
MINNESOTA ENTREPRENEURS, INC. - SEPTEMBER 2002 E-NEWSLETTER

IN THIS ISSUE:

- MEI's NEXT MONTHLY MEETING: September 10th
 - HIGHLIGHTS from Our Last Meeting
 - MEI's "WANT ADS"
 - MEMBERSHIP APPLICATION - Individual and Secondary Members from the Same Company
 - WELCOME NEW & RENEWING MEMBERS
 - COMMITTEE HIGHLIGHTS
 - PRESIDENT'S COLUMN
 - FUTURE MEETINGS
-

JOIN US on TUESDAY, SEPTEMBER 10th for MEI's Monthly Meeting!

Schedule of Events:

5:30 p.m.
Registration & Informal Networking

6:00 p.m.

Bob Baynton and Ron Hendrickson-SCORE Counselors to America's Small Business and the SBA Business Information Center (BIC) - "Eliminating Obstacles to your Small Business Success"

7:00 p.m.
MEI Announcements & Table Networking Session

7:15 p.m.

CHARLIE SLATER, S.D. Industries, "A Survivor's Story"

8:45 p.m.
Networking

9:00 p.m.
Post Meeting: You are invited to join us for Late Night Networking at Patrick McGovern's Pub & Restaurant at 225 W. 7th Street in St. Paul.

Educational Presentation:

Tuesday, August 13th at 6:00 PM

Bob Baynton and Ron Hendrickson-SCORE Counselors to America's Small Business and the SBA Business Information Center (BIC).

Eliminating obstacles to your small business success is a critical skill. Knowledge and experience help you build the skills. How, where and who can help you gain skills and knowledge in planning for your small business success?

Learn how to receive FREE and confidential small business counseling From SCORE and how to find and use business-planning resources at the SBA Business Information Center (BIC).

What You Will Learn:

- How to request a SCORE counselor be assigned to your case.
- What are the credentials of counselors?
- How do you work with a SCORE counselor?
- What specialties or areas of counseling are available?
- What resources are available for small business research?
- What help is available at the BIC to assist me?
- What help may I have in writing my business plan?

Objectives:

- Discover FREE professional business planning resources for new and existing small business.
- Understand how easy it is to access these resources.

What you will need:

Notes will be furnished, just bring your pen or pencil.

Bob Baynton is a graduate of the University of Manitoba in Mechanical Engineering. He spent 26 years with the Carrier Corporation/United Technologies, being involved in various Marketing and General Management assignments including CEO of two subsidiaries, Carrier Canada and Ideal Electric Company. During that time he was involved in Direct Sales and Distribution of Consumer and Commercial product lines as well as Engineered Systems. Bob operated his own business for over 12 years, marketing hi-tech Radiation Detection equipment to the Steel Industry throughout the US and Mexico. Bob's wife Lin owned a Hallmark store in Pittsburgh, PA for five years so there is also some retail experience in the family. Bob has been a counselor for SCORE for the last four years.

Ron Hendrickson is a graduate of the University of St. Thomas in Economics. He retired as a sales executive and corporate officer from Deluxe Corporation in Shoreview, Minnesota in 1998 has been a counselor for SCORE since then. Ron was also President of a Deluxe consulting business involved in marketing sales training and development services to financial institutions nationally.

He has been active in business planning for over thirty-five years. He understands business planning for large and small businesses and will share his perspective on resources for business planning for the success of your business.

Inspirational Presentation:

The September Meeting of Minnesota Entrepreneurs, Inc. is pleased to present:

CHARLIE SLATER, S.D. Industries

"A True Survivor"

Charlie succeeds again and again in the same positions that many others have tried to succeed in and failed. This is no doubt attributed to his well-known "no-fear" attitude. In his early twenties he was one of the leaders at Control Data that spearheaded one of the first "Just-In-Time" practices and some of the first automated factories in the U.S. After that Charlie was hired to help lead a national jewelry retailer out of Chapter 11 Bankruptcy.

Charlie began his career in the beauty/spa industry in 1988 and was in charge of the operations of the Midwest Aveda distribution effort. In 1994, Charlie started S.D. Industries, Inc with a rented desk and a phone in downtown Minneapolis. He's been through the extreme ups and downs of entrepreneurial start-ups, and has managed to survive, overcoming many obstacles.

In December of 1999, Charlie had a life altering experience. While in a 48,000-acre State Forest, Charlie had a heart attack at the age of 38. He was certain that his life was over as he was miles deep in the forest and totally alone. So he knelt down, made his peace with his maker and prepared to die. But then he made it out alive. In the hospital he learned that he had a diseased heart and there would have to be major changes in his life. So he changed.

He now considers his business as a conduit to give back to others some of the successes he has been given. The end result is that all of his companies are committed to helping their employees and clients to become successful and profitable.

Today, SDI owns and operates four different businesses exclusively in the spa industry. Charlie attributes the success of this phenomenon to his marketing strategies and a very talented team that shares Charlie's passion for the spa industry and is capable of capitalizing on the strategies he's developed.

Please join us on September 10th!

Speaker Highlights & Wisdom

Educational - Janis Jablonski, Small Business Specialist,

U.S. Postal Service www.usps.com jjablons@email.usps.gov

Thanks to Janis we learned affordable and effective techniques to conduct a direct mailing and helpful hints for using the post office in general.

- Important to note: the post office will "clean up" your mailing list once a year for free. This is information that presorting service bureaus do not want you to know because they will charge you for that service. (By clean up – they will update contacts that have moved and delete contacts that no longer exist.)
- The USPS is continuously embracing the Internet as a means to provide more products and services. For example you can design and conduct a direct mail campaign without ever leaving your computer. See: www.usps.com

Inspirational - ANITA RYAN, Family Business Success, LLC www.FamilyBusinessServices.com
Anita@FamilyBusinessServices.com

“Anita is an entrepreneur and works with entrepreneurs, their businesses, and their families to ensure their success. After having led a family owned manufacturing operation for many years, she started Family Business Success, LLC, to provide the specialized expertise that helps family business leaders successfully and profitably navigate difficult family business issues.”

Anita’s presentation was insightful. She stated, “Entrepreneurship and Family Business tend to go hand in hand. Most often there is always a family component to a small business.” Anita had a lot to offer and specifically gave these points to remember:

1. Clarity of vision is important.
2. Entrepreneurial vision is never the same as ultimate reality. We must maintain flexibility and agility.
3. Risk is like an elixir to true entrepreneurs. It is also the Achilles heel.
4. Success usually requires failures and requires resiliency. Harvey MacKay has stated that he was unwilling to hire any key executive unless they had realized at least one major personal or business failure.
5. Work is Play.
6. If you want to be successful you cannot go it alone.
7. Be continuously aware of your own levels of ignorance and incompetence.
8. Expect the unexpected.
9. Don’t be afraid to be who you are. DO NOT CONFORM, that will lessen your vigor for your life.
10. You need: 1-The right skill set, 2-The right concept, 3-The right timing.

Respectfully,

Todd Mortenson, MEI Secretary (612) 782-8200 / Todd@DiscBurn.com

MEI's Board of Directors:

We have been making some changes!

We have a "working board" - which means that we expect the Board Members to take an active role in the operations of the organization - either as a committee chairperson, or at the very least, a committee member. The Board of Directors meets monthly on the third Tuesday of every month at 4:00 PM. This is a commitment you make when you choose to serve on the Board.

DIRECTOR IN THE SPOTLIGHT:

Jim Poole

Jim Poole is the Director responsible for our “Voice of Experience” program at Minnesota Entrepreneurs’ monthly meetings. His speakers offer our membership insight into the experiences of entrepreneurs across a broad range of industries who have been tested by trial and won.

Jim left the ad typography shop Great Faces where he had developed a successful national sales strategy to start Change Agency in 1994, selling, building, and managing managed production facilities for advertising agencies. In 1999 he began developing e-commerce capabilities for clients with existing sales forces.

Jim is now an information technology consultant for Silverman Olson Thorvilson & Kaufmann Ltd, an entrepreneurial business services provider in Minneapolis. For thirty years SOT&K has made a positive difference for entrepreneurs: from tax and audit services, to identifying Key Performance Indicators, to

personal wealth management, to leveraging technology. SOT&K advises them on the rules and pitfalls to give them a better chance of winning – from start up to cash out.

Jim hosted AIGA Minnesota's Insights lecture series at the Walker in the early 90s. He currently sits on the Small Business Council of the Minneapolis Chamber of Commerce and is a Certified Account Executive for Microsoft Business Solutions for small- to mid-sized businesses.

Send your comments about "Voice of Experience" presentations to Jim at: jpoole@sotk.com.

* New volunteer to the board of directors, up for formal election.

MEI's "WANT ADS"

MEI NEEDS YOU!

Can you provide your time, energy and resources to help develop MEI to meet its potential? Do you want to serve on the Board as a Committee Chairperson?

We hope to have our vacant positions filled this summer, so that we can have an official membership vote to endorse the slate of Officers & Directors in our upcoming annual meeting in October.

POSITION OPENING: We need Active Committee Members! Serve as a member on any of our committees. Share your time and resources. Gain friendships and connections!

POSITION OPENING: By-Laws Committee Chairperson. Are you into details? Do you like to keep order and have a respect for the official structure of the organization? If so, we can use YOU! Please contact Ed, Eric or Kathy for further details

POSITION OPENING: Membership Committee Chairperson: Are you into networking? Do you like to set goals and achieve them? Do you like to create a synergistic environment for people to get involved? If so, then this is the position for YOU! Please contact Ed, Eric or Kathy for further information!

JOB OPPORTUNITY:

A leading Twin Cities-based business-to-business research company is currently looking for a qualified sales professional to assist in the company's rapid growth. The company, founded in 1984, designs, conducts and analyzes customer, employee and IT research studies for well-known companies within both locally and nationally. Compensation is commission-based and applies to both new and existing accounts. An equity stake in the company is also negotiable for the right candidate. Contact: jon.gauby@dynamicresearchcorp.com.

MEMBERSHIP APPLICATION

Please go to: <http://www.mn-entrepreneurs.org/join.htm> for a membership application form.

Please note: Annual dues are \$120 for the first person in a company, and the Board just voted to accept additional members from the same company at half price! So, the second, third, fourth persons, and so on, from the same company and same location, can now join at half the price of the main member (\$60 each).

We will no longer have 'global' corporate memberships, but rather each membership will be attributed to a particular person.

PLEASE WELCOME OUR NEWEST MEI MEMBERS and a SPECIAL THANK YOU to those RENEWING their MEI Membership!

AUGUST 2002

New:

Isaac Bindert, Installation Solutions, Inc.

Mike Frommelt, Keystone Search, Ltd.

Renewal:

Bill Lehnertz, TLC Financial, Inc.

NOTICE OF ANNUAL MEETING:

OCTOBER 8th is our ANNUAL MEETING

We will be voting on new Board and Replacement Board members for those positions that are expiring. We will also be finalizing the changes to the Bylaws at this time. This is YOUR organization, please be sure to attend and VOTE!

COMMITTEES - The success of this organization depends on YOU! Please volunteer to serve on a committee. This is another avenue to "Network" and make new contacts.

Advisory Nominations & Elections Committee:

LEADERSHIP DEVELOPMENT - This committee is led by a Past President and monitors and implements our nominations and elections process. Look for their involvement as we vote on the new volunteer leadership to the Board of Directors in the next month. Bill Lehnertz, formerly a president of MEI, chairs this committee.

Bylaws Committee:

STRUCTURAL SUPPORT & GUIDANCE - The bylaws committee seeks new leadership! We are in the process of updating and revising our bylaws, as well as putting them on-line for membership review. If you are up to the challenge of recognizing and supporting the structural component of this organization, please contact Ed Palmer (ceo@solarattic.com), Eric Strauss (eric@entrepreneursforhire.com) or Kathy Gatliff (kathy@mn-entrepreneurs.org).

Development Committee:

SPONSORSHIP & FINANCIAL SUPPORT – We are looking for financial support in exchange for recognition. If you would like to support any of our monthly activities, or provide a donation towards

purchase of supplies or equipment for the organization, please contact Maria Kannankutty for further information at: mkannakutty@charter.net.

Educational Committee:

PROVIDING A TEMPLATE for YOUR BUSINESS DEVELOPMENT - Plans are underway to develop an annual educational program for business start-ups. If you are interested in being a part of the Educational Committee please contact Christy James at cj@vezone.com for further information. NOTE: Christy has done an excellent job for us this past year! We'd like her to continue, however her job travel commitments are increasing, and she will not be able to attend as frequently, though she'll still serve on the committee! If you'd like to consider chairing this committee and serving on the board, please contact Ed Palmer: ceo@solarattic.com.

Finance Committee:

FISCAL RESPONSIBILITY - The Finance Committee is working with the Development Committee to make sure that our budget goals and expectations are met for the year. They have also been asked to find a partner for credit card processing for dues, sponsorships and registration fees. If you'd like to assist with this committee, please contact Kathy. Chris Andryski has volunteered to assist us on this committee, and graciously offered to serve as Chairman for the coming year.

Legal Advisory Committee:

COMPLIANCE - The Legal Advisory Committee keeps a watchful eye on our activities and our partnerships. Presently, we are reviewing the bylaws and articles of incorporation for changes. If you'd like to assist with this committee, please contact Roger Zahn at rzahn@e-lawfirm.com. In addition, we need to make sure that a representative of this committee, if not the chairperson, is present at every monthly meeting and every board of directors meeting. It would be helpful to Roger to have at least one other lawyer serving on this committee.

Marketing Committee:

NAME RECOGNITION - Eric Strauss has been working diligently at developing our name recognition in the community through press releases, networking groups, and trade show participation. In addition, Eric is in the process of supplying the infrastructure to upgrade our website and automate our membership roster and on-line newsletter as well. If you have any interest in supporting these activities and would like to serve on the committee, please contact eric@entrepreneursforhire.com.

Membership Committee:

GROWTH and SYNERGY - The membership committee seeks new leadership! If you are up to the challenge of building our organization, please contact Ed Palmer (ceo@solarattic.com), Eric Strauss (eric@entrepreneursforhire.com) or Kathy Gatliff (kathy@mn-entrepreneurs.org).

Program Committee:

INSPIRATION - Jim Poole has recently volunteered to chair this committee. He will be working closely with the Christy James and the Education Committee to find inspirational speakers that will complement the monthly educational programming. If you are "well-connected" or "in-the-know" and want to help contact speakers for these programs, please contact Jim at jpoole@sotk.com.

Technology Committee:

RESOURCES - MEI's goal is to keep up with the changes in our age of electronic commerce. This committee serves as a resource for the MEI organization, as well as developing a resource pool for the individual members. We are in the process of switching our web site to a new service provider. If you have talents in this area and would like to share your skills and expertise, please contact Joe Betz at job1993@aol.com.

PRESIDENT'S COLUMN

Debt: What will it do for your Business?

I confess that I have used every entrepreneurial tool I could think of in the development of my business. The three primary methods I use to obtain cash have always been selling product [sales], selling equity in the company [common stock] and the use of debt. Debt is the focus of this article.

In July 2001, Dick Youngblood wrote: "Palmer has kept the company going with a variety of fund-raising schemes that went well beyond mortgaging his home, emptying his savings account and exhausting the list of friends and relatives able to invest".

As an avid reader of business books, student of entrepreneurs, and with over 35 years of my own entrepreneurial experience, the subject of debt has been on my mind frequently. Should debt be used? How much? What are the alternatives? In my earlier days, when I was quite naïve, I would mostly wonder how to get a bank loan. That is usually the first place business people think about when trying to get capital. It should be the last place for any startup to visit. However, banks do have a role to play in helping operating businesses.

Therefore, the first lesson on debt I learned was that banks would not help you out unless you are operational with a predictable cash flow and good financial statements. If relatives own the bank or will cosign, that is an exception. First, we need to make the distinction between being a startup and being an operating business.

The second lesson is that of not only being a startup business but also being a pioneering business [creating something new]. Yes, when I step into a pile, it is usually a very deep one and, of course, my adventuresome soul made this double challenge possible. You could contrast starting a pioneering business with purchasing an established going concern or obtaining an established franchise.

Using debt against a startup and especially a startup pioneering a new technology is not advisable. The cash flow is too unpredictable. One of my earlier rationalizations was that "a certain amount of debt is useful in the optimization of accounting ratios and therefore should improve performance". Whatever that means? I read that stuff in the business books. A modern twist on this rationale is that "debt is cheaper than equity [stock sales]". Both thoughts are very odd to me. I have never lost much sleep over equity stock sales. When I sold stock, I usually told people not to invest their bread money, as I would not lose sleep over their investment. I have friends and family as investors, which can cause some concern; but it does not cause me to lose sleep. However, the debt I have used has unleashed untold misery into my life and the loss of sleep. Why? Simply due to the fixed "payment date" and the unfixed and unpredictable cash flow available in any startup and especially any pioneering business.

Investors like entrepreneurs steeped in debt with their house on the line, etc. Besides demonstrating commitment, it gives them comfort knowing you will go bust if you come up short in making the business a success. From my experience, debt has always failed to live up to its designed purpose and has mainly dug a deeper hole for me to get out of and this is without exceptions. That is not to say you cannot get some things done by using debt. You can buy your equipment, get your brochure, make your payroll, etc. However, in the long haul, when you step back, you can see the futility of debt in a startup business and how it holds some value for an operating business.

One of the reasons that debt is a reasonable tool when buying a going concern or a franchise is because you are getting into a cash flow stream with history and predictability. It has a cash flow history if it is a going concern. In a franchise, the franchisor has already taken a lot of the guesswork out of the business and has established tools to build the business. You still have to do a “due diligence” even with an established going concern or franchise. I know a businessperson who recently made the statement: “If I knew this is what \$300k was going to get me, I would have never bought [the franchise and this misery]”. All bets were off after 9/11 and for months this franchise tanked like many businesses.

Instead of asking, “What will debt do for your Business”? – You might ask, “What will debt do TO your Business”? I have often thought that my use of debt has involved a lack of creativity on my part. That is to say, with a little more creativity I might have avoided the use of debt altogether. Like others using debt, I most likely took an easy solution. Some illustrations on the use of debt might be useful. For example: I remember a spot welder I felt I “absolutely had to have” for a particular manufacturing operation. “If only I had that spot welder [insert your own piece of capital equipment here] – I could do more business [insert what you think the benefit is here]”. I got the welder using debt only to watch it rot in the corner [like an unused boat, exercise equipment or snowmobile] after only a short period of use. Instead of using the thought “If only”, a better mental process might be “What can I do as an alternative to going further into debt”? That thought might lead to creative alternatives like outsourcing the manufacturing process until volume dictates you own the equipment.

Then there was another time I was broke and could not make the payroll. When I went to get the mail, to my surprise, a credit card supplier had increased my line of credit \$1500. It was precisely what I needed for payroll. Wow, wasn’t that serendipitous? The company was also thoughtful to supply some blank checks. Wonderful. So, I made payroll that day. I wonder what that payroll actually cost me.

If you missed our inspirational speaker last month, you missed a great presentation on family business issues. As a final thought on debt, I will add that family and friends will skew your perspective. I racked up a lot of debt trying to keep family and friends going, when what I should have done was to hold the line on debt and let them go. When family and friends are involved, more discipline is required. Letting family & friends go is tough, but using debt needs perspective.

Many business people think that banks exist to solve their cash needs by making a loan. Ultimately, you need to balance the use of any debt against other creative alternatives that might work or even be better. To get at those alternatives requires some creative mental work on your part. Start by writing a list of 20 alternative ideas. Think out of the box and by the time you are down to number 15, you will have some viable alternatives to using debt.

Next month I will continue on finances by discussing “Cash Flow Issues”. I will even talk about some survival techniques I used.
See you at the meeting,

Ed Palmer, President

GIFT CERTIFICATES!

MEI Membership Campaign: Every new and renewing member will get 2 certificates to bring a prospective member to a meeting to check us out! We will track referrals and recognize you for bringing in any new members! See Kathy at the registration desk to get your certificates!

HAVE YOU HEARD MEI's MONTHLY PRESENTERS ON THE RADIO?

Get a sneak preview.... Tune to KCCO at 950 AM on the first & second Tuesdays of the month at 6:20 a.m.

UPCOMING MEETINGS:

All meetings will begin with registration at 5:30 PM, followed by the program from 6:00 – 9:00 PM at the Minnesota Business Academy Wabasha & Exchange Streets - Downtown St. Paul. Educational Seminars begin at 6 PM and the Keynote Presentation begins at 7:15 PM

Tuesday, September 10, 2002

Tuesday, October 8, 2002

Tuesday, November 12, 2002

Tuesday, December 10, 2002

AN EASY WAY TO REMEMBER:

MEI Monthly Meetings are held on the 2nd Tuesday of every month, starting with Registration and Informal networking at 5:30 PM, at the Minnesota Business Academy.

MEI Board of Directors Meetings are held on the 3rd Tuesday of every month at 4:00 PM. Call 651-687-0272 for Board Meeting location. Board Meetings are open to MEI Members only.

To register for the SEPTEMBER 10th Meeting copy this address and go to:

<http://www.mn-entrepreneurs.org/reserve.htm>

Non-member rate: \$25 at the door, cash or check – or \$20 if you register in advance via the web site or call Kathy to make your reservation: 651-687-0272.

For Directions to the meeting at MBA and information on parking, please copy this address and go to:
http://www.mn-entrepreneurs.org/addr_map2.htm

Join us September 10th at MBA –Wabasha & Exchange Streets in St. Paul – Registration at 5:30 PM

You are receiving this information from THE MINNESOTA ENTREPRENEURS because you are on our E-mailing list. To no longer receive our newsletters or other information, simply reply to this email with remove in the subject area. We will promptly remove you from our email list. Thank you for supporting entrepreneurship in Minnesota.

Be sure to attend our next meeting at the Minnesota Business Academy in downtown St. Paul (formerly site of the Science Museum of Minnesota) and learn more REAL LIFE ENTREPRENEURIAL EXPERIENCES from someone in the know. <http://www.mn-entrepreneurs.org>. Copyright 2002