See Your Business Through the Customer’s Eyes

What you learn from customers and test marketing plays a powerful role in the right business decisions and the success of your products in the marketplace. Robin Béquet, founder of Béquet Confections, is a strong advocate of listening to your customers. She uses their feedback extensively to hone her business model and increase sales.

Each morning Robin joins her dad Ray Béquet over a copper kettle stirring up the ingredients to prepare approximately 1500-2000 gourmet caramels to fill growing customer demand at the business she started only 14 months ago.

In the brightly lit commercial kitchen at Four Corners near Bozeman, she spends time over a special cooling table pouring, smoothing and cutting the bite-size treasures that then head to an automated wrapping machine before being shipped to customers as far away as California and Colorado.

What started as a small test market has grown to filling orders for 130 retail outlets in six states. It fills her afternoons with related business activities that include contacting customers, developing new leads, ordering supplies, researching new packaging ideas, and exploring useful equipment possibilities.

Observers would be surprised to learn that this is a dramatic career change for Robin, who obviously loves what she’s doing. The change was precipitated in part by a layoff several years ago when hard times hit the high tech industry where Robin was vice-president of worldwide sales for a Bozeman company. She also spent 15 years with W.L. Gore and Associates, maker of Gore-tex® fabric in Flagstaff.

Three Principles

What helped her successfully launch a business in a very different niche? Robin said she simply applied three principles from her favorite business author/speaker, Tom Peters:

1) Identify an unserved or under-served market niche.
2) Do what you do very well.
3) Listen to your customers.

"I asked myself, ‘What do I know, and what can I do extremely well?’ I (Cont. on page 4-5)

Are Exports Right for Me?

The upcoming 2008 Olympics in China may have you thinking more than usual about exports as a way to increase sales. Exporting is a very important part of the U.S. economy, contributing 30 percent of domestic economic growth in recent years. The number of companies exporting overseas has tripled over the past decade. Small companies were a large part of that increase.

"A full two thirds of that boom comes from companies with fewer than 20 employees,” according to information on the Rocky Mountain Business pages of the Montana World Trade Center (MWTC) Web site. It advises that in today’s competitive environment, every company should consider how the global marketplace may affect their business, whether choosing to export or not.

But how do you know if exporting is the right direction for your products (Cont. on page 6)
**Director’s Comment…**

**Attitude**

When a rough spot in the road is referred to as a "barrier," we begin to believe it is something that we cannot get around. This is particularly true in business where "repeated phrases come to be accepted as truths.

For instance, I continually hear that Montana is remote and lacks market access. High employee turnover is causing problems. We lack a trained workforce. Montana has poor business-to-business infrastructure, high taxes…

Viewed as barriers, these statements become the proverbial mountain, rather than a molehill. They potentially stop the search for a solution, derailing innovation that bridges chasms and smooths out the road.

If Montana is so remote and lacking in market access that it cannot successfully do business, why are Japan and Taiwan able to do business here. If we are so remote, why are store shelves filled with things from other states and countries rather than just those things we make here in Montana?

Remote? Not the problem. Maybe it’s learning how to better reach the marketplace or exploring the potential for exporting products. Perhaps a business neighbor shares a mutual shipping issue – filling a cargo container or enough goods to schedule a route north-south delivery route – that you can solve together.

Lacking a trained workforce? Why? Have you cooperated with local schools or campuses to augment their programs or volunteered as a mentor. Do others know your needs or do you just voice the "truism." Do you invest in your workforce? Dig deeper. The answers may be revealing and provide an action plan.

High turnover? Ask why they are leaving. See where they are going, and ask why? You may discover that it’s a management issue – poor working conditions, lack of respect for employee contributions, no clear direction on what to do and when – and not turnover itself. Again, ask why? Solutions may be at hand.

**MFG News**

- Northern Specialty, Inc. in Missoula has merged with Industrial Pipe Fittings of Houston to become IPF/Montana, combining experienced employees, management and production capacity to provide unequaled support to customers, and the HDPE industry in general, according to an IPF statement. See www.plasticpipe.com.

- Construction is expected to begin this summer for a $60-$75 million malt plant north of Great Falls, according to the Great Falls Tribune. The project was announced by Milwaukee-based International Malting Co. Operations are set to begin in the fall of 2005, employing about 35 people, with payroll and benefits of around $2.3 million per year.

- Winners of the Ag Inventor Contest during the January Ag Technology Show in Billings, were People’s Choice Award to Ken Wolery of Billings, for the Fence Sweep designed to efficiently clear brush and debris from even the roughest fence line; and the $1,000 Top Inventor Award to Jake and Mike McCoy of Laurel for their Breakaway Stirrup. U.S. Congresswoman Denny Rehberg was an Honorary Judge for the contest and presided over the Awards Ceremony. Next year’s Jan 8-10 event will feature another Ag Inventors Contest.

Steve Holland
MMEC Director
Wood Firms Starting to Think Small

(Cont. on page 7)
enjoy making homemade caramels for the family and as gifts for friends," she said. "I do that well."

But did her caramels fill an underserved market? She felt pretty certain that few really good caramels were around, but how did hers rank in flavor and texture or mouth feel?

"Quietly and with very little startup cost, I ran a test market, testing the waters to see if a gourmet caramel business could be successful. The results came back very strong," she said.

In blind taste tests, 15 of 16 adults preferred hers from four other unmarked samples. From market tests she learned that "the package must be attractive." In different markets, that package may also need to change. She is continually testing product and markets.

Robin also believes in spending time face to face with her customers -- retailers in the gourmet market, gift shops, natural foods stores, and corporate accounts. "Face to face time is especially important while developing the business the model," she said.

Her products are sold in gift quantities and as individually wrapped treats. Being on the sales floor, asking questions, observing, and getting to know her customers and the product fit, gives her knowledge that improves sales for her and for her customers.

"When I go into stores that sell my product, I get to see how the display box looks in the setting. I get a sense of how they sell it. I can suggest better use of their space to increase sales, and I begin to understand the difficulties they face."

She once visited a customer whose strong sales had dropped and observed that the display box had been moved just a few feet. The new location was not conducive to a customer adding the small treat when paying for another transaction. The display was returned to its original location, and sales improved. Face to face visits provide a better understanding not only of what can hinder sales but also of considerations retailers face each day.

Gathering customer information helps her take actions to differentiate her product and positively position it in the marketplace. Currently, she is exploring a next generation package for her gift boxes.

Retaining taste and texture are priorities in her product. Freshness, too, is paramount, including a personal commitment to only natural ingredients. These food considerations opened additional markets for her caramels and refocused where energies are directed.

For instance, solving shelf life vs. shipping time became important when she considered expanding to out-of-state markets. Shipping threatened to take a big bite out of the original three-week shelf life of the Béquet caramel (if not refrigerated or frozen.)

Determined not to add chemical preservatives to overcome the problem, she turned to the Montana Manufacturing Extension Center and University Technical Assistance Program for help finding a solution.

"We had a few clues on what might work to get started. The search was very collaborative," she said of a series of weekly meetings with Nikki Erickson, a UTAP engineer working with MMEC. Together they shared what each knew and made to-do lists for further research; regrouping a week or so later, they would compare notes and weed out dead ends.

An emulsifier did nothing for shelf life and detracted from taste. The "Big Win," she said, was trying out...
different types of sugars, extending shelf life to five weeks. A very big difference when shipping uses up three days.

"Nikki found the critical piece of the puzzle. I’m using her information to investigate additional ways to increase shelf life. I would not be shipping to California, or out of state for that matter, without that improvement."

Pursuing excellence
Pursuing excellence at Béquet Confections extends beyond the recipes to achieving the look and packaging of the final product. Robin was very proactive in selecting wrapping equipment that would retain the glossy finish and symmetrical shape of the caramel in an individual cellophane wrapper.

The quest for a machine proved to be an enlightening experience — she discovered not everyone is committed to excellence. She first met resistance when she asked for a wrapped sample from a machine she was considering. When she reported that the sample was not acceptable, she never heard back from the salesperson. After a time, she began a search on her own and was much surprised to locate a manufacturer who insisted on having samples of all the products she would wrap, in order to run inspection samples.

"You’d have thought they were wrapping diamonds," she said. The samples came back looking just the way she had hoped. Immediately, she knew it was a "match of values," the kind of company she wants to do business with. She purchased the refurbished 1960s vintage machine, glad to turn the hand wrapping over to an automated system that wraps up to 90 caramels per minute.

"I will be eternally grateful for the help MMEC/UTAP gave us when the wrapping machine arrived," she said. Both Nikki and UTAP engineer Tom Davidson showed up ready to assist, after hearing the machine was in the parking lot, fully assembled, weighing over 2000 pounds, and too large to go through the door.

"They spent five hours out here disassembling it, moving it in, and setting it up. We borrowed equipment and other strong bodies from around the business neighborhood. I joke that it would still be sitting out in the parking lot without their help. The combined talents of electrical help and mechanical engineers were very valuable. The MMEC/UTAP engineers are on par with the best I’ve worked with in the industry.

"Very small businesses cannot afford to have an engineer on staff. When I think about all that I need to know and all that has to go on, it can be overwhelming. Knowing that your organization is available takes away some of the intimidation factor."

Cutting begins on special cooling table.
Are Exports Right for Me? (continued from page 3)

and expanding your customer base? Where do you begin? What do you need to know? Free step-by-step guidance on the websites of the MWTC, the Small Business Administration, and Export.gov can help unravel the mysteries of the export game.

Export basics are presented in a little different style at each site, but each walks you through making the export decision and developing a strategy that fits your company goals, resources, and products. The sites share tips for gathering marketing research in foreign markets, along with a wealth of information about distribution options and sales channels in the foreign marketplace.

Because tariffs, regulatory requirements, distributorship agreements, shipping, financing options, and other details may seem intimidating, these pages preview legal considerations, logistics and documentation, financing options, travel information, etc. You will find links to further assistance as well.

Think About it!

Since 1990, the number of American companies exporting overseas has tripled. A full 2/3 of that boom -- companies with fewer than 20 employees.

Montana World Trade Center
www.mwtc.org

Statewide Jobs Summit set for May 28-29, Billings

The 2003 Montana Economic Development Summit is set for May 28 and 29 at the MSU - Billings campus. The event will be hosted by the state’s top elected officials, Montana Governor Judy Martz, U.S. Senators Max Baucus and Conrad Burns, and U.S. Representative Denny Rehberg, along with the Economic Development Action Group.

The goal of the summit is to boost Montana’s economy and create more good-paying jobs in the state in a collaborative effort.

"We have a tremendous opportunity to work together as Montana leaders to bring more good-paying jobs to our state," the congressional delegation and governor said in a joint statement. "We know the problems. Now the focus will be on action."

Previous economic and jobs summits each attracted more than 1000 participants to hear keynote speeches and discuss job creation ideas in breakout groups, which were then shared with lawmakers and the Economic Development Action Group, a private-sector, statewide jobs advisory panel appointed by Baucus after he held the first economic summit in 2000. Important groundwork was laid for this third jobs summit, which will focus on business recruitment, business retention and "clustering."

Industry clustering -- a key initiative of the Governor’s Office of Economic Opportunity -- refers to identifying and grouping together interconnected companies in a particular field and/or geographic region. Efforts can then be directed at spurring entrepreneurial activity to grow these interrelated groups.

Public and private sector leaders and other interested individuals from across the state are invited to participate in the summit, which will be free of charge and open to the public.

For more information, visit www.montanajobs.org.
Meet the New Board Members

Three Montana natives involved in manufacturing were elected to the MMEC Advisory Board in January:

Jim Markel, co-owner and CEO of Red Oxx Manufacturing, Inc., in Billings, believes Montana's economic prosperity is linked to manufacturing. He used his knowledge and experience as a parachute rigger in the U.S. Marines to create and manufacture a line of Red Oxx bags for outdoor adventures, travelers, and storage uses. The bags are designed to be rugged and carry a lifetime warranty. Markel has worked hard to develop a solid following of niche customers in outdoor organizations like Ducks Unlimited and Safari International and is an avid outdoorsman himself. He uses a variety of tools to market his products including a dynamic website www.redoxx.com. He was recently featured as an entrepreneurial success story in the "40 Under Forty" supplement to the Western Business News publication in Billings.

Mike Wier is general manager of NorthWinds Publishing and Printing in Great Falls. He is a former operations manager for DowBrands' west coast Ziploc bag plant and has a mechanical engineering degree from MSU. Couple these achievements with his stint as a field engineer for MMEC, and he will bring special insight to Advisory Board discussions. NorthWinds is a fast growing publishing company that produces many of the telephone directories you use as well as custom printing and binding of other products. The company uses web-interfaced publishing technology and marketing practices to stay customer focused. www.nwpub.com.

Barry Roose is involved in technology transfer as Special Projects Director at American Eagle, a Family of Products, in Missoula, and Arcomac Surface Engineering, LLC. He originates and closes on technology activities and works start-up and spin off technology projects at these companies. Visit the American Eagle www.am-eagle.com. He is a former Regional Development Officer for the Montana Department of Commerce and helped steer a number of Montana companies through securing funds and loan closing. He was one of several featured panelists in the Growth through Technology Transfer session held during the 2002 Compete Smart Manufacturing Conference.

The three replace Michael Baugh (Darcova - Billings), Ed Knudson (Ironwood Manufacturing - Missoula), and Brad Heckerman (American Eagle - Missoula) whose three-year terms expired.

Wood Firms Starting to Think Small (continued from page 3)

But those conditions may change because of rising natural gas prices and because of the National Fire Plan, a bundle of federal money that calls for fuel reductions in populated forested areas. Fuel-reduction projects are expected to thin out brush and flammable “ladder fuels” in forests that tend to be smaller diameter trees.

Seabill cautioned that biomass cogeneration plants are disproportionately expensive to establish, compared to other types of energy plants.

Sue LeVann Greene, program manager with the Forest Service’s Forest Products Lab in Madison, Wis., discussed research and programs aimed at helping rural businesses turn small diameter trees into products ranging from laminated beams to wood-fiber filters.

Greg Larson, Lincoln County RC&D, said the workshop was aimed at product ideas and grant/loan programs for developing renewable energy and innovative wood products.

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Online training via the internet can be a great way to gain introductory knowledge and information on technical, operations or general business challenges encountered at your manufacturing facility. You may already know that MMEC and its field engineers provide a variety of training on manufacturing and business topics to Montana Manufacturers. This training is delivered in several effective formats including manufacturing simulations, classroom learning, plant field events involving multiple companies, and plant floor demonstrations.

There may be times, however, when another form of training — online training — may meet your needs. When might that be?

Perhaps you have a new manufacturing manager that needs to understand the basic supervisory concepts or tactics for handling difficult employees. Or suppose an employee needs training on a new software program or an introduction to statistical process control. Maybe a supervisor needs training on how to interview a potential new employee or a shop manager needs basic math skills. For these more individual needs, online training may be a viable option.

For your convenience, we have identified some online training resources that might provide value to you and your company. These online references can be found on our Web site at www.mtmanufacturingcenter.com. They are organized by training topic. (On our home page, select "Training" in the main menu, then click "Online Training" from the drop down menu).

### MMEC Scheduled Training

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<tr>
<th>DATE</th>
<th>COURSE TOPIC</th>
<th>LOCATION</th>
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<tbody>
<tr>
<td>Tuesday - Thursday</td>
<td>ISO International Quality Auditor Training</td>
<td>Three Forks - Sacajawea Inn</td>
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<td>May 6-8 (3 days)</td>
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<td>Friday</td>
<td>Lean Manufacturing Workshop and Simulation</td>
<td>Butte - Headwaters Resource Center</td>
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<td>June 20</td>
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<tr>
<td>Wednesday - Thursday</td>
<td>Tools to Win “The Marketing Game”</td>
<td>Missoula - MAEDC</td>
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For fees and on-line registration visit www.mtmanufacturingcenter.com