

To prepare topics for the Upsize Small-Business Summit event, Upsize Editor Beth Ewen discussed three questions in January with three experts from sponsoring companies: Rick Wall, CEO of St. Paul-based Highland Bank, presenting sponsor, Elin Raymond, CEO of The Sage Group in Minneapolis, a marketing and communications firm, and Kirk Hoaglund, Clientek, the Minneapolis information technology consulting firm.

Highlights of the conversation follow. Panelists and attendees will discuss these questions and many more at the Upsize Small-Business Summit, March 5, 3-7:30 p.m., at the Earle Brown Heritage Center in Brooklyn Center. Register at www.upsizemag.com; click on the Upsize Small-Business Summit logo, or call The Sage Group: 612.321.9897.

Three words mark strong start to year: Pent. Up. Demand.

By Beth Ewen

DEAR INFORMER: How should business owners prepare for some of the key economic trends emerging in Minnesota this year?

DEAR PREPARED: A strong beginning to 2007 is pleasing many business owners in the service sector, agree **Kirk Hoaglund**, CEO of **Clientek**, and **Elin Raymond**, president of **The Sage Group**.

"All the small-business people that I hang out with are saying the same three words: Pent. Up. Demand," Hoaglund says. A typical January might bring three or four new proposals for his firm, but this January he was trying to address 25.

"We're getting calls to get us to come in and pitch," he says, a phenomenon that hasn't been typical in the technology services sector since just before the turn of the millennium.

"For any service firm, that doesn't happen," says Raymond, agreeing that more calls are coming her way than in recent years.

Rick Wall, CEO of **Highland Bank**, says his customers, across a broad range of industries, are doing well but not spectacularly so. "In our customer base, the service businesses seem to be doing fine," he says.

He notes that the exception is the construction trades as the housing boom fizzles. "It isn't floundering, but it's slow.

"Our manufacturing customers seem to be healthy," he says, mostly because the past 10 years have been so tough on them

that they're either out of business or solidly established in a niche.

Raymond notes a benefit from the glut of residential condos, especially in downtown and Uptown Minneapolis, for marketing firms. "They're doing more marketing," she says, because they have to find ways to differentiate themselves.

More broadly, Hoaglund says, his clients are looking for ways to increase efficiency at their operations because increased demand is not being matched by available qualified employees.

"Most of what we offer is increased efficiency. All of our clients are asking us for that. That's one of the biggest sources of our uptick," he says.

Wall says that while short-term interest rates have moved up many times in recent months, long-term rates have stayed the same. "It's a good time to borrow," he says, smiling when asked by Upsize whether bankers always say that.

Hoaglund concurs: "The money isn't expensive and it's not that hard to get."

HUMAN RESOURCES

DEAR INFORMER: Many small-business owners say hiring is a challenge, as labor pools tighten. How are other business owners dealing with this?

DEAR SHORT-STAFFED: Some are responding by getting more picky than ever, which may seem counterintuitive. But

as Rick Wall of Highland Bank says, the wrong person in the job is more painful than no one in the job.

"In some parts of our business it's very difficult to get the people," he says. Highland employs about 140 people. "We've decided in the last 18 months, we're absolutely not going to hire someone who's not right.

"We've held positions open and it causes stress for the organization," he says, but not as much as the other scenario.

"We've had the exact same experience," says Kirk Hoaglund of Clientek, noting that "the geeks" are simply not available to hire any more. He warns against a common scenario: "If you interview three people and pick one because it's the least worst..." he says, indicating that you'll always regret it.

Elin Raymond of The Sage Group recommends that small employers be creative in getting the work done, and she shares a creative way that she has always managed to do so at her firm.

She employs a direct workforce of a few people, and then calls on independent contractors, experienced communications professionals in town who happen to like to remain on their own, on a project by project basis.

She also brings in interns from local col-

leges, and has had wonderful luck with that. Some interns have subsequently been hired for full-time positions. "It has been a beautiful way to work," she says.

Wall recommends a strong focus on retention, and at his banks they're concentrating on compensation, recognition and especially increasing professional training.

Hoaglund agrees. "We're doing the most massive concentration on training, so every 10 people adds up to one more." He believes that training employees so they can do more causes stress, but it's a positive kind of stress. "It's new and exciting things to learn," he says, not just piling on more mundane work so people burn out.

FINDING MENTORS

DEAR INFORMER: One theme of this issue and the Upsize Small-Business Summit event is using mentors, corporate champions and advisers to help grow your firm. How have you three accessed such people, and how can other business owners do the same?

DEAR SEEKING: "We wouldn't be in business without that," says Kirk Hoaglund, CEO of Clientek, referring to getting help from advisers.

He recalls the start of his firm, a couple of decades ago. "When we started Clientek our business plan, it was pretty sketchy," he says with a laugh. "We had half a sheet of paper.

"I remember talking to a guy at SCORE," the Service Corps of Retired Executives. "He took out a real spreadsheet and said, fill this out.

"From that day on we've always had somebody to call our own internal bluff," Hoaglund says.

He's not a fan of consultants who use advice that "comes out of a book." Instead, he looks for mentors with real-life experience running a business. "You want to be able to ask, what happened when you did it?"

Elin Raymond of The Sage Group has been a member of a peer advisory group for a little more than a year, and her firm has benefited, she says. It's called The Alternative Board, led by a coach.

"Each is a business owner like me, and we discuss some of the challenges" of running a business, she says. "It's built-in networking, and mentoring, and a built-in not a dictator, but a leader."

She thinks it's especially valuable to have a group of business owners following up on what you said you'd do during the last meeting.

Rick Wall, CEO of Highland Bank, points out his original adviser: his father owned the bank before passing its management to him a few years ago. "I'm second generation," he says.

"I know my father has had a self-designed group of peers that started meeting years ago to discuss industry issues. They call it the Bank Owners Group."

Wall himself enjoys the peer advising he finds in such groups as YPO, or Young Presidents Organization, and The Presidents Network.

"It's peer-to-peer advice," he says.

What about the advice he got around the kitchen table from his parents, asks Hoaglund. What's been the effect of that on Wall's leadership?

"It's led to years of counseling; I've been trying to overcome it," Wall says, and laughs, insisting he's only joking and that advice from his parents is invaluable.

He's an advocate for all business owners to seek out advisers to help them grow their companies, and to help others by acting as a mentor when they have the need.

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[10 things]

.....you'll do new this year, business or personal.

- 1 "I'll be taking more time off" since selling Analytics Investment Advisors.
— Richard Hoyt, KDV: 763.971.5619
- 2 "I've taken on an associate. Our plan is for him to buy the franchise and me to run my groups."
— Floyd Adelman, The Inner Circle: 952.935.5801
- 3 "We've grown quickly over the last five years and we're trying to figure out how to keep the small feel."
— Matt Clysdale, Maguire Agency: 651.635.2722
- 4 "I've already done it. My new Web site and new business image went live" in January. "You have to have a presence on the Web."
— Cathy Connett, CorConnections: 651.699.9614
- 5 "We have a hot new business we're rolling out, sycdslist.com. We've been commissioned as the interactive arm of Minnesota concert promoters."
— Alex Levin, ThermoDynamo: 612.250.2828
- 6 "Increase communication in our firm by offering quarterly meetings for employees to ask me and the chairman of the board questions on any business topic."
— Rob Tautges, HLB Tautges Redpath Ltd.: 651.426.7000
- 7 "We're opening five new small spec suites at the Fifth Street Towers, available June 1."
— Adam Barrett, CB Richard Ellis: 612.313.7405
- 8 "I'm doing a lifestyle change. My wife and I are moving from our house to a condo in Stillwater."
— Jim Redpath, HLB Tautges Redpath Ltd.: 651.407.5802
- 9 "Increase revenue by 20 percent in both our Minnesota and San Francisco markets, and expand to a third market."
— Patricia Neal, Heartland Inc.: 952.925.5995
- 10 "Expand my networking circles to connect with more business owners that need a good business bank."
— Christine Young, Venture Bank: 763.398.5815