

Burnsville office-supply firm carves out growth in shrinking industry

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ANTHONY**

CEO Jennifer Smith, founder of one of the country's larger independent office-supply operations, grew up in her dad's small office-products shop.

Yet Smith's career path was not ordained. Nor was it always clear sailing to the 2001 launch of Burnsville-based Innovative Office Solutions.

Innovative this year employs 210-plus people and expects revenue to top \$100 million.

That is something. Because the traditional office paper-clips-and-calendar trade has declined for years amid big-box retailers and online competition.

Smith's success at Innovative is rooted in understanding her dad's trade and an evolving industry, diversifying into complementary products and investing in employees and customer service.

"Customers still value the relationship and service," said Smith, 49, who has a wall of awards testifying to Innovative's financial growth and quality workplace.

This week, another one: Smith will be honored as owner of the year by the Minnesota chapter of the National Association of Women Business Owners.

It's been an interesting run for the Hamline University graduate who started out as a shoe buyer at the former Dayton's stores.

That career ended after a few years in the early 1990s. Smith moved home to Northfield to help with her ailing mother. She also bought the office-supply shop in which her father had sold majority interest in the late 1980s.

"I bought a \$1 million-revenue business and grew it to \$12 million within a year and a half," Smith said. "Dayton's had a fabulous training program. I learned about technology and brought that to Town & Country Office Products in Northfield."

Smith was a pioneer in online ordering platforms in a ma-and-pa industry of a generation ago. She hired salespeople to recruit and outfit business customers, who used a floppy disk system to order products online. Smith moved T & C to the south metro, and business boomed. She earned industry notice.

In 1997, Smith sold Town & Country to industry-consolidator U.S. Office Products in an all-stock deal. However, its debt-fueled strategy of a network of little companies failed. U.S. Office went bankrupt, costing Smith much of her sale proceeds.

After a brief foray into medical products and spending more time with her two young children, Smith, the single-largest stockholder, started Innovative in 2001-02 with a nonemployee partner, about \$450,000 and 20 employees, several of whom also were founding shareholders. Smith focused on product diversification and customer relationships.

"And I've managed to grow every year," Smith said. "We had to branch into other categories, including office furniture and furnishings. Not just paper, but toner. And paper towels and other products and services."

It adds up 15 years later to \$100 million in sales and 210 employees who proved the business model.

The secret sauce: High-tech systems and efficiency combined with high-touch customer service. That includes visits with Smith, who schmoozes with 20 customers a week in the Burnsville showroom, and next-day delivery by 40 truck drivers who work for Innovative, not a third-party contractor.



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JOEY TICHENOR

CEO Jennifer Smith of Innovative Office Solutions meets with 20 customers a week at her Burnsville headquarters.

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There's a bonus program for everybody tied to personal and corporate performance.

"It can mean an extra couple paychecks for people," Smith said.

There is an annual incentive trip to a warm-weather destination that includes support folks as well as sales stars. And an employee-run committee makes decisions about community partnerships and philanthropy. That also enhances engagement.

Smith said her business is as much about people as what she's peddling.

"It's about developing a culture and a purpose and our purpose is to inspire employees and help customers," Smith said. "After that, it's all about productivity. Everyone has to know their purpose and how they contribute."

Beth Kieffer Leonard, CEO of accounting firm Lurie, has worked with Smith for about a decade.

"Her industry has seen so much consolidation and it's become an impersonal, commodity business," Leonard said. "You just do everything online or go to Office Depot.

"Jennifer ... has found a way, from the office to the truck drivers, to create a culture in which the employees are all in ... for the customers. They make sure your needs are met, from paper clips to helping design your office. They extend that brand and culture that [Smith] lives and breathes."

Innovative positions itself as a good value and long-term partner, if not a deep-discount supplier.

"We think we are price competitive with the big boxes, but we also provide extra solutions and services that help our customers be more productive," Smith said. "We retain more than 90 percent of our customers [annually]. And we add customers."

Three-quarters of sales occur in Minnesota. Innovative has been able to grow as customers expand. The list includes Schwan's, Buffalo Wild Wings and Northern Tool+Equipment.

Jennifer is engaged," said Rand Anderson, Northern Tool's facilities manager, who oversees 95 stores. "If there are issues, their representatives deal with it. A wrong order of supplies is rectified within a day. They've partnered with us as we've grown."

Neal St. Anthony has been a Star Tribune business columnist and reporter since 1984. He can be contacted at nstanthony@startribune.com.

Neal St. Anthony has been a business columnist and reporter for the Star Tribune for 30 years. He also has worked in financial communications for two publicly held companies.

Neal.St.Anthony@startribune.com 612-673-7144