

Utah Business

JULY 2002

THE MAGAZINE FOR DECISION MAKERS

ERNST & YOUNG'S 2002 ENTREPRENEUR OF THE YEAR

By Suzanne Kimball

There's more to an Ernst & Young Entrepreneur of the Year finalist than meets the eye. Naturally, the usual admirable qualities expected of a business leader are what first seem obvious: dogged determination, unclouded vision and, of course, large doses of daring. But with the spotlight that the Ernst & Young competition shines on each of the finalists, it can be hard to see the individuals who stand beside them — spouses, business partners, employees, investors — people who help keep each entrepreneur's dream alive.

It's clear from their expressions of gratitude for family members, employees and associates that each of this year's finalists is cognizant of the strength such people have in their lives. Rod Morley is one of them. As he struggled to launch Axiom Financial, he says a valued colleague "left a good-paying management position at Novell to [help] start [the] company and didn't take a dime for six months because she believed in what we were doing." Donald Pierce of Enable Industries is another finalist who understands the power of good people, especially when he walks the Enable manufacturing floor and observes individuals with severe disabilities being fed and assisted by their co-workers.

All of the finalists' achievements are worthy of an entire feature story. Following is a glimpse of their remarkable accomplishments. Though standing in the spotlight now, each entrepreneur will be the first to tell you they didn't get there alone.

Altiris, Inc., *Greg Butterfield* *IT Systems Management Solutions*

Altiris President and CEO Greg Butterfield believes an entrepreneur is someone who can lead the charge. "Entrepreneurs motivate other people to believe in what they're doing," he says. Known as a powerful motivator, Butterfield certainly seems to match his own entrepreneurial definition, having persuaded some of the best people in the high-tech industry to join him in the charge to build a stronger Web-enabled system

management company.

Butterfield joined Altiris in 2000 with a vision for a powerful new sales model that would turn profits for the company. Since then, he has taken the company public and sales have tripled, jumping to \$34 million in 2001.

Arctic Circle Restaurants, *Gary J. Roberts* *Fast Food Restaurant Operations*

When Gary Roberts assumed role as president and CEO of Arctic Circle in 1988, the fast food chain's long-term future was in jeopardy and its public acceptance waning. Roberts stepped in with his characteristic enthusiasm and established a new strategy for the chain, emphasizing a commitment to quality ingredients. He also spread his passion for people among the management, franchisees and employees with the watch cry, "We are not in the food business, we're in the people business."

Roberts' energy has helped turn around public perception of Arctic Circle. In 2001, the company achieved \$44 million in sales and, since 1999, has experienced 7 percent sales growth. When people find Roberts flipping burgers, they ask why the president of the company would be caught behind the counter. "I'm just doing my job," he says. "I'm satisfying customers!"

ARUP Laboratories, *Carl R. Kjeldsberg, M.D.* *National Full-service Reference Laboratory*

Growing up in Norway, all Carl Kjeldsberg really wanted to do was make the Olympic ski team. But his father had other plans, insisting that his son apply for medical school. "I'm fortunate that my dad guided me in the right direction," Dr. Kjeldsberg admits. Eventually, he joined the Department of Pathology at the University of Utah where he and other faculty members created ARUP Laboratories in 1984.

Appointed president and CEO in 1993, Kjeldsberg has helped develop ARUP into a prestigious laboratory that pro-

vides support to more than 60 percent of university hospitals in the country. The laboratory is considered a model for bringing academic medicine and successful business enterprise together.

Part of ARUP's success can be attributed to Kjeldsberg's desire to provide the company's 1,367 employees with an atmosphere of health and well being. Still an avid skier, Kjeldsberg promotes physical exercise among the ARUP workforce and heads the company bicycle team.

Axiom Financial, Inc., Rod I. Morley
Full-service Mortgage Lender

Ask Rod Morley what prompted him to form Axiom Financial, and he claims, with a twinkle in his eye, that it was to gain more credibility. With a face that makes him look younger than he is, Morley says he wasn't being taken seriously, so at age 28 he started a new mortgage lending company. Today, at 36, Morley is still mistaken for a younger man but certainly not one lacking credibility.

Under Morley's leadership, Axiom Financial was transformed from a mortgage broker to a mortgage lender in just three years, a feat usually requiring at least a decade. The company currently has 19 branches and was recognized at MountainWest Venture Group's 2001 Utah 100 Awards as Utah's second fastest growing company. Morley's intense focus on total customer satisfaction has been instrumental in Axiom's growth. "Our goal is to absolutely thrill the customer," he says. Customer response surveys rating the company on a scale from one to 10 indicate a 9.42 overall satisfaction score.

Best Friends Animal Sanctuary, Michael Mountain
Sanctuary for Abused and Abandoned Animals

Upon first meeting Michael Mountain, it is obvious he is a thoughtful, caring man. When asked a question, Mountain pauses for a moment and then answers with a calm reserve. Such quiet reflection seems fitting for the president of the nation's largest sanctuary for abused and abandoned animals. Underneath Mountain's quiet demeanor, however, is a tenacious resolve that has enabled this entrepreneur to develop the Best Friends Animal Sanctuary into a strong and solvent organization that houses over 1,500 animals. Located on a 3,000-acre ranch in Kanab, the sanctuary is known as the flagship of the "no-kill" humane movement. Over the past ten years, Mountain has developed a nationwide network of members that is 250,000 strong and has increased the organization's annual income 14-fold.

Black Diamond Equipment, Mark Ritchie, Scot Carlson, Maile Buker, Chris Grover, Christian Jaeggi and Peter Metcalf
Mountaineering and Ski Equipment Design and Manufacturing

In their struggle to reach the summit of success, the management team of Black Diamond Equipment, like any great mountaineering crew, has suffered some staggering setbacks. Formed

by Peter Metcalf after the small climbing equipment company he was working for went bankrupt, Black Diamond has survived several potential disasters. But Metcalf and his close-knit team that includes Mark Ritchie, Scot Carlson, Maile Buker, Chris Grover and Christian Jaeggi, have learned to take it all in stride. They live by the motto "turn disaster into opportunity." Beginning its ascent with less than \$750,000, Black Diamond has risen to new heights and today is considered the dominant market force for climbing and ski equipment in the United States, Canada and Japan. The company is known for creating several "firsts" in outdoor equipment including the Avalung, a device that provides avalanche victims a source of air from the snow itself. Under the strong leadership skills of its management team, Black Diamond continues to climb higher, averaging a 20 percent annual return on investment.

Clyde Companies, Inc., Wilford W. Clyde
Heavy and Highway Construction Materials and Service

Wilford Clyde's family first got on the road to success when his grandfather, W.W. Clyde, landed a successful road-paving job in the 1920s. That job led to the subsequent launch of a series of profitable enterprises that today make up the Clyde Companies. Following in his grandfather's footsteps, Wilford Clyde is guiding this family-operated group of paving, asphalt, gravel and highway construction businesses further down the road to greater achievement.

Clyde seems equal to the task. Years of working in many of his family's businesses have groomed him for the role. Living by a principle taught him by his grandfather of "giving a full measure," Clyde paved the way for the acquisition of 10 new companies into the parent organization and is leading over 1,400 employees toward expansion into Idaho, Wyoming and Nevada.

ConsultNet, Don Goldberg, Annette Gaiotti, Bill VanSickle and Brian Beck
IT Consulting and Staffing

For as much as they love working together, you might think the ConsultNet management team is engaging in some sort of amusing group-play rather than running a highly competitive IT consulting and staffing service. But Don Goldberg, Brian Beck, Annette Gaiotti and Bill VanSickle are serious about their company and its commitment to place only the best IT professionals with the nation's leading technology companies.

Getting into the ConsultNet game in 1996 was simple, claims Goldberg. "It was easy to get financing and put a small crew together. The hard part is keeping it going six years later." But even with a sluggish high-tech market, Goldberg and his three partners have managed to stay in the game, building a strong team of over 250,000 highly skilled IT professionals and earning \$25.6 million in revenue in 2001.

EK Ekcessories, Inc., Edward Kalbach
Sports Accessories Manufacturing

Life for Ed Kalbach has been marked by a series of successes since his outdoor sports accessories company finally began taking off in the 1990s. But the early days of EK Ekcessories were tough — Kalbach's parents can attest to that. When visiting him in the 1980s, Kalbach had to serve them dinner on cardboard. Nearly a decade later, through Kalbach's dogged determination, that picture had changed dramatically. His Cat Strap eyeglass accessory had become extremely popular, and he was honored as the Utah Small Business Person of the Year. In 1998, Kalbach graced the cover of *Kiplinger's Personal Finance* magazine, and in 2000, EK Ekcessories became an official 2002 Olympic licensee. When Kalbach's parents came for a visit in 2000, instead of eating off cardboard, they drove Kalbach to the airport to catch a flight on his chartered Lear Jet.

Without ever borrowing a dime, Kalbach has grown his small, Logan-based startup into a thriving company that earned more than \$5.6 million in 2001.

Enable Industries, Inc., Donald G. Pierce
Training and Employment for Persons With Disabilities

Donald Pierce has a special talent for making friends. That skill was essential in the 22 years he served as president and CEO of Enable Industries, a non-profit organization that provides work opportunities for people with disabilities. Pierce's ease with others bridged gaps and built relationships with industry and government that resulted in wages for Enable employees of more than \$1 million annually.

Floundering in 1979 when Pierce assumed leadership, Enable began turning profits as Pierce shifted the organization's efforts from "make work" projects to viable paid employment. His belief in Enable employees has helped Pierce secure work contracts in everything from precious metals reclamation to packaging and food services. Recently retired and now serving as the president's advisor, Pierce is still making friends for Enable — friends that are seeing the power behind it. "Great big guys come in here, see what people that some of the rest of the world has written off are doing, and leave with tears in their eyes."

European Connections Café, Ashley Holbrook and Troy Holbrook
European-style Café and Creperie

Troy and Ashley Holbrook might be young and successful, but that doesn't mean life's been easy for this husband and wife team. "It's been a challenge," says Troy of their struggle to open the largest European-style crepe chain in the nation. "In the beginning, when we were trying to secure equipment and funding, banks wanted our parents to sign on the dotted line," Troy jokes. But today, three years after opening their first café,

the Holbrooks (Ashley, age 29 and Troy, age 31) are beginning to enjoy the taste of their newfound success.

What started as an idea conceived by the Holbrooks while both studied for MBAs in France, quickly developed into a portable crepe-making operation and eventually became a chain of franchised cafés across the Wasatch Front. "We always had a vision of this, even when we were standing over 400-degree griddles in 400-degree weather," quips Troy. "We always believed this was something that had merit."

Extra Space Storage LLC, Kenneth M. Woolley
Self-storage Operations

Kenneth Woolley's greatest pleasure as CEO of Extra Space Storage is creating jobs for people. "It gives me a lot of satisfaction to know there's 350 families that are directly employed because we have this business," says Woolley of his 23-year-old self-storage company. Extra Space isn't the only business where he's helped create jobs. Over the years, Woolley has also launched successful mining, ice cream manufacturing, electronics and housing construction companies.

Under Woolley's leadership, Extra Space Storage has grown to over 525 employees with \$450 million in assets and 90 properties. In dealing with his large workforce, Woolley lives by the motto "management by walking around," asking questions and listening carefully to employees no matter what their position in the company.

The Hamlet Companies, Michael M. Brodsky
Residential Land Development, Homebuilding, Wetland Mitigation and Mortgage Services

Michael Brodsky defines luck as "opportunity and preparedness coming together at the right time." It's not clear whether Brodsky was just lucky, or whether his training and preparedness transformed his initial land development startup into the successful group of diversified companies it is today, but based on his track record, it's most likely the later. With a degree in English literature and Elizabethan Theater, Brodsky thought he wanted to teach after graduating from Temple University. Two weeks into his first teaching assignment, he realized carpentry and construction management was his first love.

Following his passion, he built a company in 1994 that today includes four separate entities: Hamlet Development, Hamlet Homes, Diversified Habitats and Stirling Mortgage. Together with his management team, Brodsky has helped the Hamlet Companies deliver over 2,000 building lots in 18 Utah communities.

Hammerton, Stephen Young
High-end Lighting and Furnishings

How does a 21-year-old iron fabricator grow an iron accessories startup into one of the premier high-end lighting and

furnishings companies in the United States? "I'm a fearless risk taker, and I'm not afraid of failure," answers Stephen Young, founder, president and CEO of Hammerton. "I'm like a team of horses...if you whip me harder, I'll run faster."

Bored with school but energized by the prospect of creating things with his hands, Young started what is now Hammerton with an \$8,000 loan. He believes this small amount forced him and his partner, Levi Wilson, to sink or swim. "If we'd started with \$80,000 instead, we'd be half as far as we are." Today, Hammerton's 600 unique iron, wood and rawhide home furnishing products can be seen in some of the finest homes and resorts in the country.

Headwaters Incorporated, Kirk A. Benson
Alternative Energy Products

Comparing Kirk Benson to Moses and the parting of the Red Sea might seem a bit dramatic to some. But the way in which Benson has improved company profits since coming on board as chairman and CEO of Headwaters Incorporated is nothing short of miraculous.

In 1999, when Benson joined Headwaters, a developer of alternative energy products, the company was losing almost \$9 million every quarter. Benson immediately set out to develop a differentiation strategy that would turn the company around. Under his dynamic and fiercely committed leadership, Headwaters experienced its first profitable quarter in 13 years of business in March of 2000. Since that time, the company has booked record earnings, experiencing nearly 100 percent growth over the past two years.

IAG Holdings, Mark F. Burton
Armored Passenger Vehicle Manufacturing

As CEO of IAG Holdings, Mark Burton leads a double life. By night he's a mild-mannered family guy. But by day, he heads an armored passenger vehicle manufacturing facility in Ogden that James Bond would be proud of. "Our vehicles can stop just about any weapon you can bring to your shoulder," Burton proudly admits of his international company dedicated to protecting lives.

Developing proprietary lightweight synthetic materials, IAG has reduced the weight added to an armored vehicle by as much as 60 percent. This technology, combined with the company's quick four to six week turnaround, has made IAG the second largest armored car manufacturer in the United States. Burton admits that taking a car apart, retooling it, and then putting it back together is a big challenge. "But it's also extremely gratifying to know we're saving lives when we meet that challenge."

Lighting Design, Jean Eyre
Retail Lighting and Home Furnishings

Jean Eyre has a smile that lights up her entire face. As she is the founder and president of a retail lighting store, her bright

smile seems only fitting. In 1997, when she was 50-something, this dynamo with a lively and energetic personality launched a new company that sells lighting through virtual tech labs and vignettes that resemble home settings. This innovative sales approach has proven to be a bright idea for the company, setting Lighting Design apart from other retailers and earning the company \$3 million in sales last year.

Seeing the entrepreneurial light took Eyre a little longer than most, but that's only because she was busy raising five children while earning a degree in mathematics (it took her 25 years, she points out). It's obvious that Eyre is thrilled by her work at Lighting Design. "It's exciting to see satisfied customers and to watch the people I work with become successful!"

Nicholas & Company, Inc., William Nicholas Mouskondis
Food Service Distributing

In 1939, Greek immigrant Nicholas Mouskondis began a small food supply company and made good on the grassroots American dream. Watching his father grow Nicholas & Company has made William Mouskondis openly passionate about the American free enterprise system. "This is a nation that breeds entrepreneurs...the people that really make things happen!" he says. Mouskondis admits that following in his father's footsteps was a real challenge for him in the early days. "My Dad drove used trucks and had only one employee — my mother. It wasn't romantic and the environment was rough with spitting and fist fighting. But I had a vision of what Nicholas & Company could become."

With that vision, Mouskondis has grown the company to the 22nd largest broadline foodservice distributor in the country. While humble about his company's success, Mouskondis admits, "I think my father looking down from above would say, 'Wow, the kid did okay!'"

Overstock.com, Patrick Byrne
Online Retail Inventory Liquidation

For Patrick Byrne, time seems to be relative. In the three short years since Byrne assumed the role of chairman, CEO and president of Overstock.com, the company has become the market leader in online excess inventory liquidation. Byrne helped build the company with no venture capital support, creating a traffic base that today is one-fifth that of Amazon.com. This year, under Byrne's apt leadership, the company filed for an IPO in a time when public offerings by Internet companies are rare.

In his brief 39 years, Byrne has not only built a successful dot-com company, but has earned degrees from Dartmouth, Cambridge and Stanford. He is an accomplished linguist in nine languages and has danced in the ring as a Golden Gloves boxer. Byrne is also making the most of his time by forming and supporting philanthropic projects in several countries worldwide.

Petersen, Inc., *Steven M. Petersen*
Manufacturing, Warehousing and Field Services

Steven Petersen, president and CEO of Petersen, Inc., was raised on the land where the company facilities now stand in Far West — land that was once his grandfather's sugar beet farm. Hoeing beets alongside his grandfather, Petersen learned a valuable lesson. "Grandpa taught me to hoe to the end of the row," he says. "That means you never quit until you finish the job you've been given."

Certainly no quitter and definitely a self-starter, Petersen worked after school to help his father operate a welding and manufacturing company in a small garage. Petersen eventually took over the business and grew it to a \$30 million design, engineering and manufacturing facility, servicing giants like Westinghouse, Exxon, Boeing and Kennecott. "Today we have almost 1.5 million square-feet that started [from] a little 400-square-foot garage," says Petersen. "I think you could only do that in America. Only here do you have the freedoms to really take your dream and [make it something]."

Scott Machinery Co., *D. Brent Scott, David M. Scott and Jeffrey K. Scott*
Construction Equipment Sales and Service

When D. Brent Scott started his construction equipment dealership in a converted gas station in 1968, he had only three other employees. Thirty-four years later, Scott Machinery Co., now operated by Brent's two sons David and Jeffrey, is thriving with a workforce of over 100. "People are our greatest asset," says Jeffrey Scott, stressing the importance of the company's long-term, loyal workforce. "We really emphasize personal relationships with our employees and customers. And while we sell 'iron,' this really is a people business."

Evidence of that can be found in the company's impressive employee stock ownership plan and its strong workforce training and education programs. Now in its second generation, the family-run company that once operated in an old gas station has eight locations and brought in over \$39 million in sales in 2001.

Simmons Media Group LLC, *David E. Simmons*
Radio Broadcasting and Outdoor Advertising

It seems unlikely that the CEO of a radio broadcasting company would start his career as a Black Angus calf rancher. But at age 12, that's exactly what David Simmons did, asking his father for a loan to purchase 10 calves and then raising them on the family farm in Kaysville, Utah. Over the course of a summer, Simmons made good on the loan, repaying it with interest. He next formed a specialty advertising company, selling over 100,000 t-shirts to businesses across the United States as a 16-year-old.

Almost 30 years later, Simmons is successfully leading a company that owns and operates 30 radio stations and 240

advertising billboards across four states. In a market where locally owned radio broadcasting is becoming scarce, Simmons attributes his company's longevity to the strong influence of a local management team.

Spillman Technologies, *Richard Spillman*
Public Safety Software Development

Before the advent of the personal computer, Richard Spillman began developing a records management program that would eventually be used on thousands of PCs in law enforcement agencies across the country. Prior to that software becoming a success, however, Spillman was forced to program on the only thing available at the time — a computer system the size of his desk. To demonstrate the program, he hauled the monstrous computer in the back of an old truck to various county and municipal agencies. The year was 1978, and Spillman was convinced there was a better way to manage records for county governments — so much so that he endured the back-breaking demonstrations and launched a new company to support the software.

Today, with over 100 employees, Spillman Technologies has certainly come a long way, enjoying relationships with 500 customers in 35 states.

Vantage Controls, *Ralph D. Wilson*
Lighting Control and Home Automation Systems

Ralph Wilson has always had a passion for building and launching new projects. At a young age, he and his brother constructed hydrogen balloons, rockets and airplanes (all from scratch, he is quick to point out) and launched them from the fields near his home. Today, Wilson continues to feed that passion for success as president of Vantage Controls, a technology leader in the lighting control and home automation market.

Known for his skill in making technical products more user-friendly, Wilson is leading the company's development efforts to design automation systems that can be retrofitted to existing homes and office buildings. "I have always had a specific interest in automation," says Wilson. "...I think that's one of the keys to being successful in business. You really have to love what you're doing."

Suzanne Kimball is a freelance writer and marketing communications consultant.

Copyright 2002 by Olympus Publishers, Midvale, Utah. This article may not be reprinted without permission of the publisher.

