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OPEN EARS
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**EVERY CIVIL RIGHTS
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TO TAKE TIME.**

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GOING TO ASK YOU
HAVE TO LISTEN.**

Lisa Hannum,
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**WE'RE GOING
TO LOVE OUR
CUSTOMER.**

Craig Kruckeberg,
Spray Control Systems

**YOU CAN'T DO
EVERYTHING
YOURSELF.**

Daren Cotter,
CotterWeb Enterprises
2008 Upsize Business
Builder of the Year

**FLAT, FLAT, FLAT,
THAT'S WHAT
WE DO.**

John Risdall,
Risdall Marketing

FUN IS GOOD.

Brigid O'Malley,
Reiling Construction

**LITTLE THINGS
MAKE A BIG
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Tom Trutna,
Big Ink

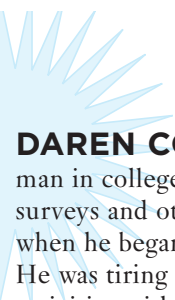
JUST GO WITH IT.

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Letting go

When CotterWeb's CEO focused on his expertise and hired the rest, business zoomed



DAREN COTTER was a freshman in college participating in online surveys and other activities himself when he began to envision a business. He was tiring of taking part in these activities without ever really knowing what prizes or compensation he would receive.

So out of his dormitory room at Minnesota State University-Mankato, he created InboxDollars.com, a business where advertisers would only pay if his company produced results and where users — those who play the games or answer the surveys — would be rewarded in cold, hard cash.

“I was participating in some similar programs,” he says. “It wasn’t clear what you were getting for the actions you were participating in. So I set out to change that. I wanted to make sure our system was completely transparent.”

Throughout his college years he tinkered with the business, not sure if it would stay a hobby or become a career. There was little growth while he was focusing on school.

by Andrew Tellijohn
photograph by John Noltner

The inflection point came in 2004 as graduation neared. “I was asking myself, ‘Was this business going to become a career?’ What kind of growth opportunities does it have,” he recalls.

So he began reinvesting into the business and for every dollar he put in he received multiple dollars in return — a result that clued him in he was onto something big.

Mendota Heights-based CotterWeb Enterprises Inc., which now consists of both InboxDollars.com and SendEarnings.com, an almost identical company acquired in 2005, hit \$12.4 million in

sales in 2007, up from \$4.5 million in 2005. The company has 30 employees, more than 5 million users and around 100 advertisers. Cotter predicts revenue of \$16 million in 2008. For those growth numbers, and for Cotter’s philosophy toward sustainable growth, CotterWeb Enterprises is the 2008 Upsize Business Builder of the Year.

Over the years the company has gone from offering rewards primarily for e-mail-based projects to an expanded cadre of opportunities, a move that he says has been important to the company’s growth.

“What we’ve added over time is more and more opportunities for members to be rewarded for their online activities,” he says. “That’s been important, because when a member wants to join InboxDollars or SendEarnings to be rewarded they want access to a variety of activities they can be rewarded for.”

In addition to rewarding members, it provides performance-based marketing for its advertisers and gets paid based only on achieving agreed upon metrics.

When the growth began, he admits to having been somewhat overwhelmed.

“Now what?” he says was his reaction. “Now what do I do? Because I couldn’t run the organization by myself and keep up with the day-to-day.”

So he brought on board some long-term friends to help handle the everyday operations. And then, focusing more on the big picture, he began mapping out a plan for further expansion. He met Jack Johnson and Keith Olson, both veterans with experience growing companies, who helped with planning.

“We needed to build an infrastructure,” he says. “To do that I needed to find some great people.”

So, 2006 was spent hiring additional employees to handle day-to-day operations and moving into new office space for the first time. Cotter added a sales team, which helped take some indirect relationships and turn them into direct advertiser relationships.

At the end of 2006 came another turning point when he brought every company employee together for a team building and strategic planning session that has helped shape the last two years. He likes incorporating everyone into the process to hear their input and keep them engaged.

“What we asked ourselves is ... where are we going and what do we need to do as a company,” he says. “That was one of the big turning points.”

While Cotter, 27, is young for the position that he is in, he has a long history of entrepreneurial activities. He was in first grade when he began using his mother’s Sam’s Club card to purchase Jolly Ranchers in bulk, then he’d turn and sell them individually to classmates – a business he acknowledges was not scalable but had enviable margins.

“It was recognizing that an opportunity existed and going after it,” he says of the experience.

He did that until his empire grew large enough where the school principal “politely requested” that he take his sales off school grounds. While the principal’s request put the kibosh on that business, it didn’t dampen Cotter’s spirit. At 15, he was given the choice of getting either a car or a computer for his birthday. He chose the computer.

“It was one of the better decisions I’ve made,” he says.

He took a keen interest in computer hardware and software and taught himself how to program, eventually publishing several educational software programs over the Internet. He made less than \$10,000 selling those programs but the experience “certainly cemented for me my future plans of attending school and going after a computer science degree and learning more about technology,” Cotter says.

When Cotter first graduated from college and began making plans for the company’s growth he realized he needed some help.

Through a third party, he was introduced to Johnson, a former U.S. Naval Academy graduate with three decades in the computer services industry at companies such as IBM and General Electric.

Johnson was starting his own company when he met Cotter. He agreed to help Cotter out at first as an unpaid men-

LESSONS I LEARNED

Daren Cotter, CEO,
CotterWeb Enterprises

- » “I decided to surround myself with a team of people who had experience and expertise in business planning — not only the financial aspects, but also the logistics of finding and outfitting a space, determining hiring practices and other things that had to do with starting a business.
- » I think evaluating your strengths and weaknesses — and being honest about what your needs are — is the first step to finding complementary team members.
- » Although youth is often considered an obstacle I feel that my vision for the future of the company and delivering on CotterWeb’s value proposition are more important. Our customer groups — members and advertisers — don’t care about my age. They care about what CotterWeb delivers.
- » I evaluate the needs of the business and identify which skill sets are needed and then find experts in those areas. In following this process, it’s easy to ‘let go’ of certain activities because I know I have an expert in that area.
- » The key that I would point to is the value we provide to both of our customer groups. For members we provide a rewards program that rewards them with cash for all of their various online activities. For advertisers what we provide is the ability to reach only the consumers you really want to reach. And most importantly you only pay for the results that we deliver.
- » You can’t do everything yourself. It doesn’t matter how good you are. You need to find great people and bring them into your company and create a culture such that you keep those people for a long time.
- » Identify first what you are really good at and then focus on that. Anything that sits outside what you are really good at either find someone who is really good and bring them in your company or find somebody else to do those things.
- » We lost some time in earlier years of the company trying to do things we weren’t experts at.
- » We have a great bonus program so employees can earn up to 10 percent of their salary for accomplishing quarterly objectives, and that’s payable quarterly. And the important part of that is that it’s tied to the strategic plan of the business. So everybody’s objectives line up with what the company’s plan is.
- » Our employees come to work with a smile on their face every day. They genuinely look forward to coming to work. I think that’s evidenced by the fact that one of our core values as a company is fun.
- » What we try to do is include all of our employees in all of the steps. In some way we like to involve all of our employees in the strategic planning process. What we’ve found is when we come up with our project plan down to the detailed level for the next year our employees know how what they are working on impacts the company.
- » Then what we do as a company is we share results. We’re very transparent. Just like we are transparent with our members and our advertisers we are transparent with our employees as well.”

tor and then as a part-time employee. While his own career started with big firms, he's been moving to more entrepreneurial businesses throughout his career, one of the appeals of CotterWeb.

It was a good fit. Johnson has leadership and management backgrounds that complement Cotter's entrepreneurship skills and he admits to being impressed when he first met Cotter.

"The one thing I've never been was THE entrepreneur," Johnson says. "It was a little bit of awe – how could you come up with this and get it going, wow, that's amazing."

He decided working with someone "three years younger than my youngest son" wasn't an issue, as his past accomplishments put his own ego at ease. And he realized that while he could probably teach Cotter about some strategic planning ideas, Cotter could in turn teach him about the Internet.

Johnson says Cotter has great technical skills but is also a good listener and business-savvy. "He has the ability to take in information just like a computer and process it," he says.

Cotter, Johnson, Vice President Keith Olson and the staff have been recognized for the company's fast growth. In addition to receiving Upsize's top honor at an October awards event, CotterWeb is a finalist in Ernst & Young Entrepreneur of the Year competition and has also been named to Inc. magazine's Annual List of 5000 Fastest Growing Private Companies.

Citing the desire many buyers and advertisers have to remain anonymous, Cotter declined to provide any names to Upsize. However, World Winner, a provider of online game competitions, released a statement in March after extending its multi-year deal with CotterWeb.

WorldWinner provides its cash competitions through InboxDollars and SendEarnings and the CotterWeb sites reward members for entering World Winner's tournaments.

"Our partnership with CotterWeb has been extremely lucrative in helping us grow our base of loyal players,

which is critical to WorldWinner's business goals," says Peter Blacklow, president, in the March statement. "CotterWeb has millions of loyalty members and many of them are a perfect match to our target audience. The results we've already seen working with CotterWeb demonstrate that its members are very interested in the casual game competitions we offer."

In addition to having a growing and seemingly satisfied customer base, CotterWeb attempts to be a good neighbor in the community. When the company's explosive growth created a situation where several employees had to drop what they were doing to send out check payments to users, Johnson contacted LifeWorks Services Inc., a nonprofit organization that helps people with disabilities integrate in the community through employment opportunities.

For about two years, LifeWorks has sent one person weekly and a team of five to 10 workers monthly to the CotterWeb offices to help process and mail the checks. The CotterWeb employees have welcomed the LifeWorks team openly as though they were full-time staff, says Judy Lysne, president and CEO of LifeWorks.

"They've included us as part of the workforce," she says. "Everyone knows their names and greets them. It's a very warm place to be."

While her first contact with CotterWeb was through Johnson, who had served on the organization's business advisory group, she eventually met Cotter and was immediately impressed. "It's so amazing that he was able to start this business so young when he was still in college and how it has grown," she says, adding that she found him sharp and enthusiastic.

She's impressed how despite the fast growth the culture has remained the same.

"They're still one of those companies that incorporates some fun," Lysne says. "Being able to be part of an entrepreneurial, enthusiastic place like CotterWeb has been great for the people we serve."

Cotter considers himself a laid back

manager, though he is firm when it comes to getting results. He believes in hiring good people, compensating them fairly and providing benefits that motivate them to stay.

For example, upon becoming eligible for the company's 401K program, employees automatically vest completely right away.

He also likes having fun and the office proves it. There's a game room with a Nintendo Wii, a Ping-Pong table and a mini-golf setup. The company also regularly schedules fun events, such as golf scramble events and paintball matches.

When Cotter gets away from the office he enjoys playing golf and he's a big hockey fan, both of the Minnesota Wild and his college team, Minnesota State University, Mankato's Mavericks. He acknowledges that the business is never far from his mind.

"There's never a time I'm not dreaming about what tomorrow is going to bring CotterWeb," he says.

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