

Boldly go

Jennifer Smith founded Innovative Office Solutions Inc. of Burnsville in 2001, just months before 9/11 torpedoed the market for office supplies and furniture. When her management team met last fall expecting another rough economic time, they decided to add people and technology, defying so many other CEOs who were halting and cutting. The results are in and they're stunning, as Smith told Upsize editor Beth Ewen this fall.

"WHAT WE DID is back in mid-September of 2008 when you're trying to set the stage for the next year, we knew that tough times were ahead.

We started Innovative in June of 2001 with 23 people, and 9/11 hit. We were just doing a recap as far as we had lived through a really, really hard time before. Office supplies are kind of at the bottom of the food chain.

In October of 2008, we thought we could take two approaches. We could buckle down, or we could hire people, invest in technology and go full force ahead. We added 15 people. We had to change the way we sell.

For us it has paid off tremendously. We are up 25 percent through September of this year to date. We just got a contract for \$5 million with the state of Minnesota. Revenue last year was \$16 million.

We decided to add to our sales force and created a new department, inside sales support. We realized that our reps would have to work harder and different. We added the inside sales department to support them.

That was very scary. In the beginning months the sales aren't going to just come. Five or six people started in

[3 questions]

... FOR JENNIFER SMITH

1. Which is more important, talent or experience? Talent, because if you're a talented person with the right leadership you can grow.

2. Money or ideas? Ideas. If you have a fabulous idea and are very clear about its execution, you can get the money.

3. What's one thing they should have told you, about being an entrepreneur? I'm glad I didn't know. Thank goodness people didn't say, don't take the risk.

the first quarter. I wondered, did we make the right choice? Everyone else I talked to was taking the opposite approach.

It's so scary for your employees. So we took a positive attitude. Sales reps would come in and say, 'Oh my gosh, parking lots are empty.' We'd say,

everybody needs office supplies. Every door is a door you can go into every day.

If we hear negative attitudes we'll call them in.

For me it's truly my whole team. We all work together. When you all create something together, that feeds on itself.

So we sell office supplies and office furniture, that's been soft. Through July I was down 25 percent, and then August we had a record month. Furniture numbers were down, so I added people in July. I was down 25 percent, and now I think we'll be fine. We added nine people; they came from one spot that was not doing well.

We are crazy right now, our whole office. We're doing a whole new environment with our office space because we need the room.

Amy Langer [co-founder of financial placement firm SALO of Minneapolis] is one of my colleagues in my WPO group, Women Presidents Organization, which is a phenomenal sounding board. Amy brought in a process called top-grading. It's a very useful process to hire people. It takes a lot of time. We made each person go through it.

I just had to take and run a pro

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— JENNIFER SMITH, INNOVATIVE OFFICE SOLUTIONS INC.

to see, if I take in these people at this salary, how much in sales can they do? We lay out our ratios and that's all modeled out, and then if something isn't working you have to act quickly.

We have a monthly process that we go through so you're never surprised. We have a couple of criteria, on the activity side and the sales side. We have a process in place.

Our other investment, it is a technology platform that integrated with our current system. It gives access to every single customer's information at the touch of a button. We have categories: paper, toilet paper, furniture, everything, so if a customer isn't buying a category, we're already going to their location anyway, so we can add to that.

The software gives the return rate, average order size, how many times we are going to a location. If you can combine vendors, if we can go only once a month, we can serve the customer better. We're taking that level of intimacy further. So those tools are now available. Now those sales reps can call up that data before they go on calls, from their homes.

We have 40,000 products. It helps us categorize it so we can see if we can penetrate a customer or save them in processing costs, if we can save them steps, or reduce returns.

It was an investment for us and then a monthly fee.

Whenever we decide on an initiative, whether it's hiring or buying technology, we lay out what is the benefit, what can we gain, and then you make the

case.

For the inside sales support people, they assist the salesperson and the customer. So let's say the customer has many locations across the country. They'd call on all those locations. Or say we have a new product category, they'd call about that.

I think it's taken the company to the next level in these tough times. To say we're up at all is a testament to this decision.

I drew on the experience that we had in 2001. We were in such a place, and we just dug in. That was why it was easier for me to take a risk. Now I knew it was a very, very difficult economy, so it's a different strategy. It's going to be different, so not only do we have to get more market share, but we have to do things differently.

In 2001, it was scary and everything, but I never thought we would go out of business. We ran a very, very efficient business and we never changed from that model. We didn't have big areas to cut.

Our mode was just to try to stay as positive as possible, and tell the people it is going to be harder. This wasn't easy. People did have to change. Everybody had to pitch in. They had to wear different hats.

For us for next year, because we just got a contract from the state of Minnesota, we can forecast a record year. We're having a record year this year and I anticipate the same next year. We'll do close to \$22 million this year. That's the beauty of it. We have a



JOSEPH TICHENOR

sound structure. We've grown every single year. We are up to about 60 people, 44 last year and 59 employees now.

You need to look at your business. But don't be afraid at this time to take a risk. There are so many opportunities. You really have to lay it out and make sure you lay it out.

Don't be afraid to do it just because there's a lot of negativity out there. Don't pass it over just because of these economic times.

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