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# How to fan fiery growth

**FSB's experts kick a Montana emergency-vehicle builder into high gear.**

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(FSB Magazine) Kalispell, Mont. -- The four founders of Nomad Technologies have been best friends since college, when they spent summers working as raft guides in Montana. Back then, when forest fires broke out, the partners volunteered to drive emergency-response teams around the area. Five years ago, after watching firefighters wait in long lines for pay phones, the foursome left their guide jobs to create a remote-communications company. Two years later they began building mobile vehicles equipped with their technology.

Today the founders remain friends, and Nomad (nomadtechs.com), based in Kalispell, Mont., has evolved. Business is booming: The 23-employee company, which had sales of more than \$3 million in 2006, recently landed a -multimillion-dollar contract to build training vehicles for the U.S. Army and has moved into a larger facility. But the owners worry about how to handle the explosive growth.

Nomad's founders have been warned of the dangers of mixing business with friendship, but the equal partners insist that things are running smoothly. "We've been fortunate," says Will Schmutz, 31, Nomad's president. "But we also haven't been tested."

On the dusty floor of the company's manufacturing shop sit two enormous trailer chassis. Over the next few months Nomad's engineers will transform them into mobile command centers, equipped with communications tools, workstations, bunk beds - whatever their customers, primarily emergency responders, specify.

Nomad has its own dreams for the vehicles: The company wants to take them into new markets. The founders - Clay Binford, brothers Will and Seth Schmutz, and Shane Ackerly - know they face challenges as they attempt to expand while managing their current business. Although 60% of the company's clients are federal, state, and local government agencies, Binford, the VP of marketing, finds the contract-procurement process frustrating and wants to attract clients in private industry. The owners would also like to generate income from the IT services they provide, but they don't know where to begin.

**Feed from the federal trough**

FSB recruited three experts to help the young entrepreneurs sort out their priorities. First up is Irv Alpert, vice president of Onvia, a Seattle-based software firm that helps contractors locate government requests for proposals (RFPs), which are critical sales leads for businesses such as Nomad. Alpert, 55, quizzes Binford about his customers. Does he track Department of Homeland Security grants, which often call for products such as Nomad's vehicles? "We try," says Binford, "but it's hit or miss." At first Nomad recorded its bids on a whiteboard. As the company pursued more accounts, it switched to Excel spreadsheets, he explains.

"You need to track your bids with a CRM [customer relationship management] system," Alpert says. Programs such as Goldmine (goldmine.com), would give Binford a graphical presentation of Nomad's status with all its customers and would allow the company to monitor RFPs nationwide. Alpert also urges Nomad to use data to bid strategically. "By building a better database, you can identify trends - for example, certain states may grant preferences to local vendors," he says. "Let those bids go."

When Binford mentions that Nomad regularly attends trade shows to promote its products, Alpert shakes his head. "There are 88,000 government agencies out there," he says. "For the cost of attending a trade show, you could more proactively target them." Binford nods, adding that he wants to start working with prospective



**Nomad's founders (from left) Will Schmutz, Shane Ackerly, Clay Binford, and Seth Schmutz.**



**The shop where Nomad transforms vehicles to suit its clients' needs.**



**The U.S. Army uses this Nomad-built command center to test helicopters.**

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clients before they publish RFPs, but his efforts to build relationships with purchasing officers have been frustrated by turnover at the agencies.

"Focus on the decision-makers," says Alpert. "They have staying power." He adds that in order to find opportunities before they're publicized on websites such as findrfp.com, Nomad should scour alternative sources. Newspaper stories about local government meetings might be a good source of names of officials who choose suppliers, he suggests.

Alpert flips open his laptop. When Schmautz and Binford see the data he has prepared, their eyes light up: Alpert has used Onvia's software to pull up scores of potential bids for "mobile-communications units" from the private companies that Nomad would like to target. While scrolling through the RFPs, the trio brainstorm possible client categories for Nomad to zero in on. Alpert suggests colleges and universities, drug testers, and geophysics firms. "It's important to diversify," he says.

#### Build a board

John Castle, a 68-year-old serial entrepreneur and lecturer on management at the University of Washington in Seattle, arrives to talk about finance and management issues - including where friendship and best practices may diverge. He huddles in the conference room with Schmautz and Ackerly, 28, the VP of engineering. When Binford tells Castle that the partners simply gravitated to their current positions, Castle sees trouble: "Companies that start that way can become slaves to their histories, acting on decisions based on personal ties." He advises the owners to outline descriptions of their jobs and determine whether they need to hire new talent to fill holes in their résumés. Schmautz agrees. "We've been too lean from the start," he says.

Next, Castle advises the founders to think like investors. "View the business as an asset," he says. "How can you make it grow?" Nomad has a few informal advisors but no board of directors. Castle tells them to organize one immediately. "Creating an outside board, which has the ability to fire you, forces you to become competitive," he says. Directors of Nomad should receive insider shares to give them a stake in the business, he adds.

Schmautz is intrigued. How about private stock for employees, to build loyalty? Castle advises him to pursue outside equity and create a pool of shares for workers. "When employees own the company," he says, "there are fewer retention problems."

#### Monetize customer support

Several days later the Schmautz brothers visit the Round Rock, Texas, campus of computer giant Dell to meet Bit Rambusch, director of the company's IT support for business clients. While Seth, 28, ducks out to take a customer call - huge fires are burning in Montana and Idaho - Will greets Rambusch, who asks how he can help. "We'd like the support services we offer to our vehicle buyers to become a revenue center for us," Will says.

Rambusch advises Nomad to standardize about 75% of its IT services and customize the rest. He urges the firm's founders to review market research on IT services before setting costs, to avoid mispricing.

When Seth, back from his call, asks how Nomad should train new techs, Rambusch emphasizes the importance of fostering collaboration between support and engineering staffers. Seth should also create a simple "IT language" for these employees to share. Rambusch encourages Nomad to form partnerships with companies that already have large, established IT infrastructures to help with questions Nomad can't answer directly. "Clients should be able to call just one number for support," he says.

Weeks later Nomad's founders have considered the Makeover tips. They say they will develop a client database and intend to become more strategic in their bidding. Will is eager to target private industries, such as mobile medical and marketing services, and create a board of directors. He says that Nomad looks forward to launching a smaller version of Dell's command center, while pursuing IT partnerships. And Binford wants to beef up the staff with hires in areas such as tech support and marketing. Down the road, we'll return to Montana to check on Nomad's progress. ■

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