



# SMALL-BUSINESS SUCCESS STORIES

Nine inspiring tales from people who  
achieved success in their own way.

**T**he next nine pages tell the stories of people who probably would have done very well working for someone else—but who instead took the risky, exciting step of striking out on their own.

Although the stories here naturally display a variety of twists and turns—these are distinctive companies, run by people with distinctive talents, addressing specific market needs—each provides an example of entrepreneurial insight: the ability to detect opportunities not perceived by others, along with perseverance, energy, marketing savvy, and managerial skill.

These enterprises, like larger ones, now face the uncertainties of a troubled, volatile economy. But we suspect that they

have the nimbleness and strength to make it through to the other side.

*Twin Cities Business* has put a spotlight on local smaller enterprises like these since 2002. Each year, we've worked in collaboration with Associated Bank, the sponsor of Small-Business Success Stories. Last summer, we asked readers to help us identify small companies of notable achievement. We received more than 50 nominations, each presenting a company with an inspiring story. This made for some very difficult choices for the judges. But we think you'll find that the companies we've chosen to profile here each have a quality that deserves special notice—and celebration.

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STORIES BY PHIL BOLSTA

# COTTERWEB ENTERPRISES

## ONLINE TAKES OFF

**D**aren Cotter wasn't a typical college freshman. "When I got to Minnesota State [in 1999], I became engrossed in the Internet advertising industry," he recalls. "I was a geek and very much liked to program things and build things. I started to participate in some advertising sites as a consumer, and soon came to the conclusion that I could build a better product, both for consumers and for advertisers."

Cotter launched CotterWeb Enterprises in 2000 to serve both consumer "members" and a variety of advertiser "partners," most of which are seeking input for market research or consumer visits to their Web sites. CotterWeb's flagship product, InboxDollars, is an online rewards program that rewards members who sign up to participate in partners' online activities.

Four years later, Cotter's "hobby" was generating revenues of \$200,000 with "fairly healthy margins." Six months before graduation, he started reinvesting his profits—and generated more members and more interest from potential advertisers. With the work piling up, he hired some friends and even his mother to help manage the business, attract new advertisers, and find capital. In May 2006, Cotter's team moved into a Mendota Heights office.

While companies like MyPoints also offer rewards for online activities, CotterWeb is the only company of its kind to offer cash payments to its members rather than redeemable points. These cash rewards are credited to members' online accounts. When at least \$30 has been accumulated, members can request payment by check.

CotterWeb's 6 million-plus members participate in online activities such as:

- Responding to e-mail advertisements. When members sign up, they voluntarily provide as much information about themselves as they feel comfortable sharing. They are then sent advertisements tailored to their interests and rewarded



Daren Cotter's hobby got out of hand. Has he got online world domination in mind?

for their response. "We can deliver potential customers to their Web site or we can deliver actual transactions," Cotter says.

- Participating in marketing research surveys. "We enable advertisers or market researchers to reach only the customers they really want to reach, and then receive feedback about their product or service," Cotter says. "The reward to the member might be anywhere from 50 cents to \$10, depending on a variety of factors—what the advertiser or researcher is paying us, the complexity of the study, how many respondents the advertiser is looking for, et cetera."

- Online shopping. A member accesses CotterWeb's online shopping portal and makes a purchase from one

of the hundreds of online retailers. "We generate a commission on each transaction and share a portion of it back to the customer," Cotter says.

- Trying products and services. Similar to online shopping, except the desired transaction may not include a purchase from an online store. "The transaction might be registering for the advertiser's product or service, or joining a mailing list," Cotter explains.

- Playing games on line. CotterWeb's games channel is a skill-based gaming platform where members can play games against others. The platform is powered by WorldWinner, a gaming company that CotterWeb has partnered with. "Members deposit funds in their WorldWinner account and then use those funds to engage in tournament-style games against other participants," Cotter says. "It's like paying a tournament entry fee."

CotterWeb's revenues last year were \$12.4 million; the company estimates 2008 revenues at more than \$16 million. "It started as a hobby and a neat little way to build a product that was better than what I was experienced with," Cotter says. "I thought it would be great if it made some money as well, but it has certainly grown beyond my expectations."