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Northeast Bank
Living Legacy

MINNESOTA BUSINESS

NOVEMBER 2007

LEADERSHIP OPPORTUNITY ▶ GROWTH

Malcolm Haines
Imaginative marketer

Personalized Medicine
Using your genetic code to detect, prevent and treat health problems

BEYOND the Bubble
How the subprime meltdown impacts Minnesota's banking and business community

Double TAKE

Andrew and Dr. Ben Baechler took a \$70,000 loan from family and friends and turned it into a \$70 million nutritional supplement company. Can they double the size of their company, and take their message of wellness to the world?

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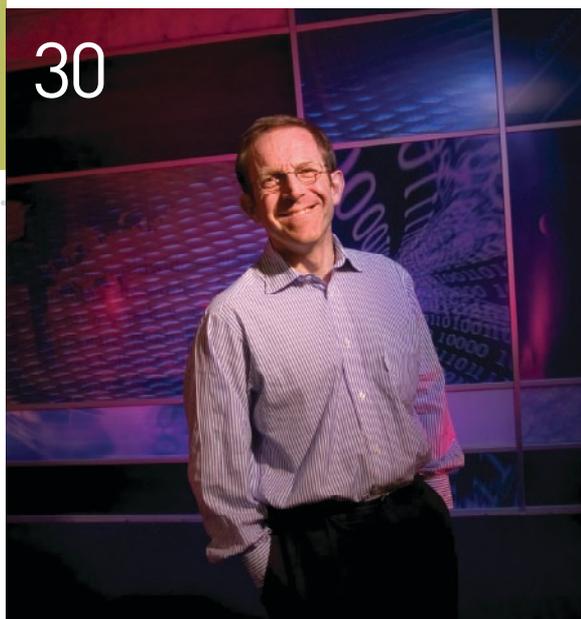
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There comes a time, or several times perhaps, in an entrepreneur's life when their business model or value proposition changes so much it appears the company can't go on and tough decisions need to be made in the face of few viable options.

There are lots of adjectives that describe this situation; words such as blocked, choked off, confounded, cornered, flummoxed, obstructed, prevented, stonewalled, and stumped all come to mind as examples.

These situations are part and parcel of running your own business, particularly a fast-growing one. Facing an environment where incomplete information and unknown risks are the rule, entrepreneurs must continuously move forward or risk forfeiture.

That was literally the risk Andrew and Dr. Ben Baechler faced when 9/11 hit just after they had put millions into a new research and development and manufacturing facility. Going against the counsel of trusted advisers who told them to salvage what they could of their fledgling nutritional supplement company and "save themselves," instead these enthusiastic identical twins "doubled down" and cashed in their life insurance policies, re-mortgaged their homes, and gave away their cars in a contest designed to stoke sales. We think you'll enjoy their story about how they faced down their challenges and emerged stronger.

Strong leadership has been at the heart of Northeast Bank since it was originally chartered back in 1947. Steeped in the tradition of taking care of the customer, and being involved in the community, owner Walter Rasmussen was a well-known character in the bank's neighborhood of Northeast Minneapolis. Following Walter's death over 15 years ago, Belva Rasmussen, Walter's wife, very capably stepped in to run things and prove slow and steady sometimes does win the day.

Slow and steady however would not accurately describe the growth of SALO, our emerging company that provides staffing solutions, consulting, and executive financial search services. Revenue has zoomed from an initial \$55,000 to a projected \$42 million in five years. Despite steady growth though, there have been plenty of challenges, as you will read.

Speaking of challenges, I hope you will find the time and inspiration to give back to those in need during this season of giving.

A handwritten signature in black ink that reads "Kenan Aksoz".

Kenan Aksoz
EDITOR-IN-CHIEF

CORPORATE COBBLESTONE TIMELINE

1998 – Eniva begins in 800 sq ft. office in Forest Lake, with \$70,000 loan from friends and family. Move to bigger offices in Blaine in August three months later.

1999 – Markets their first liquid nutrition "cell ready" products – recognized as liquid nutrition pioneer. Cumulative revenues hit \$1M for first time.

2000 – Company moves into third facility in Blaine. Annual revenues exceed \$6.5M, and is one of the fastest-growing companies in the state for period 1998-2000

2001 – Construction completed on Class 10,000 Research/Development laboratory and production facility. Annual revenues reach \$9.9M, and field representative's number over 15,000.

2003 – New liquid flagship product VIBE® is launched. Shipping and distribution operations expand into separate facility.

2005 – VIBE® is listed in Physicians Desk Reference. Field representatives number over 100,000 and annual revenues exceed \$30M.

2006 – International expansion into Mexico & Puerto Rico, with over 100 distribution centers established throughout Mexico. Annual revenue exceeds \$60M.

2007 – International expansion continues into United Kingdom & Canada. Recognized by Inc. Magazine as one of the fastest-growing private companies in America. Close on 26-acre property for International Headquarters expansion in Anoka to house new R&D, manufacturing, distribution, sales and operations activities.



LEADER PROFILE

BENJAMIN BAECHLER, M.D.

Title: Vice Chairman, Chief Medical Officer, co-founder
Education: BS, immunology and medical microbiology, University of Wisconsin, Madison; MD, University of Minnesota Medical School
Family: Married

Age: 30
Hometown: Winona
First job: At the age of 12, Andrew and Benjamin salvaged a discarded copy machine to produce a newspaper publication called "Neighborhood News." They interviewed neighbors, wrote articles, composed the layout, sold subscriptions, and then printed and delivered it.

ANDREW BAECHLER

Title: Chairman, CEO, co-founder
Education: University of Wisconsin, Madison
Family: Single

W TAKE

Andrew and Dr. Ben Baechler took a \$70,000 loan from family and friends and turned it into a \$70 million nutritional supplement company. **Can they DOUBLE the size of their company, and take their message of wellness to the world?**

BY David Gee PHOTOS BY Todd Buchanan

I am in the conference room of Eniva Corporation, awaiting the arrival of the Baechler boys; identical twins who are used to doing everything together, and in a big way. When they burst through the door, close-cropped blonde hair just so, sporting blindingly perfect smiles and furiously pumping my right arm one after the other as we exchange handshakes, I am quickly sucked in to their vortex of energy and enthusiasm. My initial reaction is one of speechlessness, though with these two around, there is never any such thing as “dead air.”

This is even all the more remarkable given that one of these two young men, Dr. Ben, the one in the scrubs, has just completed a grueling 30-hour shift at a local hospital, before coming to work as the vice chairman and chief medical officer of the company he co-owns. His brother Andrew, co-founder, chairman and CEO, has also just completed his own marathon stint with an adventure-filled return flight from Cancun, Mexico, where he was visiting distributors, and was now pausing for this interview before heading off to the east coast a few hours hence. Wow.

From an early age the Baechler twins say they were driven and acutely aware of purpose, and they have tried to build their own company on this foundation.

“Most people have an idea where they want to go and what they want to achieve, but most don’t know how to get there. That’s where Eniva comes in,” says Andrew. “We wanted to build a company, but we wanted to do it in a special, specific way. We wanted to create opportunities for people to spend more time with their families, have better financial futures, work with a company that reflected their

values and really determine what their personal and professional lifestyles would look like,” says Dr. Ben, finishing the thought.

Even though they may not have always known exactly what their own business or futures would eventually look like, looking like each other as they grew up in Winona gave them a special bond. They were co-captains of the football team, record holders on the swim team, shared first-chair trumpet duties in the school band and were co-valedictorians of their senior class at Cotter High School.

When they both went off to college with academic scholarships at the University of Wisconsin in Madison though, some differences began to emerge finally. Ben decided he wanted to become a medical doctor. Andrew on the other hand, decided to leave school in his sophomore year to start his own business, armed with the tens of thousands of dollars he had earned on campus through various direct sales endeavors.

“I had such a strong, entrepreneurial drive so I left college and gave up my academic scholarship to pursue the dream of starting my own business,” said Andrew. “He was always a creative, free spirit, so the decision did not surprise me,” added Ben.

Entrepreneurs emerge

Given what they do now, the company Andrew first started may surprise you though. It was a sales organization he formed with three friends to market a fuel additive called “Super 21.” It was designed to reduce harmful emissions and improve fuel mileage in cars and trucks, but the federal government kind of killed the value proposition for that product when emissions

“Most people have an idea where they want to go and what they want to achieve, but most don’t know how to get there. That’s where Eniva comes in.”

— Andrew Baechler, chairman, CEO, co-founder.

regulations eased and gas prices fell.

By this time the soon-to-be Dr. Ben had immersed himself in research about nutrient delivery systems, antioxidants and the science of cellular growth and thought Andrew should start a nutritional supplement company. He also had a more specific recommendation since he had seen studies suggesting supplements were absorbed by the body more easily and effectively in liquid form than as capsules, pills or powders.

“Many other supplement companies are beginning to realize liquids are better delivery systems and are just now starting to develop more liquid products,” Andrew stated. “We are particularly proud Eniva is one of the pioneers in this area. We feel we have truly led the liquid revolution.”

With an initial product line-up of half-a-dozen liquid mineral products that Eniva did not manufacture, Andrew and his team produced sales of about \$1.5 million their first year marketing those products. How did he initially build out that sales force by the way?

“One field representative at a time,” says Andrew with a smile. “The most powerful marketing machine in the world is word of mouth referrals. By simply sharing the positive experiences people have had with Eniva—both with the products and the business—we’ve been able to build a dynamic, international distribution force.”

“It’s not all about margin for us,” said Ben, sounding more like an entrepreneur and less like a doctor. “We didn’t want to ever compete on price so we knew we couldn’t be on the shelves of pharmacies or discount stores around the country. We want someone who has experienced the benefits of our products themselves to be the sales contact.”

Ben took a leave of absence from medical school to develop the company line with varying blends of minerals, vitamins and

plant-based nutrients aimed at scores of health-related issues. As successful as they were formulating and selling the products though, he and his brother knew they had to make some changes when the companies manufacturing their products didn’t seem to share their same commitment to quality.

Ill-timed investment

So after a couple of years in business they decided to build their own research and development and production facilities. Investing several million dollars so they could have greater control in the manufacturing and quality control process may have been laudable, but their timing was not. As the nation turned its attention to other things following 9/11, the number of new field representatives and new orders stopped going up, and revenue in fact started going down. And instead of managing growth, the Baechlers were fighting for their company’s—and their own personal—financial futures.

“We had people whose opinion we trusted telling us we needed to shut the doors, get out of the company what we could, and ‘save ourselves.’” said Andrew solemnly, the only time during our two hours together I saw his energy and smile go away. “We had such a strong belief this company would work, though it took every personal financial resource we had. That included turning over our own life insurance policies to the bank, re-mortgaging our homes, and giving our own cars away as promotions to spark sales! But we kept our promises to those who believed in us.”

Their refusal to let failure be an option in Andrew’s view, and Andrew’s leadership according to Ben, paid off, and by the end of 2001 annual revenues reached \$9.9 million and their field representatives numbered over 15,000.

ENIVA CORPORATION BIZBRIEFING BOOBYLION

Headquarters: Blaine

Revenue: \$64 million (2006)

Worldwide Distributors: Over 300,000

Description: Eniva specializes in the research, development, manufacturing, marketing and distribution of high potency, liquid nutraceutical products. The company uniquely distributes its products through a network of independent distributors throughout five countries, encouraging home-based business ownership and entrepreneurship.

Web site: www.eniva.com

LEADERSHIP & GOVERNANCE

Chairman and Chief Executive Officer:

Andrew Baechler (co-owner)

Vice Chairman and Chief Medical Officer:

Dr. Benjamin Baechler (co-owner)

Senior Vice President: Scott Bocklund

Director of Finance: Bret Orth

Director of Quality Systems: Florina Nita

Director of Research & Development: Lon Jones

Director of Marketing: Ann Bertsch

Director of Strategic Sales Development: Mary Veloske

Director of Field Sales: Mark Veloske

Director of Distribution: Matt Medick

Director of Engineering: Dan Conley

Positive vibe

The following year saw an expansion of their product line into liquid vitamins for the first time, and then in 2003 their flagship product VIBE® launched.

“We believe everyone has a birthright of wellness,” says Dr. Ben, now sounding like a health care professional again. “Nourishment and nutrition are key to achieving health goals.



“Between the two of us, a combined 40 years from now, we will just be turning 50 years old. We’re just getting started!”

—Andrew and Ben Baechler, co-founders, Eniva Corp.

The vast majority of Americans are over-eating and undernourished. Over the last two decades obesity has doubled in this country while we lead the world in rates of coronary heart disease, cancer and diabetes.”

“People have a personal responsibility for their health,” chimed in Andrew. “Eniva is providing new and better solutions to help with that health journey. We have delivered millions of products to nearly 400,000 members around the world, and really are striving to set new standards in the nutritional field.”

The field is certainly a large one. The International Alliance of Dietary/Food Supplement Associations (IADSA), which represents 57 national trade associations across six continents, values the global dietary supplement market at \$60.2 billion, with the biggest markets being the United States, the European Union and Japan.

Giving back

“Owning the market” isn’t the only thing on the minds of the twins though. They want the success of their company to not only lead to increased profits, but also to increased generosity.

“We think it’s a degree not only of success but of social responsibility,” says Ben. “The more successful we are, the more responsibility we feel to serve our community, our country, and indeed the world.”

“We hope to lead and inspire other companies to make public service part of their corporate culture.” Andrew said. If you are a leader in the community you need to be a servant.”

And serve they have. When the tsunami hit in Asia they sent nutritional supplements and also donated purified drinking water to the Gulf Coast region following Hurricane Katrina. Eniva also sends regular donations

of water and supplements to Camp Jornada, a free camp run by the Mayo Foundation for kids with cancer, as well as to soldiers, churches, schools and sports groups.

Later this month, over the Thanksgiving holiday weekend specifically and appropriately, you can see some more of Eniva’s corporate philanthropy and charitable giving at work a little closer to home on ABC-TV’s EXTREME MAKEOVER: HOME EDITION. When the show came to Minnetonka recently Eniva donated thousands of dollars worth of bottled drinking water, dietary supplements and protein shakes during the build, and even conducted on-site fundraising for the Swenson-Lee family.

There is no doubt these two leaders of Eniva believe in family, and are building a company they hope others believe in as well. They say that includes such things as being Christ-centered, honest, respectful, loyal and good stewards of all that has been entrusted to them.

Like most good business leaders, they also keep their eye on basic business metrics. But in Andrew’s view, success is not necessarily linked to something typical like cost of goods or top line revenue.

“We have specific measures we use to evaluate our internal business performance and the external impact we are having on the lives of our members and field representatives, Andrew says. “The key component though to us is consistency. We ask ourselves every day whether our actions bring excellence to the lives of others, and to our own lives.”

The twins say they believe there is a plan for them and their company; just don’t link it to an exit strategy.

“Between the two of us, a combined 40 years from now, we will just be turning 50 years old,” exclaimed Andrew and Ben in unison. “We’re just getting started!” **MB**

MINNESOTA BUSINESS

LEADERSHIP ▶ OPPORTUNITY ▶ GROWTH

MinnesotaBusiness weaves together strategic intelligence, insightful analysis, and innovative ideas to assist sophisticated business leaders at every stage of their life-cycle, whether young, entrepreneurial firm or mature operation. MinnesotaBusiness offers content that educates, informs, and inspires, enabling business leaders to ignite and sustain growth.

– www.minnesotabusiness.com

“Eniva Corporation is proud to be the feature cover story in the November 2007 issue of MinnesotaBusiness Magazine. We join the ranks of other prestigious growth-oriented companies who have been recognized for their innovative and entrepreneurial efforts in building successful, sustainable enterprises.”

Eniva Chairman & CEO
Andrew J. Baechler

Eniva Vice Chairman & CMO
Benjamin J. Baechler, MD

For more information about this month's cover story, Eniva Corporation, please contact the individual below:

