

Small Business OPPORTUNITIES

MONEY-MAKING IDEAS FOR ENTREPRENEURS

AMAZING PROFITS

SUPER SUCCESS

Biz that gives out samples of Pop Tarts & cheese in supermarkets carts home \$172 million!

The next time you're grocery shopping, most likely the people doing the food demonstrations and preparing the samples are part-time employees of PromoWorks LLC, a Schaumburg, Illinois-based privately held company. Created in August 1999, its 2006 revenues reached \$172.5 million, with a larger revenue expected when numbers are tallied for 2007.

PromoWorks distributes consumer product samples such as Pop Tarts and Velveeta for clients like Kellogg Co. and Kraft Foods, Inc. PromoWorks handles the logistics, provides the employees and tracks the products' sales.

Just how did a company that is almost nine years old grow so quickly? Credit CEO Michael Kent, the founder of the company with the amazing story.

Michael Kent took a marketing course called I-Bus while in college. This was a modeling course where he had to develop a product and set up manufacturing timelines, cost, distribution chains and determine how the company would function in a real business environment. Kent credits that course with developing his entrepreneurial perspective.

Kent met his two future partners at his first job, which focused on in-store advertising with a heavy emphasis on coupons. When the company ran out of money, Kent and the two men started an in-store service marketing business in 1990 called Marketplace Solutions, which they had for 18 months before it was sold. Kent



The mega-successful PromoWorks is not only a leader in the field but a very fun place to work. Employees dedicate themselves to their craft, but enjoy a leisure room that features a pool table and hockey game. The company did \$400,000 in their first year of business. CEO and company founder, Mike Kent, runs a meeting for some of his 427 full-time employees. Mike has lots of rock-solid advice for entrepreneurs.

was determined his company would work with manufacturers to help them deliver integrated marketing plans that gave them a good return on their investment. "I wanted to develop a suite of full marketing services that not only involved store sampling, but event marketing, experiential marketing and road tours, where we'd be at fairs and festivals engaging consumers and introducing new products. I also wanted to promote educational materials on behalf of these product and packaged goods companies, as well as target items to get to your door in your mail or through newspaper bags. We didn't want to be just an in-store sampling company."

The three men also had to decide how they would fund their new business venture. The three of them funded over 70 percent of the capital themselves and the other 30 percent of the money came from family and friends. When the doors were first opened, there was no bank loan. During the first year, it became obvious that a greater cash flow was needed so Kent interviewed banks and selected American Chartered Bank as its business

partner. The bank provided a \$500,000 SBA loan, which was paid back in three months. Kent then asked for a one-million-dollar SBA loan, where all three partners put their homes up as collateral. "We had invested all of our assets, and failure was not an option," he says.

In July 1999, Kent began calling brand promotion managers or vice presidents of marketing at major brand manufacturers to arrange appointments. Kent would say: "I'm Mike Kent, and I'm opening my company PromoWorks; I'm going to be in town, and I'd like to get 15 to 20 minutes of your time." Kent, holding title of vice president at that time, put his own presentations together, and went to Kinko's to have them printed and bound. He didn't have a secretary calling for him, didn't use a call center; he was truly entrepreneurial.

Kent was using all homegrown Power Point presentations for customer presentations. Kent used Kinko's again to help create some marketing materials and compile everything. He was at Kinko's at 3:30 a.m. one morning before an important meeting to collect the 10 business



worked for that company for five years until 1997. When his contract was up, Kent knew he wanted his own business again. However, he had a non-compete clause in his contract requiring that he stay out of the business for two years.

During that two-year period, Kent spent his time writing a five-year marketing plan in Word and Lotus Notes finalizing exactly what he wanted his company to do. The plan included a structure of how he was going to achieve his goals and where the company would be based. Kent



PromoWorks At-A-Glance

Business Name: PromoWorks

300 N. Martingate Road

Schaumburg, IL 60173

Phone: 847-310-2600

Founded: August 1999 in Schaumburg, IL.

Startup Information: It took two years to launch the company. During that time, a detailed business plan was written and a potential client list was developed.

2006 Revenues: \$172.5 million

cards he'd had printed. "We had to be frugal and didn't want to overspend," he says. Although what he was doing was rudimentary, it did the trick and allowed him to convey to potential customers why they should hire his company.

The first day of business was at an office in Schaumburg with nine people. The first week PromoWorks opened its doors, it secured its first customer, Suiza Goods, a big dairy conglomerate. Since the company's marketing people had worked with Kent before, he contacted them, got the appointment and presented a program. PromoWorks would provide an integrated services marketing platform that included events, in-store programs and staffed educational women's and children's expos. It even got Kristi Yamaguchi to come to the expo in Boston.

The first year in business PromoWorks did almost \$400,000 in sales and in 2000, the company had jumped to \$3.8 million in sales. At the end of that year, the company landed its first real important client, Kellogg, and still has that relationship today. In the early years, Kent and his partners did store demos, as did the wives, friends and family.

Today, PromoWorks has 36,000 part-time people and over 427 full-time employees across the country in 33 offices, including Canada. The company is now the leader in its industry.

Besides having a clear vision of what he wanted the company to be, one of the main reasons for the company's success is its in-house proprietary technology. The technology was being developed the day the doors were opened. Kent believes it's crucial when there are programs in 5,000 to 8,000 stores on one weekend to have scheduling and staffing, logistics, auditing, accountability and verification.

Advice That Works

- If you can financially handle the start of the business, do so yourself. If not, get family, friends or a group of investors together so you have ultimate control.

- Have a solid business plan focusing on: how you will get business, how you will handle your business and how you will report the business you do. If you don't know how to create a business plan, go online and search for business plan structures. Make sure you include the five key areas of a business plan, plus the executive summary.

- Do an industry analysis. Understand what the industry is providing and who are the major players. How will you be different from your competitors? Is there any niche in which you can insert your company to fill a gap not being provided in that industry?

- Do your business overview. What are

your key strengths? What are your weaknesses and opportunities and threats of potential competitors?

- Determine your growth strategies. Decide how you intend to grow the company.

- Don't start a business on the side while working your current job. A successful business will take 110 percent of your time. But, you can do research and write a business plan while you still have a job. However, the day you're going to fund the company, it's full time.

- Determine your financial overview. Know how much capital you'll need, how long it will keep you afloat and what additional sources of capital are available to you.

- Interview banks and develop a relationship with your bank. Also develop strong relationships with vendors, clients and the people who work for you.

- Have a passion for what you want from your company. Companies don't succeed without people. If you have people working for you who have a passion for the business as you do, you will be successful. Provide them with good guidance and direction to empower them to implement your strategy.

- Interview the clients of your competitor. Find out what they're doing well and where the opportunities are. See if you can provide that service. ●