

Brooklyn Park firm stars in display business

By **DICK YOUNGBLOOD**, Star Tribune

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The last time we encountered Mark Johnson and his Star Exhibits & Environments Inc., the company had grossed \$5 million in 1996, its third full year in business as a designer and builder of elaborate trade-show exhibits and point-of-sale displays.

By 2007, the Brooklyn Park company had hoisted its revenue to \$25 million, in large part by identifying a variety of opportunities to add creative services: first, design and layout of large retail spaces, then entire retail stores, and finally, a variety of corporate lobby and boardroom displays. It was a performance that added up to a tidy 15 percent annual growth rate.

Whereupon, the economic collapse of 2008 interrupted what had started as another growth year, slashing the gross by 20 percent, to \$20 million.

"We had six major projects on which we'd started design and production," a backlog that carried a \$6 million price-tag and promised at least a 4 percent revenue gain last year, said Johnson, 48. "Then all six of them were canceled in the third and fourth quarters."

Given this scenario, the question is why Johnson nonetheless is projecting that 2009 revenue will grow 15 percent, never mind the grim economic outlook.

The answer: Once again, Star Exhibits has identified a new creative opportunity and added a service to its arsenal, and it's taken off in the past 18 months. It's a marketing consulting service that trades on the understanding of clients' marketing strategies gained in 15 years of designing their exhibits and displays. It was a logical step, given the number of companies big and small that are cutting their internal marketing budgets as the economy plummets, Johnson said.

"We act as their marketing departments," he said. "The creative process involved is much the same as the process we go through in designing exhibits."

The concept apparently made sense to an impressive roster of clients: So far, Star Exhibits has added Whirlpool, ADC Telecommunications, Pella Windows and the General Mills food service division as consulting clients to help develop sales strategies, target new markets and otherwise redefine marketing plans.

For ADC, for example, Star Exhibits has created what Johnson calls "mobile marketing," transforming a fleet of semitrailer trucks into working displays of the company's communications networking equipment for demonstrations nationwide.

And for Whirlpool, it has helped the company place its kitchen and laundry-room products in several new retail markets, including a large hardware chain and a high-end chain of furniture stores.

This new focus on marketing consulting "is what will take us to \$23 million in sales in 2009 and to \$50 million in 10 years," Johnson said.

The result of this expanding roster of services is a blue-chip client list that includes Target, Best Buy, Costco, St. Jude Medical and the Swedish security products giant Assa Abloy, in addition to the aforementioned consulting clients.

Johnson credits much of the company's success to an uncommon pair of internal policies. The first is a long-term commitment to so-called "employee empowerment," involving self-directed teams that are given both responsibility and authority to do their jobs well.

In addition, the company offers guaranteed billing, a policy that means the bill presented matches the estimates given in the beginning -- even if costs suddenly rise in the design and construction process.

"We've eaten sudden cost increases more than once," Johnson said.

Star Exhibits built its industry reputation on the foundation of large, often complex projects. A trade-show exhibit for Whirlpool, for example, approaches the size of a football field, with functioning kitchens and laundry rooms and media presentations on a variety of stages.

In short, "We don't do cardboard popups," Johnson said.

The creative detail involved in the trade-show exhibits soon led to assignments to design and lay out retail spaces, involving permanent and semi-permanent fixtures and displays ranging from end caps to entire aisles.

A single project often led to others, Johnson said: "We started out doing the fixtures for Costco's cell phone displays and wound up designing the computer and digital camera departments as well."

All of which led to projects to design and lay out entire stores, including Pella's Windowscaping outlets and the prototype for the redesigned Oreck vacuum-cleaner ("right down to the signage and product tags," Johnson said).

Perhaps most intriguing, the company also designed and built Whirlpool's first retail outlet, dubbed the Inspirence Center, which is hard-wired to record and transmit customer reactions to and their interactions with the working models on display.

Dick Youngblood • 612-673-4439 • yblood@startribune.com