

# NEW BUSINESS

# MINNESOTA

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Photos by Paula Keller and Patrick Clancy

## Special Report

## Resource Heroes

New Entrepreneurs Often Need the Resources of Key Business Professionals to Succeed. New Business Minnesota Brings You Three Stories About **Resource Heroes** You Should Know and How They Helped Clients Reach Their Goals: *Blaney & Ledin, Attorneys at Law; Velocity Telephone Inc.; and All In One Accounting Inc.*

# Resource Heroes

Nobody  
Succeeds in Business  
Alone, Especially Not New  
Businesses. They Often Rely on  
Professionals with Specific Skills of  
Services They Need to Launch and  
Grow Their Enterprises. They Turn  
to Their **Resource Heroes:**  
Business Professionals Who Have  
Made a Significant Difference In  
the Success of Their Clients.  
Here We Present Three Such  
Examples.

## RESOURCE HERO



Jennifer Kruse, Vice President, and Steven Carpenter, President and founder of Archetype. Heide Lidstrom-Olson, CPA, owner of All In One Accounting Inc., and Laura Gehl, Archetype's new Controller.

## All In One Accounting, Inc.

### Helping a Fast-Growing Company Maintain Profitability During Challenging Times

#### New Business Minnesota

It's amazing what can happen when an artist and accountant put their heads together during one of the toughest economies in a generation. In a word: Growth.

The accountant is Heide Lidstrom-Olson, CPA, of All In One Accounting, Inc., a firm that provides on-site accounting and CFO solutions for small businesses. She's the right brain.

The artist is Steve Carpenter, head of Archetype, a custom sign-fabrication company that has done work for the Walker Art Center and Caribou Coffee, and whose personal art work is part of numerous corporate and private collections. He's the left brain.

Steve had done a good job of managing the company from startup to 12 employees and nearly \$2 million in revenue. But rapid growth was straining operations.

"Our accounting needs were changing and had outgrown what our bookkeeper could do, but we weren't big enough to hire a full-time controller or CFO," recalls Steve, who had found the number side of the business was pulling him from

the creative side where he excelled. "I want to be happy and do the things I'm good at."

Archetype's niche is doing high quality custom signs and printed graphics. When he started the business there were plenty of companies that could cut out giant vinyl letters, but few could do photographic quality murals for an art exhibit. That's the path he took.

The business grew in part because of Steve's background as an artist. He easily talks with architects and designers and can translate their ideas into the real world of manufacturing. "We understand the artistic sensibility and speak their language," says Steve. "We can then explain that to our shop guys so the client gets exactly what they want. We push the envelope on a lot of things. That's why we do work for the Walker Art Center."

Steve needed help and his business advisor referred him to All In One Accounting. Initially, Heide Lidstrom-Olson was asked to deal with a problem with the accounting software, which was producing financial reports that just didn't make sense. She quickly identified that there was a glitch in the soft-

ware and came up with a series of fixes.

But as she learned more about Archetype's business, she found other problems that were holding them back. For starters, she found the year-end financials didn't match the tax returns being prepared, which revealed a gap between their external CPA/tax preparer and the internal bookkeeper. They needed to improve many of the internal processes, develop meaningful reports and create additional checks and balances.

The first step was to make sure all the usual financial statements – Profit & Loss and Balance Sheet – were being produced and analyzed on a consistent basis. Heide then began creating custom reports.

"To get a handle on the business, we set up month-end reports and dashboards, budgets and included revenue and costs projections," Heide said. "Then we could analyze the reports and see opportunities and challenges. For example, if the gross margin was lower than budgeted that would become an action item where the source of the overage is identified and we did something to fix it."

As a sign manufacturer, they needed a true and useful month-end picture that took into account actual inventory as well as work-in-progress data.

Steve asked Heide to create an at-a-glance dashboard that would track the things that were most important to him. "I wanted to know where I was in a flash on a weekly basis," Steve says. "I wanted something black and white, immediate. Boom, boom, boom. A monthly report is too late to make changes."

To establish a financial foundation, Heide set up a budget, which Archetype had never done before, and set up guidelines to improve cash flow including an accounts receivable policy and approach to promote better cash flow. This helped Steve see how strategic financial systems helped the cash flow and brought him peace of mind.

"We finally had strategies that would help our cash flow," says Steve. "It helped me as a business owner to budget things better and predict my cash flow in the weeks and months ahead."

Although Heide was the instigator of the changes, she worked closely with Archetype's internal bookkeepers to train them in managing the new processes. "I'm a big believer in making clients self sufficient," she says.

A few years after All in One started working with Archetype, the economy began to sour. That's when it was critical to address a host of business issues and strategies with Steve.

Continuing her role as CFO, Heide began to evaluate the costs of business services such as insurance and workers' compensation. She also negotiated with vendors for better deals, challenged late fees, took on the landlord, switched health insurance providers to get lower premiums, reduced liability insurance costs and changed banks to get lower fees.

As the recession deepened, one of Archetype's key market segments – new buildings – was devastated, threatening profitability. Rather than hunker down and wait for the economy

to improve, Heide helped Steve analyze and profile his key customers. It became clear from the profiles that customers like that were all over the country.

"We work with architects and designers with our custom signs. Heide said that if our message resonates with them in the Midwest, it will resonate on the coasts," Steve says. "She was so correct. Now we have the people and the equipment and the ability to do things we couldn't do before. As the economy gets better we'll be well positioned."

One of Steve's most difficult moments in re-positioning his business came when Heide told him there were some customers he could no longer afford. "It was a very hard pill to swallow. In my world, I say Yes to whatever a customer needs," Steve says. "She showed me that there are some battles you can't win."

"Working with All In One took away a lot of the fear of growing," says Steve. "You would think an entrepreneur would want to grow, but it was more fearful for me. She showed me that by growing I could make things more secure, not live so much on the edge. She made me feel that I had someone who could hold my hand in this crazy, whacky world of business."

After five years, Heide had helped set the stage for Archetype to grow its gross revenue to \$5 million and increase employment to 32. That's the point where they needed an in-house CFO.

The All In One accountant who had been working with Archetype for some time recently became its new CFO/controller and Heide began looking for a new employee to replace her. "There aren't that many companies that would do that," says Steve.

Heide says that her business is all about meeting the client's needs. "The focus is to build lifelong relationships that produce great results. I pride myself on being responsive to them and always being there when they need me, even if it means they'll need me less." says Heide.

#### NBM

*Heide Lidstrom-Olson, CPA, is the owner of All In One Accounting Inc., which provides on-site accounting solutions including Chief Financial Officers, controllers and bookkeepers providing customized accounting solutions. She works with new and small businesses throughout the Twin Cities. She can be reached at (612) 845 0398 or heide@allinoneaccounting.com. www.allinoneaccounting.com.*

*Steven Carpenter is president and founder of Archetype, a custom sign-fabrication company that is committed to turning clients' visions into reality. Steven is also an accomplished artist and art instructor whose award-winning work is part of numerous corporate and private collections. He can be reached at (651) 994-9363 or at stevec@archetypesign.com www.archetypesign.com*

## RESOURCE HERO



Ashley (Van Ort) Kurtz, Founder, Director and President of Coco's Heart Dog Rescue; Steve Ledin, a business attorney with Blaney & Ledin, and Bronson.

## Blaney & Ledin, Attorneys at Law

### Helping a Dog Rescue Nonprofit Get Off to a Great Start With Sound Advice

#### New Business Minnesota

The popular image of attorneys doesn't usually include puppies. When Ashley (Van Ort) Kurtz sought help to set up Coco's Heart Dog Rescue, she couldn't have found a more willing and engaged attorney than Steve Ledin.

As a big tough attorney, Ledin admits that he has a soft spot for dogs and had already taken in two rescue dogs by the time Ashley showed up, wanting to make her dream into a real business that was registered with the state. She got much more.

When Ashley was 12, her dog, the love of her life, died suddenly. "I had a very tough time with that," she recalled. "My mom's advice was to do something positive. That fueled my dream to do something for animals."

She found the inspiration after college while working as

an assistant at a veterinary clinic. While working at the clinic she became very aware of how many dogs really needed a safe place to go—there were often calls of dogs needing help.

"It wasn't easy to find a good placement for dogs-in-need" says Ashley. Often rescues and other shelters were full.

After talking it over with her family and friends, she decided she would start a dog rescue nonprofit and provide a safe place for dogs in need until they were adopted.

"I really had no idea where to start," says Ashley. She began by contacting veterinary clinics to see if they would offer the "rescue discount" for vaccines, health checkups and spaying and neutering and to start building those relationships.

As the plan for Coco's Heart Dog Rescue came into focus, Ashley realized that creating and registering a nonprofit was more than she could handle. "I called around for attorneys and Blaney & Ledin had a one-hour free consultation," she

says. "So I went in and met with Steve Ledin. It was awesome."

Steve was impressed with Ashley's high energy, ideals and her desire to make an impact in animal rescue. "What better mission than saving abused and abandoned dogs. I had two rescue dogs at home," Steve says. "I just love dogs."

The first order of business was to slow everything down, Steve says. One of the common problems with nonprofits is that their enthusiasm can outpace their understanding. "They're busy with the top floor of ideas and I need to get them to think about the foundation."

Their discussion quickly moved to the technical issues of proper operational guidelines, charitable purpose, mission statement, conflict of interest policies, board training, and employee and volunteer issues. "It doesn't matter if you're small. You still have the operational rules just like the big charities," he says.

What worked to great advantage for Ashley was Steve's passion for entrepreneurs and nonprofits.

"I'm a true small business attorney. I enjoy working with entrepreneurs," says Steve. "I enjoy their success and that is good for my business model. They grow and need more services. Whether it's reviewing a lease, buying a building, drafting employment agreements, contracts, etc., I hope they will need and rely on me more as they grow."

Steve is also a serial entrepreneur and frequent business partner who has started multiple businesses of his own. Besides being a founding partner at Blaney & Ledin, he and his law firm partner also own Red's Savoy Pizza in Uptown, Minneapolis, he and several friends own Station 4 in Lowertown, St. Paul, and he and a valued client recently started Vital Tickets, a local ticketing services company.

"When I work with a new business, I want to learn about them, what they want to accomplish and how I can best to help them do that," says Steve. "Most of the time they need legal advice and structure peppered with business experience, and tempered with my entrepreneurial background."

Steve started working with Ashley to develop her thoughts and ideas into a functional business plan. "One of the biggest mistakes for any new business is not having a business plan. The critical part is the thought that goes into it outside of the pressures of the daily business grind" Steve says.

Given Ashley's mission, it was important to set her up as a 317A nonprofit corporation to start with. It's that entity, when properly structured, which will apply for the 501(c)(3) tax exempt status so that donations can be tax deductible.

The correct business formation is the bedrock of any business, according to Steve. "It's very common for new businesses to do it wrong, half-way, or fail to meet the ongoing requirements to maintain the needed liability protection. For example, often they don't elect officers, hold annual meetings, elect a board of directors, and keep personal and business finance separate," he says. "Even the smallest business should protect itself by meeting such requirements."

"Your corporate entity is supposed to protect you, but it only works if you follow the rules."

In May 2010, Coco's Heart Dog Rescue began operation.

Rather than renting kennel space as she originally planned (too expensive), Ashley went with volunteer foster homes to care for the dogs until they are adopted. She provides the volunteers with food, veterinary care and training to help them work with the dogs on basic house manners. She visits each new foster home to make sure they have a clean and healthy environment.

She is just as thorough with anyone wanting to adopt a rescue dog. They have to complete an application process that includes a reference check and a home visit.

Finding dogs that need rescuing isn't hard. Shelters and veterinarians send her email alerts that she then forwards to her foster home volunteers to see if they have room. Some homes take multiple dogs, some take one at a time. There is always a lot of juggling going on.

To find homes for the dogs, she often holds adoption events at local pet stores. "Angel's Pet world lets us bring adoptable pets into the store and they help promote the event, too. Many pet stores no longer sell dogs, instead want to help rescue dogs. She also posts professional photos of the dogs on her web site and at other online resources like petfinder.com.

Every business needs operating capital when they launch. Ashley decided that she would put on a fundraiser called Rock N Runway that included a silent auction and a doggy fashion show.

Steve jumped in and offered to host the event at his Station 4 bar. "He contacted the news media to promote it, helped us find sponsors, gave us discounts on food and beverage," Ashley says. "It was great fun and we raised the money we needed."

"Steve is absolutely wonderful and very easy to work with and he goes above and beyond to help," says Ashley. "He's great with referrals. He said we needed a bank account and then sent us to one nearby. When I needed a printer, he knew someone who would give us a discount. When I have questions, he is always there."

Steve says the work he did for Ashley is exactly why he enjoys working with new and small businesses. He gets to be part of the excitement and the dream, which is why he enjoys being an entrepreneur.

"The worst client for me is one who uses my services and then disappears," says Steve. "I like the long term relationships and participating in the success stories."

#### NBM

*Steve Ledin is a business attorney with Blaney & Ledin in Lake Elmo. He regularly works with new and small businesses on business formation, contracts, leases, and setting up their business properly. He can be reached at (651) 714-8388 or stevededin@blaneyandledin.com*

*Ashley (Van Ort) Kurtz is Founder, Director and President of Coco's Heart Dog Rescue. Since launching May 15, 2010, they have rescued more than 400 dogs. Foster home volunteers are needed. She can be reached at ashley@cocosheartdogrescue.org  
www.cocosheartdogrescue.com  
<http://www.facebook.com/#!/groups/cocosheartdogrescue/>*

## RESOURCE HERO



Todd Kerin, President of Machine Tool Supply, and Jim Hickle, President of Velocity Telephone, Inc.

## Velocity Telephone Inc.

### Bringing High Speed Telecommunications to Client Looking for Reliability

#### New Business Minnesota

**W**hen you have clients and suppliers all over the country that rely on you for customer service and order taking, and you have a slew of sales people trying to drive revenue for your business, you need reliable phone service.

If you're Todd Kerin, President of Machine Tool Supply in Eagan, that describes your real world nightmare. If you're Jim Hickle, president of Velocity Telephone, that describes your next customer.

For Todd, his phones are as necessary as breathing. When the phones are down, his business can't breathe ... for a few hours or for an entire day.

"It's a big deal," says Todd, who faced voice and/or data

outages three or more times a year. Customers couldn't reach his people. His people couldn't respond to their needs.

"We sell CNC (computer numerically controlled) machine tools, parts and repair services," says Todd. "The other half of the business is the consumable tooling used in the machines, MRO and industrial supplies. Our customers need reliability from us."

Adding to the outage frustration, when he tried to resolve the outage, he slammed into an irritating phone tree. "Press one for this, press two for that," says Todd. "Eventually someone gets back to you to promise they'll have a tech out in three hours or sometime tomorrow between noon and three."

It was a pain and a hassle that was gnawing at him. "I just kept my eye open for other alternatives. I even asked a cable company if they would put in a high speed line, but the cost

was prohibitive,” Todd says. “We had no other options.”

Then one day he heard that Velocity Telephone was bringing fiber optic cable to the area.

Jim says Velocity was promoting its Eagan Community Fiber Project when a frustrated Todd called.

“We started meeting and talking about his service and the issues, where his pain was with his service and what service his business truly needed,” Jim says.

“When I told him what fiber optic cable was about, he got it right away. He knew what a faster connection and more reliable service could do for his business.”

An additional source of Machine Tool Supplies’ problems was old phone technology in the ground and in the back room. “We had a couple of T1s, one for voice and a fractional one for data,” says Todd. “Most of outages were related to what they call “bad pairs” in underground cables.”

The phone system was more than seven years old; an on-site, hardware based PBX system with monthly maintenance costs around \$1,000. Every time they needed to move a phone or do anything else, they had to call in a service technician.

Todd was interested in the newer IP technology or Voice Over Internet Protocol (VOIP). He wanted a system that was simpler, faster, more reliable and had redundancy. And he wanted his data and voice on a single network.

Velocity built Todd a system based on the versatility of fiber optic technology that met all his requirements for speed, flexibility and expandability. And he wanted it to be easy for people to work from home or manage an off-site branch operation.

“Fiber optic cable is going to change how everything works,” says Jim. “Fiber has no limitations to speed or capacity, unlike the others.” DSL is distance sensitive; the further away the slower it goes. Coax cable modems can only go so fast and are limited to just over 100Mbps.

“The only thing limiting fiber is the equipment on either end. And fiber is unaffected by moisture or static electricity. It’s unbelievably reliable,” says Jim.

Velocity then setup a hosted phone system, which means all the hardware except the phones is at Velocity’s facility. They maintain it and keep it updated. As a software-based system – cloud based – whenever the software is changed, all customers get the updates. The user always has the most current features.

“The first thing customers notice about our hosted system is the cost is substantially less,” says Jim. Next is how flexible and easy it is to use. “If someone breaks a phone, spills coffee on it or wants new phones, we just send out the replacement and they can plug it in by themselves.”

Although they offer several different phones, most customers opt for the standard model with four lines, HD voice, 18 speed dials, one button conference calling and call transfer.

It’s most significant capability is its flexible call handling rules to get the call to the right person the right away. Todd was very big on calls being answered quickly.

Then Machine Tool Supply upgraded to the call center queuing package that can prioritize calls and route them based on caller ID information.

The calls will go to the right person even if they are on the

move. Jim says the “Find Me, Follow Me” function allows the desktop phone, cell phone or your home phone to all ring at the same time. If you’re on your way to the cabin or at the cabin, you won’t miss it.

“Another benefit of the IP phones is it’s easy to have people work off site,” says Todd. “If someone bring a phone home, they can plug into their home network and start using it as if they were back at the office. They have identical functionality. It’s particularly useful on snow days.”

Todd experienced that feature first hand while vacationing in Florida. He just plugged into the internet and it was like working at his desk. The IP phones help him manage other locations and they all look like they’re in area code 651.

Another plus with the fiber networks speed, which is easily 10 times faster than what they had, is that it has changed how they do computer backups, says Todd. Using a hosted product, they backup their business data to the cloud each night. The old system involved someone carrying tapes home each night, rotating tapes and managing the back up process. And there were concerns that the offsite tapes could be lost or not available when needed. They are also subject to damage from heat, cold, moisture, magnets and other environmental variables.

By backing up across fiber optic cable, Jim says that a restore can be done at 100Mbps. Velocity’s service includes a “bare metal” restore feature, which means the restore doesn’t have to be done on the same computer or even the same operating system.

Todd says that IP phone systems can easily be a commodity. What makes this system exceptional is the service that comes with it.

“When our phone and data service went down before, God knows who you’ll be talking to,” he says. “You have no control over who you deal with. You’re one of eight million customers.

“The level of caring is way different with a guy like Jim Hickle. We’re a big fish in his pond. If something is wrong, I can call Jim and get it fixed. The reality is I haven’t had to call him in more than a year. I don’t really need him anymore. Kind of ironic.”

#### NBM

*Jim Hickle is the President of Velocity Telephone, Inc., a Minnesota-based full service Telecommunications and Development Company providing phone, internet and data solutions to residential and business customers. Jim can be reached at (763) 222-1004 or jim.hickle@velocitytelephone.com. www.velocitytelephone.com.*

*Todd Kerin is President of Machine Tool Supply, is one of the region’s largest privately held distributors of Cutting Tools, CNC Machine Tools, Abrasives, Mold Components, Workholding Products, MRO and Safety Supplies, stocking in excess of 11,000 items from over 750 suppliers. He can be reached at (651) 452-4400 or toddk@machtool.com. www.machtool.com.*