer from Two Rivers, Wis., was chairman of the board when Ford was selected. A board member since 1996, he says Ford was chosen purely on the basis of merit, and her gender and sexual

orientation were not considerations for the men on the board.

“We needed somebody to run Land O’Lakes for the benefit of all of our membership, and she absolutely was the most qualified candidate to do that,” Kappelman says. Gender and sexual orientation were never even part of the CEO leadership discussion, he says. “Of course, we were aware of them, but that’s not what’s important. It was critical that we have a proven leader.”

He cites his family dairy operation as an example to reinforce his point. Three women and two men are co-owners of Meadow Brook Dairy. “What matters is: Can they do the job? Will they be there? Will they get it done? This is exactly the same,” he says, referring to Ford’s promotion based on her track record at Land O’Lakes since she joined the cooperative.

Reflecting on the board’s decision to promote her, Ford says, “They want competence and performance and they expect that.” Ford had developed

a good relationship with the board over time, so she was well known when Policinski was nearing retirement. “I think that there was confidence in my ability to take the role because I had been working with them for seven years, and they had seen my ability to drive business results,” Ford says.

In a member-owned and member-governed business, Kappelman says, there is a high premium placed on Land O’Lakes leaders communicating effectively with the members and Ford did so. “She delivered financially, we could tell that her teams responded well to her,” he says. “So we knew she was a successful business manager. But she related so well to the board and members. She knows how to talk to people about things that are important.”

### Rapid climb

Ford arrived at Land O’Lakes in January 2012, with extensive operations management and supply chain experience at International Flavors and Fragrances, Mobil, Pepsi, and Scholastic. It was that expertise that prompted Policinski to hire her.

“Very quickly we added more responsibilities,” Policinski says, noting that Ford was given leadership of research and development and information technology areas. By November 2015, he says, “We gave her P and L [profit and loss] responsibility for two of our three main businesses,” Dairy Foods and Animal Nutrition.

In December 2017, Ford was handed responsibility for another major business unit, Crop Inputs. This segment includes the WinField United merger business, and covers seed, fertilizer, and ag technology solutions to increase yields.

At this stage, Ford was chief operating officer and running all three of the Land O’Lakes businesses. The board of directors and other stakeholders could watch how she was leading and what kind of financial performance she was producing.

“She proved herself to be a strong leader at every step of the way,” Policinski says. “She can elevate to a strategic perspective and get the lay of the land very quickly. But she’s also very comfortable getting right down into the details of the business and driving the business forward.”

Before she became CEO, one of the efforts Ford led was improving profitability through more coordinated decision-making. “You have to make integrated decisions to make trade-offs about what you should manufacture, when, and where it should ship,” she says. All of those individual activities have cost and operating dynamics, and Ford argues everybody needs to fully understand the company targets and be aligned with the same incentives.

“So that’s what we switched,” she says. “It wasn’t a situation where, ‘This department does this, and this department does this.’ Instead, it is ‘We are in this together in a fully integrated partnership.’”

She also says she initiated a reset on how the dairy research and development team did its work. “There are technical elements of the dairy portfolio that allow us to play differently in partnership with other companies,” Ford says.

“We make the cheese powder that goes on Cheetos,” she says. “One of the technical challenges Frito-Lay had was reducing salt content in some of their products.” Instead of going to a third party to address the issue, Ford says the rebuilt R&D dairy team solved the problem because it had the technical competence to do so.

She did a deep dive on the Purina Animal Nutrition business, and changes resulted in tripling profits

**“My mom is the best role model I’ve ever had in my life. My mom would always say, ‘Don’t be a people-pleaser.’ I don’t fall into the people-pleasing thing. If I do that, then I’m not going to live up to what I think is most important.” —Beth Ford**





**Land O'Lakes CEO Beth Ford, who grew up in the farm state of Iowa, regularly visits with cooperative members. She advocates for public policies to strengthen rural communities, including more support for education and health care.**

---

## Beth Ford

*Title:* President and CEO,  
Land O'Lakes Inc.

*Became CEO:* August 1, 2018

*Joined Land O'Lakes:* January 2012

*Previous Employers:* International  
Flavors and Fragrances, 10/08 to  
1/12; Hatchette Book Group, 9/07  
to 9/08; Scholastic, 8/00 to 9/07;  
PepsiCo, 8/97 to 8/00; Perseco,  
1/96 to 8/97; Mobil Oil, 6/86 to 1/96

*Education:* Bachelor of Business  
Administration, Iowa State Univer-  
sity; Master of Business Administra-  
tion, Columbia Business School

*Hometown:* Sioux City, Iowa

---

over two or three years. "First of all, Purina's brand, the unaided awareness is similar to Starbucks," Ford says. "Yet we weren't taking advantage of the marketing elements."

She invited people from across Land O'Lakes to look anew at the opportunities Purina could pursue, which investments could be made, how marketing could be altered, and which partnerships could be forged with different retailers. This assessment led the company to do what Ford describes as "Let's take the dumb out."

For example, she says, "We would do things operationally that cost us money that were not smart and were not necessary." The model she used to examine some of these business practices was cost-to-serve. "We would allow everybody to place an order whenever you want it," Ford says. "Then they can order a pallet or a full truckload. You

can imagine the cost differential of putting labor against one area vs. another. It's substantially different. Yet we weren't pricing it that way in the marketplace." Changes were made to both operate and price more effectively.

In early 2017, Ford was instrumental in the Land O'Lakes acquisition of Vermont Creamery. "She saw the need, along with her team, that we needed a new growth platform in addition to the businesses we had," Policinski says. "Beth really led that from stem to stern—the need for it, the identification of it, and the transaction itself."

Calling it the "cutest little goat farm ever" that pairs nicely with Land O'Lakes dairy farming roots, Ford says, the Vermont Creamery deal "brought us to a different part of the grocery store where it is the high-end deli, the different deli cheeses." Consequently, she says, "it allows us to price differently."

### A business role model

Ford's accomplishments were rewarded with a promotion by the Land O'Lakes board, but she also has become a national role model with strong ties to the Midwest.

That's apparent on the campus of Iowa State University, where she earned a bachelor's degree in business administration in 1986. She's served on the Ivy College of Business Dean's Advisory Council since 2003, and she frequently speaks to students on campus.

She arrived on the Iowa State campus in Ames after her high school years that were jam-packed with activities. At Heelan High School in Sioux City, Ford played on the Crusaders basketball, tennis, and track-and-field teams. "I was involved in everything," she says. "I was in French Club. Name the club. I was very active."

An overachieving student, she



## Land O'Lakes Business Profile

The cooperative was formed in 1921 when 320 dairy farmers joined together to market and distribute their dairy products. Today, Land O'Lakes is a Fortune 500 company that is headquartered in Arden Hills. In 2018, it generated \$14.9 billion in sales. Land O'Lakes is divided into three major business segments.

**Animal Nutrition:** Purina is a well-known brand in the animal nutrition market, and Land O'Lakes sells food for a range of animals, from cattle to dairy cows and horses.

**Crop Inputs and Insights:** Seed and fertilizer are included in this unit, which also provides technological solutions to improve crop yields.

**Dairy Foods:** Consumers are very familiar with this segment of business, which includes the sale of butter, cheese, and milk in grocery stores and supermarkets.

planned to major in political science at college. But she switched to business after concluding she might be unable to earn much as a political science graduate and likely would have to go to law school. She was paying her own way through college and wasn't eager to take on the financial burden of law school.

"I was a janitor, I cleaned toilets when I was in college," Ford says. "Then, on campus, I was an elevator operator. I had a third job, working as a cashier at the ma-and-pa store."

She also managed to squeeze in enough time to serve as the college student body's Supreme Court chief justice. She belonged to a sorority, breaking into song in her office: "I'm an Alpha Gamma Delta."

Ford had ample opportunity to develop grit in college. "I had this huge Oldsmobile that my dad got me," she recalls. "I think he spent \$50 on it. Every week, I would have to put in more power-steering fluid. I was in a sorority



Beth Ford spoke at the U.S. Department of Agriculture's annual Agricultural Outlook Forum in 2017 in Arlington, Va.

and I'd come out of the house after I'd put on these jeans and an orange vest and an orange hat. And I would remember these women coming out of the house and just making fun of me."

What she lacked in social and financial capital, she offset with intelligence, moxie, hard work, curiosity, and self-deprecation.

"Beth is an outstanding role model for women students," says David Spalding, Iowa State's business dean, noting that Ford has spoken to student audiences three times in recent years.

Ford's personal story, he says, is emblematic of the hardworking ethos of Iowans. When she was on campus in November, Spalding says, Ford's speech had the title "Leadership is a Team Sport."

He notes that Ford emphasized that a leader should not be a solitary figure making decisions. "A lot of it is about honing your people skills and being able to bring the best out of teams," Spalding says of Ford's remarks. "That's an important message for our students to hear."

Unlike some major company leaders, he says that students find Ford approachable. "She will speak with

every individual student who wants to speak with her," he says. "And there are selfies being taken."

In January, Ford visited Amazon headquarters. "I was asked to come in and speak to Amazonians about leadership and my career journey and how they might think of their own," Ford says.

"I said, 'Go on the journey, don't take yourself out of play because you think you had a failure,'" Ford says. "Secondly, understand that careers are not a zero-sum game." Sometimes companies will create an intense competition for one job, and people are dejected when they don't land the job. But Ford stresses there always are other jobs that become available.

"As you are building your career, networks are critically important," she says. "I've worked with people multiple times in my career at different companies. When you think of it that way, what you are doing is you are partnering and enabling somebody else's career at the same time."

If you receive a call from a recruiter and aren't interested

in the job, give the person the name of someone you know is qualified for the position, Ford says. "That's the way you can facilitate careers and partner with others. The final thing I tell people is not to be a jerk. People don't like to work with jerks."

## Making time for family

National magazines recognized Ford after she was chosen CEO of Land O'Lakes. *Fortune* named her one of its Most Powerful Women, *Fast Company* ranked her among its Best Leaders of 2018, and she appeared in *Time* magazine's "Firsts" edition that profiled breakthrough figures.

Following the initial burst of interest, she says, "I'm pretty clear that I primarily want to talk about the business now. I'm not here to have a platform. I'm here to do the work that I am asked to do and have been blessed to be part of, which is work on behalf of the members."

The Land O'Lakes board members, many of whom operate family farms, are family-oriented. "They've met Jill, my spouse, and we talked about our children quite a bit," Ford says.

Jill Schurtz, originally from Peoria, Ill., and Ford have been a couple for 26 years. They decided to raise their family in the Twin Cities when Ford accepted her first job with Land O'Lakes more than seven years ago. Their twin boys are now 14, and their daughter is 16.

"When I'm home, I try to be home with my family and it's a discipline I have to try to continue to improve to not be on my technology," Ford says. "And frankly, not to let them be on their technology, they're teenagers."

The family of five eats dinner together as often as possible. "One of my sons is a swimmer," Ford says. "I try to attend all of his swim events." She says the family also enjoys playing board games and watching TV together.

"There are times when you do feel out of balance and you need more concentrated time with your kids," Ford says. "I do try to adjust, so that I make sure I free up as much time to be with them. I don't know that there is one magic answer.

Beth Ford will be among four major speakers at TCB's Women in Leadership event. To learn about the panelists and register for the April 23 event, go to [tcbmag.com/WLF19](http://tcbmag.com/WLF19)



*“It’s inspiring, energizing and moving to see other people succeed. I love seeing the possibilities in people and sometimes the possibilities that people don’t see in themselves.”*



## BETHANY OWEN, PRESIDENT, ALLETE INC.

**B**ethany Owen never imagined herself working for an energy company. Today, she is leading one. In January, after more than 16 years with ALLETE Inc., Owen was named president of the \$4.1 billion company headquartered in Duluth, and elected to its board of directors.

ALLETE and its subsidiaries—Minnesota Power, ALLETE Clean Energy, BNI Energy and Superior Water, Light & Power—employ more than 1,300.

Owen came to ALLETE as an attorney in 2002 after working at a national law firm and in the telecommunications and food industries. She also worked in Washington, D.C., with the Senate Committee on Rules and Administration and in the office of former Sen. Richard G. Lugar of Indiana.

Growing up in Nashville, Tennessee, Owen was the only child of a teacher and a mechanical engineer. Time spent on her grandparents’ nearby farms taught her the importance of hard work, perseverance, adaptability and resilience—important qualities for working at a company that is a clean energy leader in an industry experiencing rapid change.

At ALLETE, Owen worked on strategic generation, transmission, business development and sustainability initiatives, and as president of SWL&P, a gas, water and electric utility, she led the development and execution of its first growth strategy.

Owen is passionate about ALLETE’s inclusive culture, where collaboration and diversity in leadership and thought have long been valued.

“The ALLETE board, CEO and Chairman Al Hodnik, and other company leaders understand the strategic advantages that come from listening to different perspectives. Our decisions are better because of that,” she said. “To build on our success, we must continue to seek out and embrace diversity in all forms.”

As a leader and role model, Owen said it’s important to help others see opportunities and find success.

“It’s inspiring, energizing and moving to see other people succeed. I love seeing the possibilities in people and sometimes the possibilities that people don’t see in themselves,” Owen said.



ALLETE.COM / 218-279-5000  
30 W SUPERIOR ST, DULUTH, MN 55802

**Previous work:** At ALLETE, Owen has served as attorney; director – transmission regulatory compliance and business support; president of Superior Water, Light & Power; vice president Minnesota Power; vice president ALLETE; vice president ALLETE information technology solutions; and ALLETE senior vice president and chief legal and administrative officer.

**Education:** Law degree from the University of Minnesota Law School, bachelor’s degree from Vanderbilt University in Nashville, Tennessee.

**Civic/Community:** Serves as vice chair of the board of trustees for the Duluth Superior Area Community Foundation.

**Leadership style:** Collaborative. Owen believes in forming teams with diverse perspectives and doing what she can to bring out the best in each person. Her role often becomes “brush clearer”—pushing any bureaucracy and resistance out of the way so teams can do their best work.

**Proud accomplishments:** Owen is quick to give credit to mentors, coaches, advocates, family and ALLETE employees. “There is very little in my life that I have accomplished all by myself.”

**Success secrets:** Everything comes from hard work, an unwavering commitment to integrity and doing the right thing, and a focus on others and not yourself.

**Best advice received:** Speak up and share what you’re thinking.

**Advice for aspiring leaders:** Leadership isn’t about yourself. It’s about making a difference in the lives of those you lead.

**Life’s dreams vs. professional reality:** Improving the lives of others has always been important for Owen and that fits squarely with her work at ALLETE. “The critical energy services that ALLETE provides help make people’s lives better. I’m humbled and excited to be a part of that.”

You just try to tell them you are there with them, and you pay attention to them.”

Even as many women leaders are constantly juggling work and family responsibilities, some of them also deal with sexism.

“Have I encountered it? Of course, in a number of different ways,” Ford says. “But in general, I just think it doesn’t really faze me. I just kind of laugh.”

Earlier in her career, Ford says she attended meetings as the senior executive and she brought some male subordinates along with her. In some cases, men were only tuned in to what the other men were saying.

Ford has seen the classic scenario in which a woman makes a good point, it is ignored, then minutes later a man offers the same solution and it is praised. Ford has some advice for professional women who face this situation: Humor. “I do a lot of this,” Ford

says, tapping on her chest. “I’m sorry. Is my mic not on? Did I not say that?”

She says that men sometimes stumble into sexism by making assumptions based on gender stereotypes. “The first 10 years of my career, I was in the oil industry and I was right there on the docks,” Ford says. “I ran tanker and barge docks, trucking facilities, manufacturing facilities. It was usually me and a hundred dudes, and that was not uncomfortable for me.”

She recalls one incident in New York when she was with some dockmen who worked for her. They were on a site where the company needed to do environmental cleanup. “There were a number of drivers coming in that

**“People don’t like to work with jerks.”**

were going to do some soil removal,” she recalls. Once they arrived, one said to Ford, “OK, little lady, we’re going to need a lot of coffee. It’s a busy day.”

She chuckles and says the dockmen told the drivers: “Don’t talk to her that way. She’s the boss. We make the coffee.”

### Strengthening communities

Like Ford, another woman who is expected to produce impressive results is Kate Mortenson, president and CEO of the 2019 Minneapolis Final Four Local Organizing Committee.

Both women worked together on the executive committee of the Greater Twin Cities United Way, which gave Mortenson a window into how Ford uses her talent to address community needs.

The local United Way’s revenue has declined in recent years, and the

nonprofit is re-inventing itself. “When it comes to the future that United Way

—Beth Ford

is creating, Beth’s contributions are being undaunted, possibilities-oriented, and at the same time realistic,” Mortenson says.

“You will see a more sophisticated

organization, with a portfolio approach to garnering resources and addressing community issues that includes strategic partnerships and new revenue sources,” Mortenson says. “That is work led by people like Beth on the board.”

Characterizing Ford’s board service, Mortenson says, she’s “very insightful and straightforward” and “sharp as a laser, including with her humor.” Mortenson also observed how Ford reacted to national coverage of her status as the first openly gay woman to lead a Fortune 500 company. “She recognizes the power to inspire, otherwise she is totally uninterested in dwelling on the uniqueness of her position,” Mortenson says.

Ford has the opportunity to help better the Twin Cities community through her United Way board service, but she has cast a wider geographic net when she advocates for rural communities in Washington, D.C. She’s traveled to the nation’s capital to talk to members of the House and Senate agriculture committees about farm policies.

But her conversations with federal

# TCBTALKS WOMEN IN LEADERSHIP

**Don’t miss your chance to network with nearly 700 local leaders at TCB’s annual Women in Corporate Leadership event.**

Are Minnesota companies making progress in seating more women in executive offices? What can be done now to increase corporate board diversity? This is your opportunity to network and enjoy lunch as we bring together successful local leaders to discuss strategies around increasing the number of women on corporate boards and in the C-suite.

**Tuesday, April 23** | Hilton Minneapolis  
**Register Today!** [tcbmag.com/WLF19](http://tcbmag.com/WLF19)

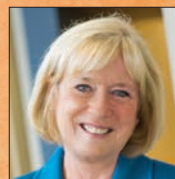
### AGENDA

11:00 am | Registration + Networking Reception  
11:30 am | Lunch  
11:45 pm | Program + Panel Discussion

### 2019 PANELISTS



**Beth Ford**  
President and  
CEO  
**Land O’Lakes, Inc.**



**Kathy Higgins**  
Victor  
Board Member  
**Best Buy Co, Inc.**



**Cam Hoang**  
Partner  
**Dorsey & Whitney**



**Trudy Rautio**  
Board Member  
**Cargill**

#### GOLD SPONSORS:



ST. CATHERINE  
UNIVERSITY



BEST  
BUY



Cargill



James Drury Partners



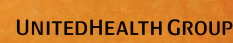
PNC



PATTERSON  
COMPANIES, INC.



THRIVENT  
FINANCIAL

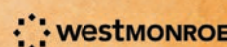


UNITEDHEALTH GROUP

#### SILVER SPONSORS:



SALO



westMONROE

#### PROMOTIONAL PARTNER:



Ad Fed<sup>MIN</sup>



lawmakers go well beyond discussions of trade, tariffs, and dairy policy. “We have more recently been talking about where there are gaps,” Ford says, so she’s been raising issues of broadband access, immigration reform, and the need to make greater investments in education and health care in rural communities. “We are about enabling our members and it is about strengthening rural communities where they operate and where we operate,” Ford says.

#### Moving Land O’Lakes forward

While many consumers equate the Land O’Lakes brand with butter and its iconic packaging, in reality Land O’Lakes is a huge global business.

Ford defines Land O’Lakes as “a food production and agribusiness focusing on feeding a growing world population.” The cooperative model, she says, differentiates Land O’Lakes from large Fortune 500 public

companies. “There is an intimacy to it, because you understand the members, and your results directly go to those members,” Ford says.

Kappelman, who left the Land O’Lakes board in February after 15 years as chairman, says nearly every industry, including agribusiness, is being disrupted by e-commerce and technology. “That’s either a headwind

analysis.” One area of focus: the high-end deli section of the grocery store, referred to by industry insiders as the “groceraunt,” for people who don’t want to cook. “If you have a differentiated product, retailers are going to put you on the shelf,” Ford says.

She’s also excited about an “accelerator” that Land O’Lakes established, in which the cooperative brings in entre-

Technology spending is a priority for Land O’Lakes to propel its product development in the coming years. Ford points to strategic investments in artificial intelligence and machine learning. “It is technology and data and analytics that provide the insights that allow you to make the better and more informed decisions to grow the businesses,” Ford says.

**“We are about enabling our members and it is about strengthening rural communities where they operate and where we operate.”**

—Beth Ford

or an opportunity to gain ground when others can’t,” Kappelman says. As Ford leads the cooperative, he says, Land O’Lakes will need to “embrace technology and automation while improving efficiency.”

In the current environment, Ford says, she and Land O’Lakes colleagues are focused on identifying “pockets of growth” through “micromarket

preneurs and people can learn from each other. The entrepreneurs move ahead quickly on innovations. “They cut off funding or they’ll just pull out of something that’s not working,” Ford says. “We don’t do that quite as well.” She hopes working with entrepreneurs will help Land O’Lakes employees learn “how to be better entrepreneurs and how to move with more agility and speed.”

As Land O’Lakes gets ready to celebrate its 100th anniversary in 2021, Ford appears exhilarated to navigate a challenging marketplace. Ever the competitor, she says, “If you want to achieve something, you have to get on the playing field.”

Liz Fedor is the Trending editor of Twin Cities Business.

# know

## achievement happens when we work together.



PNC supports those who serve the common good of their community. That’s why we’re proud to support the Women in Leadership Forum.

[pnc.com](http://pnc.com)



©2019 The PNC Financial Services Group, Inc. All rights reserved. PNC Bank, National Association. Member FDIC



# A surefire way to move product is to first move people.



The brands that challenge the rest are moved forward by people who believe. And that goes way beyond just customers. There's no PR without brand strategy; no reputation management without employee engagement. We're the agency that guides you from infancy through legacy; building, growing and protecting your brand every step of the way.

Discover your new path forward at [PadillaCo.com](https://PadillaCo.com).

**padilla**  
connect with purpose



# RISKY BUSINESS

The digital world offers no safe zones for companies facing a crisis. But technology does provide tools for building and maintaining business reputations.



By Gene Rebeck

It's a virtual certainty that some unforeseen crisis will put a company's reputation at risk.

It could be a cyberattack on customers' financial information. It could be a product failure uncovered by a business journalist. Or it could be a disgruntled former em-

ployee who airs his complaints online.

Internet technology and social media have increased the potential damage to companies' public profiles. They've also accelerated the speed at which a viral episode can inflict widespread harm.

"I don't know that there is any industry that is immune from a po-

tential communications or reputation management crisis," says Cindy Leines, founder and CEO of Plymouth-based CEL Public Relations Inc. Her clients are primarily in service industries, including health care, education, financial services, and nonprofits. In many businesses, particularly small and midsize ones, "there was a 'It can never

Section supported by





# 23<sup>rd</sup> Annual MANUFACTURER OF THE YEAR AWARDS

Awarded by: Manufacturers Alliance

Join us to honor and recognize manufacturers that are committed to continuous improvement and sharing best practices to strengthen the Minnesota manufacturing community.

## Earle Brown Heritage Center

Wednesday, April 24, 2019 7:30 am - 4:00 pm  
New this year - Blue Ribbon Breakout Sessions & The Tour of Excellence

[www.mfrall.com](http://www.mfrall.com) 763-533-8239 [ma@mfrall.com](mailto:ma@mfrall.com)

## ACG<sup>®</sup> Minnesota

### MONTHLY LUNCHEON AT TOPGOLF

Join us as Stephen Rubenstein,  
Director, Topgolf is our featured speaker.

April 16 • 11:30 am • Topgolf  
6420 N Camden Avenue, Brooklyn Center, MN 55430

**Hurry, reserve your spot now, as space is limited!**  
To register visit [acg.org/minnesota](http://acg.org/minnesota)

Questions, contact [nicki@acgmnn.org](mailto:nicki@acgmnn.org) or 612-590-1041

Attire: Golf

\$60 Member | \$99 Non-Member  
Networking, Lunch & Talk 11:30-1 | Golf 1-3

**SAVE THE DATE: 2019 Upper Midwest Capital Connection June 10&11**  
For information, registration and sponsorship visit [acg.org/capcon](http://acg.org/capcon)

#### SPONSORS:



## TRENDING MARKETING & PR

happen to me' philosophy," Leines adds. But with today's communications technologies "and how visible everything is to the world," she cautions, "even if you're under the radar, it can happen."

Welcome to reputation management in the social media age.

Someone can post a nasty and revealing comment about a company online, and suddenly the business has to defuse a bomb that could blow its brand to bits. And one thing about online communication is abundantly clear: It has shortened the fuses of many customers.

But public relations and business communications professionals argue that companies can build some protection for themselves.

### Reputation and technology

It's important to recognize the power of current communications technology. It's provided benefits to nearly all businesses, but it's a mixed blessing.

"There's more opportunity to share your message, project your brand, and build your reputation," says Joshua Schneck, founder and CEO of Minneapolis-based Snow Communications Inc., a PR firm specializing in B2B communications for companies in health care, professional services, and technology, among others. "And that, up to a point, I think is a very good thing."

Online communications allow businesses to broadcast to a wider audience the ways in which a "company might be doing some positive things," whether that's creating a breakthrough product or volunteering for the local Habitat for Humanity build.

Younger consumers in particular are more interested than even 20 or 30 years ago in a company's "credibility and authenticity—the quality of the company that they're dealing with" when looking to buy a product or service, Schneck says. "They care

passionately about how that company operates—what they stand for, how they treat their employees."

But that also means others can share their messages about a company. "Anybody who has a bone to pick with you can post very freely," Schneck notes. "Especially with social media, whatever kind of company you are, it's all the more likely that people outside the company are going to know about it." Google reviews and sites like Glassdoor (where employees and would-be employees write about their experiences working for companies) provide a lot of clotheslines for airing dirty laundry.

That's why PR executives say that the basis of reputation management is having a good reputation to begin with. "Reputation management is often thought of as responding to crises or critical issues," says Matt Kucharski, president of Minneapolis-based business communications agency Padilla. "But reputation management really starts with building a reputation." And more often, that building takes place online.

### The reputation experience

These days, few businesses can get away with throwing a cheap-looking website onto the web. A company's online presence has a huge impact, says Stephani Simon, president of Minneapolis-based Inprela Communications, whose clients are mostly business-to-business companies in industries that include manufacturing and health care. A poorly maintained website can hurt a company's brand. "It's all based on how customers view a business," she adds. "Is this company relevant? Is it staying up to date? That's your reputation."

A company's ability to stay current with technology reflects how well it stays abreast of customer needs. Simon cites a recent marketing report declaring 2019



as “the year where the customer experience is actually going to overtake price and product as a key brand differentiator for consumers.” The emotional connection with the brand is something that she believes is transferring to the B2B realm.

“Our expectations are higher as technology continues to get better,” Simon says. “If consumers have to wait three seconds for a page to load, they jump off and move on to somebody else.” Consumers’ expectations need to be met to their satisfaction regardless of business size and type. “It should be the exact same experience when you buy a more complex B2B purchase as when you’re buying shoes off of Amazon,” she says.

In the current communications landscape, PR agencies increasingly are using “storytelling” and “content strategy” as terms to describe their work. Simon’s firm is one of those. A big part of its work is creating online content for businesses. “If they are learning about your company’s products and services for the first time, they need top-of-funnel content that educates them and gets them heading down the right path and evaluating your offering as a potential solution,” Simon says.

When it comes to valuable content, Simon notes that customers have become more skeptical about being “sold” too early in the buying process. “If they don’t want to be talking with a sales rep and they want to do most of their research up front, you need to be developing content that’s relevant at each stage of their buying journey,” she says. And that requires a website that’s easy to use, with the needed information—online brochures, white papers, and product data—that’s simple to access.

The goal, Simon says, is to “create as frictionless of a customer experience online as possible.” By demonstrating expertise and keeping the selling as soft as possible, companies can project an image as a trustworthy vendor and partner.

“A company’s online presence

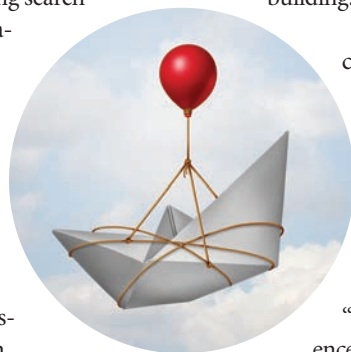
may be the first experience customers have with their brand,” says Heather Champine, partner and COO of Burnsville-based Media Relations Agency, which specializes in product marketing and PR for clients in nutrition, beauty, medical devices, and other health-related industries. That means a company needs “to be easily discoverable and trusted for an information resource,” she adds. That translates into providing usable content, as well as employing search engine optimization techniques that boost the chances of the company’s site appearing in a customer’s online research.

The increasing emphasis on online content doesn’t mean that traditional PR practices have disappeared. What the industry calls “earned media”—news articles or segments about a company—remains “the most influential and impactful way” for companies to boost their reputations, Champine says. “The media has such tremendous power in that third-party credibility,” she says. While press releases can sometimes attract a reporter’s attention, Champine says that a company should also let journalists know that it can provide credible expertise about an industry they cover.

Positive news coverage is one tried-and-true way to build reputation and influence. Another technique is to “nurture advocates and people of influence before there’s a challenging issue,” says Tom Lindell, managing director of Minneapolis-based Exponent Public Relations. Those advocates can include a company’s most loyal customers. People who’ve had experience with the brand and are sharing that personal experience, through a post, comment, review, or other type of brand endorsement are “incredibly

powerful, whether it’s business-to-business or business-to-consumer,” Lindell adds.

“Employees are often considered some of the most credible voices about a company because they’re seeing it from the inside,” he says. “So it’s important for them to be engaged and to be heard within an organization.” Many businesses also can cultivate advocates in the communities in which they operate through outreach and relationship building.



These are assets a company can leverage should a PR problem arise. “The most credible people who can advocate on your behalf are the people who already know the company,” Lindell says.

“They can say, ‘My experience with this company or this brand is much different than what this outsider is saying’ or ‘I have the confidence that they do the right thing.’ Then on their own social channels, on their own initiative, they can be the most valuable thing an organization can have in terms of credibility.”

By cultivating and regularly engaging with company advocates, businesses “build up a kind of credit bank,” Schneck says. “Every company occasionally stumbles. But if you’re out there building your reputation, it gives you a lot more credibility” with stakeholders when something bad happens. They’ll be more willing to cut a business some slack, and even to defend it online.

### Avoiding the ‘hot take’

When a problem raises its ugly head, a company’s first response is typically to defend itself as quickly as possible. But that often “adds fuel to the fire and draws even more attention to an unflattering story or a bad situation,” Champine says. In the ready-fire-aim world of social media, shooting out a fast response before evaluating all the available information is called a “hot take.”

Sponsored



## Thought Leadership Requires ... Thoughts and Leadership

by Matt Kucharski,  
President, Padilla

As a firm that builds, grows and protects brands and reputations, it’s common for clients to ask us to help them become thought leaders. Part of that is seeing if you have the discipline, courage and vision to make it happen.

It’s not as simple as it sounds.

First you need to decide what kind of thought leader you are. We see three types: companies that lead the industry through change, ones that challenge the status quo, and ones that bring disparate groups together to solve common problems.

That’s a start, but then you need the courage to express a strong point of view even if it makes others uncomfortable. Thought leadership is about transformation, and that doesn’t happen without conflict.

Finally, you need a long-term commitment to *act and communicate* in a way that supports the thought leadership platform. No organization ever became a thought leader by doing nothing nor by keeping opinions to themselves.

Successful organizations have stakeholders who understand their intent and capabilities and believe in their ability to deliver. But the remarkable ones go further and get stakeholders to believe in their view of *where the world is going*. That’s thought leadership, and it’s a true competitive advantage for today’s best organizations.

Want to learn more? Visit us at [PadillaCo.com](http://PadillaCo.com). We look forward to connecting with you.

**padilla**  
connect with purpose

CARLSON SCHOOL  
OF MANAGEMENT  
UNIVERSITY OF MINNESOTA

Wells Fargo presents

# 1<sup>st</sup> Tuesday

DINE, NETWORK, AND LEARN WITH RENOWNED  
BUSINESS AND COMMUNITY LEADERS.

APRIL 2 • 2019



## BEN FOWKE

Chairman, President, and CEO  
Xcel Energy

11:30 a.m. – 1:00 p.m.

McNamara Alumni Center,  
University of Minnesota

For more information and to register visit:  
[z.umn.edu/FirstTuesday](http://z.umn.edu/FirstTuesday)

THE  
CARLSON SCHOOL 100 YEARS

The 1st Tuesday Speaker Series convenes Twin Cities' professionals to address hot topics in business, management, and leadership. A Carlson School tradition since 1992, the monthly event is one of the largest gatherings of corporate and community leaders in the area.

Presented by

TWIN CITIES  
BUSINESS

WELLS  
FARGO



McNamara Alumni Center  
University of Minnesota

## TRENDING MARKETING & PR

Hot takes are typically wrong, or at the very least an overreaction.

It's quite possible, she notes, that a supposedly incendiary comment hasn't caught fire in cyberspace. A better first step is to calmly assess the story's reach, Champine says. "How many people have reacted? You may find that it's already buried or missed completely."

Still, a company might find that the spark threatens to become a fire. That online observation or report might indeed be a sign that the company is facing a problem. If the business determines that is indeed the case, "it's better to be responsible for something that went wrong," Champine says. "The worst thing you can do is try to appear blameless." If a company really isn't at fault, it should note that—but it should do so calmly, not defensively.

If there is a real problem, managers should "be genuine and accept responsibility and explain how they'll use what happened as a learning opportunity," Champine says. "A lot of people are looking for [a business] to take action and really communicate that the company cares." A carefully crafted, openly communicated response will help repair a reputation—it can even enhance it. Then, of course, it's time to follow through—for instance, offering customers a year's worth of free security monitoring if a company has been hit with a cyberattack.

"A mistake that a lot of companies will do is to go into hiding," Champine says, especially if the media comes calling. Instead, they should be prepared to respond.

Her agency, for instance, brainstorms with clients about potential problems and crises that might arise and the potential impact. They then work on a plan that details how the company should react—and whether it should react. "Having that in place before a crisis happens will

help cut down on the time to respond," Champine says. "And if it was developed when everyone was calm and not emotionally charged, [responses] are usually clearer and more effective."

Padilla's Kucharski recommends that his clients put in place the proactive strategies that the best companies take when they're trying to build their reputation. One of those strategies is a kind of reputation-risk assessment, which involves "looking at the things that could happen and evaluating them based on (a) their likelihood of happening, and (b) the severity if they do happen," he says. If an airplane flies into a building, that would be disastrous, but very unlikely. A successful data hack might be far less dramatic—but it's all too possible.

Then there are the online conversations. Like other PR executives, Kucharski recommends that all companies keep a digital ear cocked for those. There are many digital monitoring tools available—perhaps the easiest for most businesses, particularly smaller ones, is Google Alerts, which lets businesses know when and where they're being mentioned.

"Even if you're not 'live' on social media, people may be talking about your business or your industry, and you want to know that," CEL Public Relations' Leines says. That way, if something comes up that might require a response—a compliment or product idea—the company "can get ahead of it or at least be a part of it."

Though online communications have changed how companies build and maintain their reputations, in many respects the basics have not changed.

Leines says, "You can either manage your reputation, or it can manage you."

Gene Rebeck is TCB's northern Minnesota correspondent.



# TCB TALKS CFO

Data security. AI. Hiring in a tight market. Managing through uncertainty. Financial leaders and business owners gather for a panel discussion featuring CFOs from local companies providing insights and solutions to their more pressing challenges

**June 4, 2019 • Metropolitan Ballroom**  
5418 Wayzata Blvd., Golden Valley

Registration	2:45 pm
Panel Discussion	3:00 pm - 4:30 pm
Networking Reception	4:30 pm - 6:00 pm

**Register Today: [tcbmag.com/CFO19](http://tcbmag.com/CFO19)**

*Presented By:*

**TWIN CITIES  
BUSINESS**

*Gold Sponsor:*

**MINNESOTA**  
BANK & TRUST

*Promotional Partner:*

**The CFO  
Leadership  
Council**

# TCB TALKS MANUFACTURING

**SAVE THE DATE!**  
**JUNE 25<sup>TH</sup>**

Minnesota's biggest private industry could be even bigger, with more skilled labor. Executives from some of Minnesota's most successful manufacturing companies discuss recruitment, innovation, and creative ways they are evolving to meet the market demand.

Registration | 2:45PM

Panel Discussion | 3:00PM - 4:30PM

Networking Reception | 4:30PM - 6:00PM

**METROPOLITAN BALLROOM**

5418 Wayzata Blvd | Golden Valley, MN 55416

**Register Today | [tcbmag.com/MFG19](http://tcbmag.com/MFG19)**

SPONSORED BY

  
**RSM**



# BOMA Greater Minneapolis announces the 2019 Best of BOMA and TOBY Award Winners

The 6th Annual Best of BOMA Gala was held on February 21, 2019 to recognize and celebrate professionals and outstanding properties in the Greater Minneapolis Commercial Real Estate Industry.



## Best of BOMA Award Recipients

Often the public only sees architecture without recognizing the tremendous amount of work and dedication exerted to make buildings energy efficient, comfortable for tenants, and high performing assets for their owners and communities.

**JAMI KLAUSEN, RPA**  
**Ryan Companies US, Inc.**

SENIOR PROPERTY MANAGEMENT  
PROFESSIONAL OF THE YEAR

**TARA STEINKRAUS, RPA**  
**Duke Realty**

PROPERTY MANAGEMENT PROFESSIONAL  
OF THE YEAR

**JIM BEUMER, SMA, SMT**  
**Cushman & Wakefield**

SENIOR ENGINEERING PROFESSIONAL OF  
THE YEAR

**DAVID KETCHAM**  
**Marsden**

SERVICE PARTNER OF THE YEAR

**PAIGE MORTON**  
**Cushman & Wakefield**

EMERGING LEADER OF THE YEAR

**JOSH EDWARDS**  
**Hines**

ENGINEERING PROFESSIONAL OF THE YEAR

**ALEX SMITH**  
**Zeller Realty Group**  
PRESIDENT'S AWARD

## TOBY (The Outstanding Building of the Year) Award Recipients

The TOBY Awards are the most prestigious and comprehensive awards in the commercial real estate industry, honoring the properties that best exemplify superior building quality and excellence in building management.

**AT&T TOWER**  
**Ryan Companies US, Inc.**

500,000 - 1 MILLION SQ. FT. CATEGORY

**CRESCENT RIDGE CORPORATE  
CENTER I**

**Cushman & Wakefield**

250,000 - 499,999 MILLION SQ. FT. CATEGORY

**FIFTH STREET TOWERS**  
**Zeller Realty Group**

OVER 1 MILLION SQ. FT. CATEGORY

**T3**  
**Hines**

100,000 - 249,999 SQ. FT. CATEGORY

**WATERFORD INNOVATION CENTER**  
**Duke Realty**

INDUSTRIAL OFFICE BUILDING CATEGORY

**COLONIAL WAREHOUSE**  
**The Excelsior Group**

HISTORICAL OFFICE BUILDING CATEGORY

## Thank you to our Platinum Sponsors



KRAUS-ANDERSON®

## Thank you to our Gold Sponsors

ABM ❖ CUSHMAN & WAKEFIELD ❖ HARVARD ❖ KIMBERLY-CLARK ❖ RYAN COMPANIES US, INC. ❖ SP+  
TARGET CORPORATION ❖ THE 614 COMPANY ❖ WILDAMERE CAPITAL MANAGEMENT ❖ ZELLER REALTY GROUP

## Thank you to our Silver Sponsors

ASPEN WASTE SYSTEMS ❖ CENTERPOINT ENERGY ❖ CLEAN RESPONSE ❖ CSM CORPORATION ❖ IMPARK ❖ JLL ❖ LVC COMPANIES, INC.  
PIEDMONT OFFICE REALTY TRUST ❖ SCHINDLER ELEVATOR CORPORATION ❖ SHORENSTEIN REALTY SERVICES ❖ THE RMR GROUP  
TRANSWESTERN ❖ XCEL ENERGY



# Opportunity Knocks—in the Zone



This rendering is of a mixed-use project that Wellington Management plans to develop on Snelling Avenue in St. Paul.

**New federal tax incentive draws developers and investors.**

By Burl Gilyard



When the federal Tax Cuts and Jobs Act was passed in late 2017, the two words most people focused on were “tax cuts.” But the tax code update included two other words of great interest to commercial real estate developers and investors: “opportunity zone.”

The opportunity zone program is an economic development tool designed to draw new investments to economically distressed areas and communities. The newly created opportunity zones are intended to lure investors through tax incentives provided by the program.

States submitted nominations for the zones, which had to be approved by the Department of the Treasury. There are a total of 8,764 designated opportunity zones across all 50 states, the District of Columbia, and five U.S. territories.

States with larger populations have more zones: California, for example, has 879 opportunity zones. There are 128 opportunity zones in Minnesota, spread across the state. About a third of Minnesota’s zones are in its core metro counties, with 25 in Hennepin County and 19 in



MN Cup's 15th Anniversary Season kicks off on Monday, March 25th  
Apply at [mncup.org](http://mncup.org) by April 26.

Thank you to our Platinum & Gold Sponsors for making our competition possible:



Cleveland Family Endowment





## TRENDING COMMERCIAL REAL ESTATE



**Wellington Management plans to develop a housing project in south Minneapolis near Lake Street.**

Ramsey County, St. Louis County, which includes Duluth and the Iron Range, has nine zones. Olmsted County, home to the Mayo Clinic-anchored Rochester, has just two opportunity zones.

To get the tax benefits, capital gains must be invested in a Qualified Opportunity Fund (QOF), which has been created to invest in opportunity zone properties. The Treasury Department and IRS released proposed regulations in October saying that “The QOF must hold at least 90 percent of its assets in qualified opportunity zone property.”

So far there aren’t many opportunity zone projects underway in Minnesota. Developers and investors are still trying to sort out how the theory will work in practice. The proposed regulations released last fall were only partial guidance. Everyone is waiting for another update to provide more clarity.

But many developers have plans in the pipeline that they hope will meet the criteria.

“We have 12 properties in opportunity zones,” says David

Wellington, executive vice president with St. Paul-based developer Wellington Management Inc., adding that Wellington is pursuing 11 additional development projects in opportunity zones. “We’re looking at between three and five transactions that will take advantage of the program here in the next 12 to 18 months.”

Wellington says that the designated opportunity zones fall in line with the company’s philosophy of tackling projects in neighborhoods that are often starved for new investments. He says that he hopes that three of the company’s developments in opportunity zones can start construction in 2019.

### Targeting investments

“We’re operating in areas that tend to have some challenges. They were all in the pipeline already,” Wellington says. “I think that the program was intended to drive investment and institutional capital into neighborhoods that have not seen a bunch of investment from the capital markets.”

Wellington says that his com-

pany’s potential opportunity zone developments include housing projects near the new soccer stadium in St. Paul’s Midway neighborhood and in the parking lot of a former Rainbow Foods grocery store near the intersection of Lake Street and Hiawatha Avenue in south Minneapolis.

To take advantage of the program, an investor must already have capital gains from the sale of other assets. Investing those proceeds into an opportunity zone project offers a deferral of capital gains taxes. If you stay invested in the zone for five years, it also offers a 10 percent discount on the capital gains tax. If you stay invested for seven years, the discount is bumped up to 15 percent. If an investor holds their opportunity zone investment for at least 10 years, they don’t have to pay tax on any of the capital gains realized from the project.

“Those are all fairly significant impacts from a return standpoint,” Wellington says.

After crunching the numbers, Wellington found that using the opportunity zone provisions could boost a project’s internal rate of return in the range of 2.5 percent to 5 percent.

Wellington hopes to draw investors to funds established to back its opportunity zone projects.

**To take advantage of the opportunity zone program, an investor must already have capital gains from the sale of other assets. Investing those proceeds into an opportunity zone project offers a deferral of capital gains taxes.**

## TWIN CITIES BUSINESS MINNESOTA FAMILY BUSINESS

### CALL FOR ENTRY

*Twin Cities Business* will honor five outstanding family-owned businesses, and the value they add to Minnesota. If you know about a successful Minnesota family-owned business and the family behind it please share with us.

Honorees will be celebrated at an awards dinner & program in November and featured in the November issue of *Twin Cities Business*.

To enter, visit:  
**[tcbmag.com/MFBAENTRY](http://tcbmag.com/MFBAENTRY)**  
Deadline: April 12, 2019

PRESENTED BY

**TWIN CITIES  
BUSINESS**



GOLD SPONSORS



Family Business Center | UNIVERSITY OF St. Thomas

RECEPTION SPONSOR

PLATINUM group

# TCB

## Nonprofit Event Calendar

### APRIL

**9 | Tuesday, 6:00 - 8:30 PM | Catholic Community Foundation**  
*Giving Insights Forum: The Catholic Response to Immigration*  
Hear the "Pope's favorite nun," Sister Norma Pimentel, M.J., talk about her work welcoming immigrants crossing the U.S.-Mexico border. A moderated panel discussion will follow.  
**Location:** Pax Christi Catholic Community, Eden Prairie  
[ccf-mn.org/events/forums/](http://ccf-mn.org/events/forums/)

**11 | Thursday, 6:00 - 8:30 PM | YWCA Minneapolis**  
*Before Jesus Was White: Unlearning Our Truths*  
Rev. Dr. Curtiss DeYoung and Anthony Galloway address race and faith in act three of YWCA Minneapolis *It's Time to Act!* Series. Promote greater equity.  
**Location:** Westminster Presbyterian Church  
[ywcamps.org/events/signature\\_events/its\\_time\\_to\\_act\\_four-act\\_forum\\_series/](http://ywcamps.org/events/signature_events/its_time_to_act_four-act_forum_series/)

**16 | Tuesday, 11:00 AM - 1:00 PM | Mn Adult & Teen Challenge**  
*Hope Awakens Women's Luncheon*  
Join us for delicious food and a great cause. Our special guest is J. Marie, author of the inspirational "Find Your Way Home" and "The Forgotten House."  
**Location:** The View at Minneapolis Event Center  
[mntc.org/hopeawakens](http://mntc.org/hopeawakens)

**25 | Thursday | Youth Frontiers**  
*2019 Minnesota Annual Event*  
Join us for music and stories that illustrate the critical work we, alongside our school and community partners, are doing to inspire character in students.  
**Location:** Nicollet Island Pavilion, Minneapolis  
[youthfrontiers.org/annualevent](http://youthfrontiers.org/annualevent)

**27 | Saturday | Children's Cancer Research Fund**  
*Dream 2019*  
Be a part of an unforgettable evening filled with inspiring stories, new experiences and a special concert by chart-topping artist, Andy Grammer.  
**Location:** The Armory in Minneapolis  
[dream.childrenscancer.org](http://dream.childrenscancer.org)

### MAY

**3 | Friday 7:00 AM | Catholic Charities**  
*Dorothy Day Community Breakfast*  
Join more than 400 community members and leaders to recognize 38 years of caring for our most vulnerable neighbors.  
**Location:** Saint Paul RiverCentre  
[cctwincities.org/ddcbreakfast](http://cctwincities.org/ddcbreakfast)

### TRENDING COMMERCIAL REAL ESTATE

#### 'Flying in the dark'

But Wellington adds that they are still waiting for additional guidance from the IRS.

"Across the board, there has been frustration," Wellington says. "Everybody's flying in the dark."

Some investment strategists are putting together large opportunity zone funds to take advantage of the tax benefit. In November, *The Wall Street Journal* reported that at least 43 funds were looking to raise \$8.9 billion. In January, it reported that the government shutdown was stalling deals as investors awaited further guidance from the Treasury Department to more explicitly explain how the tax breaks will work.

"There's a ton of interest but there are also a number of questions," says Lara Page, a partner in the tax credit and incentive finance group of Kansas City-based Stinson Leonard Street, a law firm with a large Minneapolis office. "There are still questions about how, as a practical matter, things will work."

Page says that she knows of several funds being assembled with plans to make investments in opportunity zone deals. "There are managers out there who are already soliciting interest from investors, people with capital gains," Page says. "I am aware of several funds that have been set up" in anticipation of project investments.

#### A sweetener, not a driver

Page notes, however, that opportunity zone tax benefits aren't enough to anchor a project's financing.

"I see this as a sweetener, a

way of filling a gap in a budget rather than being a driver of a development's budget," Page says.

Developers and investors are hopeful that opportunity zone projects can also take advantage of existing federal programs such as New Markets Tax Credits or Low-Income Housing Tax Credits.

"I think that is the expectation, but we're not clear on how those will work together," Page says, of combining opportunity zone investments with tax credit programs.

Roseville-based McGough Development is one of the few local companies that is already under construction on an opportunity zone building. In October, McGough Construction started building The Fenley, which will have 402 apartment units at its Bloomington Central Station site near the Mall of America. McGough has been constructing projects in stages on the 50-acre site for more than a decade.

Mark Fabel, McGough executive vice president, says that both McGough and its equity partner invested capital gains in a fund to develop the project. "Our partnership is considering holding [the investment] for the 10-year period to get the full benefit of the opportunity zone," he says.

For McGough, each opportunity zone development would have its own fund, he says. "We're looking at it on a more project-by-project basis," Fabel says.

Some have wondered how land near the Mall of America wound up on the state's list of distressed areas. Fabel says that

**Roseville-based McGough is under construction on an opportunity zone building. In October, McGough Construction started building The Fenley, which will have 402 apartment units at its Bloomington Central Station site.**



McGough was not lobbying for its inclusion. “We weren’t aware that it was being considered by the state,” says Fabel, who adds that the firm only learned of it when it was officially designated.

Developers and advisors note that investors still need to look at a property’s underlying value, tax incentives notwithstanding.

“The opportunity zone provisions are not going to make a bad real estate investment a good one,” says Perry McGowan, a tax advisor in the construction and real estate group for Minneapolis-based CliftonLarsonAllen, an accounting firm with 120 offices nationwide.

#### Potential Sears project

Opportunity zones currently don’t offer a break on Minnesota state taxes because the state tax code has not been brought into conformance with federal law, McGowan notes. But he is recommending that clients take advantage of the program.

“The real win is in picking those real estate investments today that are going to be able to highly appreciate over the long term,” McGowan says.

Not everyone is sold on opportunity zones, however. Veteran developer Scott Tankenoff, managing partner of Minneapolis-based Hillcrest Development, recently decided not to pursue the tax benefits for a property his firm acquired in the Midway area of St. Paul.

After running the numbers, “I was able to determine that the juice wasn’t worth the squeeze,” Tankenoff says.

Hillcrest plans to renovate the 300,000-square-foot property for a mix of warehouse and light industrial space with offices tailored to draw “creative class” businesses.

Tankenoff says he was concerned about the lack of a break on Minnesota taxes and lingering

questions about the opportunity zone provisions.

“It’s new legislation and they’ve clarified it, but I expect there will be more clarification,” he says. “Until then, that makes me reticent to go forward.”

Minnesota native Cody Evans, a graduate student at Stanford University, has been studying the opportunity zones. Last summer he drove around the state to see Minnesota’s opportunity zones firsthand. Evans notes that the larger purpose of the program isn’t just to create some tax breaks.

“The investors are only half of this equation; the other half is the communities,” Evans says. “How do we direct it toward the activities that we want to see it flow?”

Evans says community leaders and agencies can do long-range planning work without final guidance from the IRS.

“What we’d like to be able to do is direct investment to areas that really need it,” says Marie Franchett, opportunity zones manager for St. Paul’s Department of Planning and Economic Development (PED). “There are possible areas that have high potential. One would be the Midway around the [soccer] stadium, the other would be any potential development on the Sears site” near the State Capitol, says Bruce Corrie, director of St. Paul’s PED department. “It could be one more tool in our toolkit.”

Franchett says the city is “looking for investors that are interested in doing social impact investing” to take an interest in opportunity zone projects.

Says Franchett, “The use of this tool will be most beneficial if we have investors who are motivated by more than just making a return.”

*Burl Gilyard is TCB’s senior writer.*

**SAVE THE DATE!**  
**May 22, 2019**

“**Business Strategies**  
**ROUNDTABLE**  
**2019**”

## Leadership Transition in 2019 and Beyond:

*Best Practices and Important Considerations  
for Current and Future Business Leaders*

One of the most challenging decisions that business owners and senior executives will ever make relates to leadership transition. The effective transition of your company’s leadership and the new leader’s ability to take the reins, gain the support of employees, and guide the company into a new era will be vital to your company’s future. In addition, now more than ever before, the new leader’s ability to bridge significant generational differences and to engage a multi-generational workforce will be a factor in his or her success.

### Metropolitan Ballroom

5418 Wayzata Blvd., Golden Valley

Registration	2:45 p.m.
Panel Discussion	3:00 p.m. - 4:30 p.m.
Networking	4:30 p.m. - 6:00 p.m.
Reception	

**Register Today: [tcbmag.com/BSR19](http://tcbmag.com/BSR19)**

*Presented By:*

**TWIN CITIES  
BUSINESS**

**WIPFLI**  
CPAs and Consultants

**WIPFLI**  
FINANCIAL ADVISORS

**MESSERLI & KRAMER**

# From Starbucks to Daddy Warbucks

To: **Mr. Howard Schultz**  
Starbucks headquarters  
Seattle, Wash.



Vance Opperman

Normally, I write an open letter to a presidential candidate after the Iowa caucuses, which are next year. Because you are smart and ultimately data driven, you will drop out of this race before Iowa.



Howard Schultz

## Dear Mr. Schultz:

Little Orphan Annie was always bailed out by her rich adoptive parent, Daddy Warbucks. You have announced that you are considering bailing out the country by running for U.S. president.

Don't.

There is much about the present political environment that is cartoonish and entertaining. Your announced intention to run as a centrist independent candidate for president will be entertaining in exactly the same way that West Virginia voters reacted to Jay Rockefeller's first gubernatorial campaign; bumper stickers read: "Make Him Spend It All." That is the secret memo being circulated by political hacks who are encouraging you to run.

We can easily stipulate that yours is a life story worthy of emulation and respect. For a poor boy who grew up in the public projects of the Canarsie section of Brooklyn, you have truly lived the American dream. You built Starbucks from a five-store outlet to a public company with a market cap in excess of \$87 billion. You did this by a relentless focus on customer service. Starbucks is famous for quality, efficiency, and customer-friendly innovations like free Wi-Fi, accessible restrooms, and a seasonal menu.

Just as Henry Ford wanted to pay his workers top wages so they could be customers, you, too, pioneered employee-friendly practices like health benefits for full- and part-timers (including their domestic partners) and stock ownership for all employees. Talk about Daddy Warbucks! Dominating a customer segment rife with competition—who doesn't serve coffee?—required a relentless focus on the people who drink coffee and on the people who serve coffee. It's a legitimate business case of American capitalism that deserves wide praise. Why screw it up?

Go into any Starbucks (you are never far away from one) and you will see a concerted effort to cater to consumer preferences—pumpkin-flavored coffees at Halloween, candy-striped offerings at Christmas, and nondairy options all around. A complete focus on customer preferences is a hallmark of truly successful retail companies. The business plan has been to give customers what they want—quickly, with high quality, and in a friendly environment.

Voters are customers of political products. The Schultz presidential campaign product rollout was exactly what customers do *not* want. It started on national television with an attack on the Democratic Party (your previous political affiliation). This is the same political party that scored major victories in 2018, including the most congressional victories since Watergate, seven governorships, and over 350 state legislative seats.

Your effort to give the voting customer what they did not want continues. Today's presidential products are divided into those who support Trump and those who will do almost anything to see to his defeat. The Schultz offering is to attack both equally. Much of the current policy debate is around Democratic policy proposals to increase taxes on the wealthy to 70 percent (part of the Green New Deal supported by Sen. Kamala Harris), or to impose a 2 percent tax on all wealth in excess of \$50 million (Sen. Elizabeth Warren). Part of the Schultz rollout was to attack Warren and Harris (by name) as "un-American." Your comments on Trump were equally dismissive.

It is easy to dismiss independent "centrist" candidates when they run for U.S. president because they never get elected. Ross Perot is the most successful of this losing lot, getting 19 percent of the vote in 1992 (without winning a single electoral college vote). Congressman John Anderson got 6.6 percent of the vote in 1980 after a distinguished career in the House, and he did not carry

a single precinct in the country. George Wallace, in 1968, did get 14 percent of the vote and 46 electoral college votes in five former Confederate states by running on a white nationalist, states' rights platform—the complete antithesis of everything you have ever stood for.

Your candidacy will not survive for a number of other reasons. Billionaires, by definition, are out of touch, and seen as such by the electorate. Candidates viewed as elitist (Hillary Clinton and John Kerry) end up defeated. In a political dialogue devoted to increasing taxes on the rich, billionaires who oppose higher taxes are seen as the ultimate self-interested grifters. You fit the bill.

Normally, I write an open letter to a presidential candidate after the Iowa caucuses, which are next year. Because you are smart and ultimately data driven, you will drop out of this race before Iowa. Let me end by suggesting how you can really be a Daddy Warbucks in helping our country. Your example of intelligent capitalism—treating employees reasonably (and as owners)—needs to be aggressively advocated for. Your financial muscle should be used to support moderate candidates, in both parties, who will advance your agenda of balanced social policies. More importantly, we need you to be the voice of responsible capitalism to push back against both the far right and far left who would harvest the fruits of capitalism for their own governmental schemes. Starbucks is a shining example.

Sincerely yours,

**Vance K. Opperman**  
Devoted coffee drinker

Vance K. Opperman  
([vopperman@keyinvestment.com](mailto:vopperman@keyinvestment.com))  
is owner and CEO of MSP  
Communications, which publishes  
Twin Cities Business.

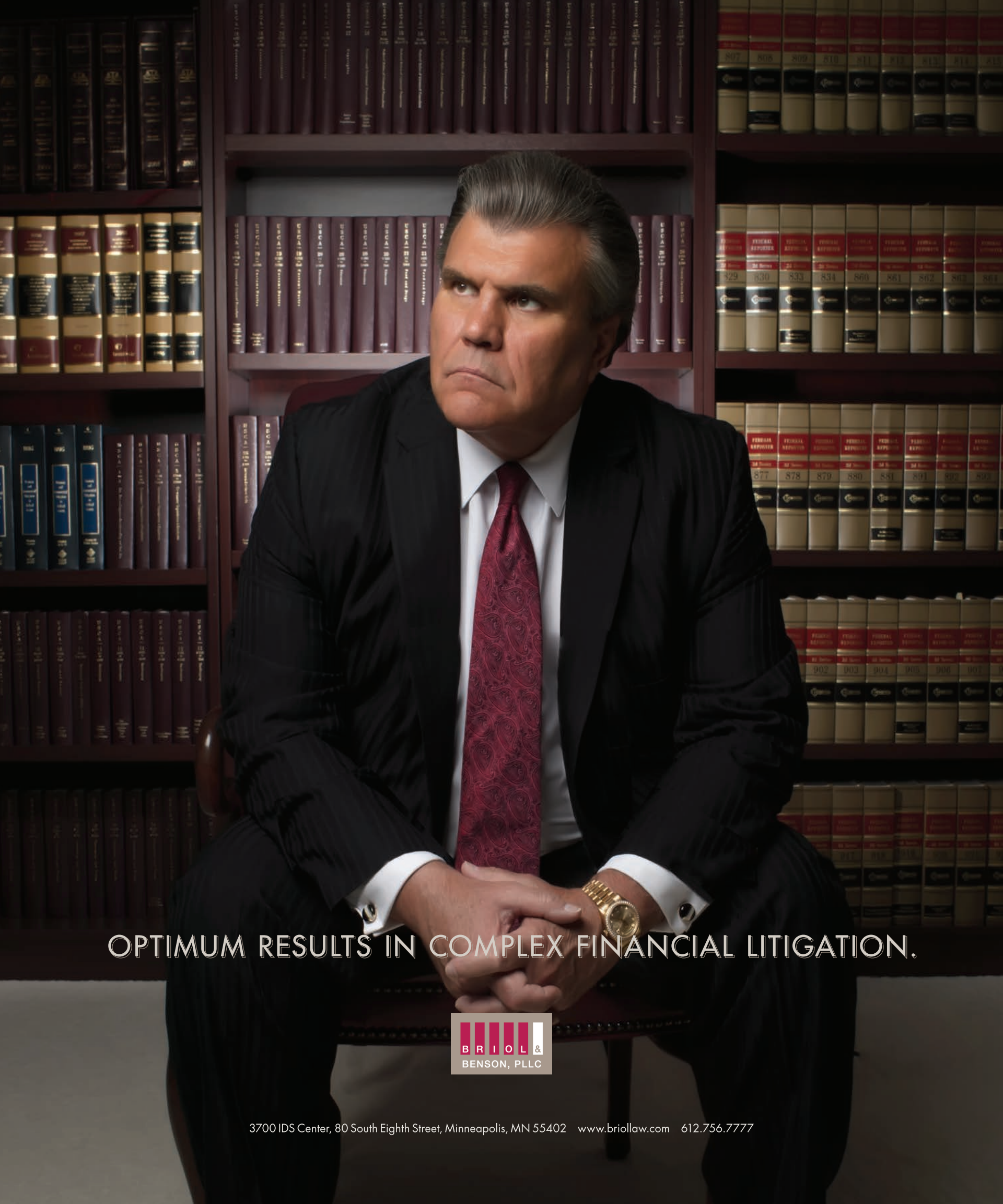




# LEADING THE WAY IN OUR FIELD.

Land O'Lakes is proud and excited to have Beth Ford as our new CEO. Her inspirational vision energizes our drive to feed human progress. We count on her tireless leadership to guide us as we grow and evolve our business. Congratulations and thank you from everyone at Land O'Lakes.

**LAND O'LAKES, INC.**  
Feeding Human Progress™

A man with grey hair, wearing a dark suit, white shirt, and a red patterned tie, is seated in a wooden chair. He is looking off to the side with a serious expression. His hands are clasped in his lap, and he is wearing a gold watch on his left wrist. The background is a large, dark wood bookshelf filled with many books, mostly with red and gold spines.

OPTIMUM RESULTS IN COMPLEX FINANCIAL LITIGATION.

