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Upsize

PEOPLE, IDEAS AND STUFF TO HELP GROWING COMPANIES

By Beth Ewen

REAL ESTATE

Splice Here's move to buy headquarters fuels revenue growth

Splice Here's bosses decided to purchase and renovate their new headquarters, in large part because the company has specialized technology needs.

"Our buildout is so customized and expensive. For example, there's about nine miles of special cabling that we put in," says Eric Mueller, executive producer at the Minneapolis edit, design and sound studio and post-production shop. "We didn't want to lease, build out, and then move again in five years."

What they didn't expect is the fast ramp-up in business that followed the move, completed in the first quarter of 2004.

"We've filled the first two floors already and we never thought that would happen so quickly. We had five people; now there's 13," Mueller says.

Says Clayton Condit, owner and president: "We took the chance and bought something that we could grow into."

Condit believes that clients who come to use the space are impressed with Splice Here's capabilities, and employees respond to their enthusiasm.

"In our business it's important: What is the vibe? In return, our people step up for our clients," Condit says.

The building cost \$1.3 million, plus \$350,000 for the typical buildout and \$500,000 for engineering, or the special cabling that the company's business requires. It's 12,000 square feet, up from 1,800 in rented space before. An SBA loan financed the deal.

"It terrifies me," Condit says about the

company's fast growth, when he considers that his original business plan was no more complicated than sharing the cost of a \$50,000 editing deck. He was a freelancer before starting Splice Here four years ago.

When contemplating the real estate move, Condit says he put fear aside. "I wasn't scared. I was highly responsible and micro-managed every dollar. I had the thing budgeted to a T," he says. "You have to."

Now he's enjoying the growth: "I never expected it to be that quick."

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FINANCE

Brass Ring Capital seeks to buy out retiring owners

A new private equity firm, Brass Ring Capital, is looking to purchase small companies, perhaps from owners who wish to retire.

Companies with valuations of \$5 million to \$15 million, or earnings before taxes and other deductions of \$1 million to \$3 million, are the target. But only profitable companies need apply.

"We're looking for businesses that have found customers," says David Raffel, managing director, in Minnetonka. His business partner, Steven Peterson, has an office in Milwaukee. They've raised \$13.75 million from 60 limited partners.

Raffel says companies this small have been somewhat ignored by firms like his in the past, although recently even some large private equity funds have been dipping as low as \$3 million in earnings.

Raffel was with Harvest Partners in New York, and most recently one of three principals at Agio Capital in Edina, a sister company of investment banking firm Goldsmith-Agio-Helms.

"I've been in the business since I left college," Raffel says about the reason for his start-up. "I always worked for somebody else."

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