

Companies To Watch

New Indiana program recognizes 50 that are reaching second-stage success.

by Erik Hromadka

THE FUTURE OF THE state's economy will likely be shaped by 50 privately owned companies recognized in an inaugural awards program that lauds the success of business leaders who have taken their operations to the "second stage" of growth. That such companies will continue to create new jobs in their communities and industries was the premise of Indiana's "Companies to Watch" program, which kicked off this year in a partnership among the state's Small Business Development Centers, Purdue University and the Edward Lowe Foundation, based in Michigan.

The winning companies were selected following an extensive nomination and judging process that reviewed some 420 companies from 66 of Indiana's counties that had at least \$750,000 in annual revenue or working capital and between six and 150 employees. Each of the winners had progressed past the



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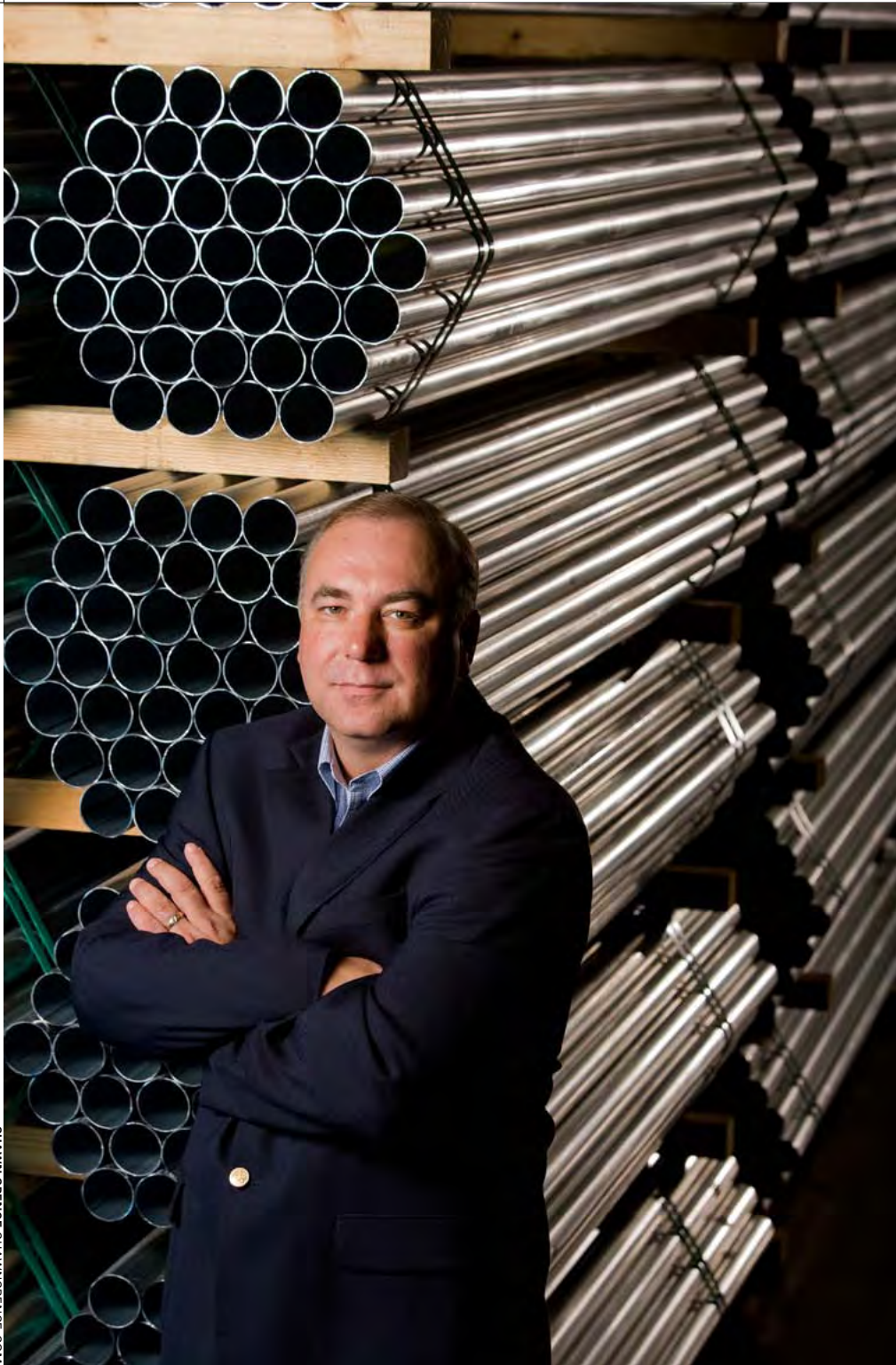
"Assume that investment dollars are going to be hard to come by," says Chris Baggott, CEO of Compendium Blogware in Indianapolis.

"start-up stage" and together the 50 winners represent \$969 million in projected annual revenues and employ 4,125 across the state.

"There is no better story to tell than that of a home-grown Hoosier company that continues to grow and create

new jobs," says Gov. Mitch Daniels. "We're committed to creating the best business environment we can so these 50 Companies to Watch and all the businesses across our state continue to succeed in today's global economy."

"Second-stage businesses



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“Being the low-cost producer,” says CEO Richard Russell of the Madison-based company, “allows Midwest Tube Mills to maintain the most competitive posture.”

are quietly yet steadily generating new jobs and raising the quality of life in their communities,” says Darlene Lowe, chairman of the Edward Lowe Foundation, which provided the direction for the new awards program.

The Indiana event was the

third in an effort to recognize and support such second-stage companies across the country. The program was launched in 2005 by the Edward Lowe Foundation, an organization that recognizes innovation such as that inspired by its namesake, the

man who created Kitty Litter and a \$1 billion industry segment based on a new use for absorbent clay. Michigan was as the first state to host a Companies to Watch program, followed by Arizona’s inaugural event in 2006. A fourth program focused on Florida’s Jacksonville area is currently underway.

According to the Lowe Foundation, a growing business typically begins to enter its second stage when it approaches \$1 million in annual revenue. The transition process can continue until it hits \$100 million, although for most companies \$50 million represents the upper limit of second stage. The foundation notes most companies in the category have between 10 and 100 employees and typically do not have full-scale professional management teams.

One feature of Indiana’s new program is that winning companies will not be eligible to compete in subsequent competitions, explains Jeff Heinzmann, director of the Indiana Small Business Development Center. He says that will keep the annual competition fresh and focused on each new group of companies that have reached second-stage growth, while allowing previous winners to serve as mentors for those following in their footsteps.

“Many second-stage companies fly under the radar screen of typical awards programs,” notes Alan H. Rebar, executive director of Purdue’s Discovery Park. “Through Indiana Companies to Watch, we will honor companies that demonstrate high performance in the marketplace, exhibit innovative products or processes



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“We were a 22-year-old startup,” jokes David Helmer of his Noblesville company that provides specialized refrigeration equipment to the life sciences industry.

or otherwise make those companies worth watching.”

Statistics on the winning 50 companies show their combined revenues grew rapidly from approximately \$330 million in 2004 to nearly \$1 billion in 2008,

while employment grew from 1,700 jobs to a projected 4,125 in the same period.

“KeyBank is proud to support the Indiana companies that are successful today... and that show tremendous promise in creating Indiana’s economic future,” says Gary Hentschel, president of KeyBank in Central Indiana, which is the program’s flagship sponsor.

“Katz, Sapper & Miller is proud to be a part of such a wonderful event that celebrates the many innovative and high-performing

companies we have throughout our state,” says David Resnick, managing partner at the accounting firm. “We celebrate these second-stage companies for their accomplishments thus far, and look forward to their continued future successes.”

Other sponsors of the event include Barnes & Thornburg, Duke Energy Corp. and Premier Capital Corp.

WATCH THESE COMPANIES

This year’s inaugural class of

Indiana Companies to Watch include a variety of businesses and entrepreneurs. Here are a few examples of stories that demonstrate business success in areas from blogging software to steel products and from old-fashioned candles to cutting-edge computer simulations.

COMPENDIUM BLOGWARE

Indianapolis

Chris Baggott and Ali Sales have been ramping up quickly since launching Compendium Blogware in 2007 and now have 30 employees in the Indianapolis software company. They are focused on using corporate blogs to help companies generate new business by increasing their ranking on Internet search engines. Compendium helps companies identify the top 25 or 50 search terms they want to “win” and then creates blogs for each of those topics so that employees and customers can constantly update those web pages with new postings and comments.

“We’re selling stuff that really resonates when people are measuring their dollars,” Baggott says, noting that the company had its best month in October, despite the economic turmoil. He stresses companies must continue to spend marketing dollars to drive new business and argues that the metrics and analytics of internet-based systems give the most immediate return with a clear cost-per-lead.

Baggott has some experience launching new ventures in difficult times. He was a co-founder of ExactTarget, the e-mail provider that has grown into a major Indiana

employer and was launched in the aftermath of the dot-com collapse. He says such environments when investment dollars are difficult to obtain make the surviving companies stronger.

“Those early lean lessons of having to focus on the company and creating value can make a big difference,” Baggott explains, noting that revenue growth is less important than generating profits. “From a startup standpoint, we have to preserve our cash. That’s a direct reflection of the status of the economy.”

Baggott’s advice for other entrepreneurs who are trying to grow companies in a difficult economic climate: “Assume that investment dollars are going to be very hard to come by. Have a really, really good value proposition and make sure you deliver.”

MIDWEST TUBE MILLS

Madison

Based in Madison, Midwest Tube Mills lives up to its name by manufacturing round, square and rectangular steel tubes that are used across the Midwest in products ranging from fencing to furniture. The company was founded in 1993 with just four employees and has grown to employ more than 100, who operate five steel tube mills and provide fabrication services at its 190,000-square-foot facility.

“MTM’s growth and success are based on operating lean manufacturing units while keeping debt to a minimum, says CEO Richard Russell, who explains the company is focused on being the low-cost producer in its segment. “Being the low-cost producer allows MTM to



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maintain the most competitive posture, both domestically and abroad, regardless of financial conditions.”

Russell says the company’s location in Madison is an advantage and he has pledged to bring new businesses to the area. “Being located in Southeast Indiana puts MTM in the heart of the country, where hard-working, honest people still work for a fair wage,” he says. “The location also allows for beneficial freight advantages whether you go north, south, east or west.”

That combination of labor

with access makes Madison a good place to build manufacturing business, Russell says and he plans to do just that by acquiring businesses and moving them to Madison over the next four years.

In addition to building businesses, Russell’s company has also been active in the community, supporting events from the town’s famous hydroplane race on the Ohio River to local sporting teams, arts groups and service organizations.

“Being a small business in a small town, MTM under-

“Every step of the way, we tried to have a back-up plan,” says Jackie Carberry with husband Alan, whose Warm Glow Candles in Centerville makes 5,000 hand-dipped candles a day.

stands that the local community is the most important asset it has,” Russell says. “MTM and its employees are well known for their generous level of participation in all areas of community giving.”

WARM GLOW CANDLES

Centerville

Jackie Carberry remembers having five or six tons of wax delivered to her home each month when she started Warm Glow Candles back in 1995. The deliveries were shipped to her basement, where they were transformed into candles through a traditional hand-dipping process. And then each candle

had to be carried back upstairs before it could be sent off to light some corner of the world.

Things have changed since then and today Warm Glow Candles uses 23 tons of wax every two weeks in an 80,000-square-foot facility where 35 employees still hand-produce a line of candles that includes some 60 different fragrances. The company makes up

to 5,000 candles a day that are sold through a national network of distributors and also at its outlet store that is located just off I-70 in Centerville.

Although Carberry started the company in her basement, she always had the goal of becoming a national company. "What's helped to build our company has been diligence and hard work," she says, noting that very long hours overcoming problems are part of the process. "It's hard, but it's worth every minute of it if you have a product you believe in."

Carberry advises other business owners to plan carefully and make sure they have options for unexpected situations. "Every step of the way, we tried to have a back-up plan in case something didn't work," she says.

For Carberry and her husband Alan, who left an engineering career to help her build the business, that advice and hard work is paying off. This month they are opening a new store in Richmond that will complement their candle products with gourmet kitchen items and cooking classes. "It's really grown in quantum leaps," Carberry says. "We have really been blessed."

EXCELLON TECHNOLOGIES

Fort Wayne

Creating local jobs is a strategic objective for eXcellon Technologies in Fort Wayne. That's because the company is a member of the HUBZone (historically underutilized business zone) program, an effort of the U.S. Small Business Administration that provides federal contracting opportunities for qualified small businesses located in distressed areas.

Co-founders John Taller and Gil Perry brought more than 60 years of combined experience in engineering and manufacturing management to the company and see it as a way to pass on such skills. Since launching in 2001, the company has grown to 80 full-time employees who specialize in providing custom electronic design and manufacturing services for the military, aerospace and commercial industries.

"We have a very culturally diverse



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population and a wide range of ages," says Perry, who says it is rewarding to see how creating new jobs can upgrade the standard of living for both employees and the community. Perry says eXcellon works with new hires to provide training and needed workforce skills. "Not everybody in this neighborhood has worked a higher-tech manufacturing company."

The company started in an initial 600-square-foot machine shop in New Haven before moving to 9,000 square feet in its current downtown Fort Wayne location and expanded to fill 27,000-square-feet of space in 2007. Employees produce wire harness and cable assemblies and provide a variety of contract manufactur-

ing services and 40 percent of them live in the immediate area of the HUBZone.

Perry notes that eXcellon is one of very few manufacturing companies that participate in the HUBZone program. However, he says it can be a good way to initiate projects with government contractors. "It does help to get you foot in the door," he says.

The company's growth has also received national recognition from *Inc. Magazine*, which has named eXcellon one of the fastest-growing inner-city companies in the country for the past two years.

HELMER **Noblesville**

David Helmer has been a new entrepreneur for a long

time. His Noblesville company launched in 1977 to serve the life science industry and today is a manufacturer and worldwide distributor of laboratory equipment and blood storage appliances. But the company's recent run of rapid growth began in 2001, when Helmer introduced a line of specialized refrigerators, freezers and plasma thawing systems that are used by hospitals and blood banks around the world. "We were a 22-year-old start-up," he jokes.

"There's a lot of control systems with alarms and monitoring," Helmer explains, while pointing out features on the FDA-approved equipment that his company now sells in 80 countries. Constant innovation helped Helmer expand

rapidly and it recently consolidated its operations in a new 72,000-square-foot facility that houses 145 employees as one of the first tenants at the Saxony Corporate Campus.

Helmer is projecting continued growth by using new technology, such as RFID-tags that can monitor high value inventory stored in the refrigerators and who handles them. "The medical device industry is still a growth industry," he says. "Even amid the market turmoil, September was our best month ever."

Having the perspective of running a company for more than 30 years, Helmer says it's important to understand how each part of the business interacts with the rest. "Every 50 percent increase

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in revenues we has to look at all our systems and ask 'are they adequate to do what we need?'" he says.

"Don't let one area of your business outpace the others because eventually they all have to be operating at the same pace," he advises. For example, Helmer notes that developing new products or rapidly expanding sales are good but must be able to be supported by

manufacturing and customer service.

In addition to continued growth of the company, Helmer says giving back is a major emphasis and points to Helmer Global Initiatives, a program that has engaged the company's employees in projects such as helping a blood bank in Dominica, housing efforts in Guatemala and orphanages in the Ukraine. "Social justice is a big idea for us," he says.

SIMULEX

West Lafayette

In West Lafayette, complex computer simulations can combine thousands of data streams with predictive behavior modeling to test theories, measure their impact and discover unintended consequences. That's just part of the work being done at Simulex, a high-tech company with 35 employees that was founded by Alok Chaturvedi in 1999, using research he directed at Purdue University.

The company's core technology is called Synthetic Environment for Analysis and Simulation (SEAS) and initially was developed as a war-gaming tool that allowed government and military leaders to evaluate possible scenarios. It has been used to gather and evaluate data from 62 countries and creates simulations based on the interaction among individuals, institutions, organizations, infrastructure and geography.

"Essentially this becomes a wind tunnel for strategies," explains Chaturvedi, noting that simulations have been used to evaluate real-world operations in Iraq and Afghanistan. On the domestic front, the technology can test theoretical situations, such as how communities might respond to bio-terrorist attacks, and then test how different changes in response might affect outcomes. "That is why simulations make a lot of sense, because you can adjust the factors."

The technology has business and commercial applications as well. For example, Simulex is currently working on a project that analyzes how the air traffic control system might operate if it had updated infrastructure that included more real-time data in plotting flight paths.

"What if we distributed the decision-making among the airlines, the pilots and the air-traffic controllers?" Chaturvedi asks. "We are helping them to think through that process." In fact, he says early data suggests that an improvement of just 5 percent in flight path efficiency could save enough fuel to eliminate losses at all the major airlines.



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