Astropad captured the grand prize in this year’s MN Cup, the largest statewide new venture competition in the country. In its 11th year, the competition attracted nearly 1,300 entrepreneurs and awarded winners in seven divisions.
Energizing Entrepreneurs

Thanks to enthusiastic corporate supporters, volunteer mentors, and $327,000 in seed money for winners and runners-up, the MN Cup competition proves again it is the state’s premier resource for emerging entrepreneurs.

By Suzy Frisch

The MN Cup is supported by the following firms:

O

vations are in order to recognize the winners and finalists of the 2015 MN Cup Competition, the largest statewide new venture program in the United States. Since its inception in 2005, MN Cup has generously supported and encouraged entrepreneurs, and the numbers show it—more than 10,000 people with business ideas competed, and the newly launched companies finishing as finalists have attracted over $180 million in outside investments.

When accomplished entrepreneurs Scott Litman and Dan Mallin created the free competition 10 years ago, they identified dual missions. The MN Cup would find the most promising, breakthrough business ventures in the state, and it would cultivate a fertile ecosystem that provides guidance and assistance to entrepreneurs year-round.

These goals have come to fruition. In addition to more than 50 partnering businesses and organizations that provide financial and organizational support, hundreds of mentors and judges share their expertise with competitors. Many mentors return year after year to offer advice, open up their networks, and even stay on as board members or investors after the competition culminates.

A GRAND PRIZE WINNER’S PERSPECTIVE

MN Cup offers priceless assistance at a critical time in the life of a young business, says Deepinder Singh, whose energy-efficiency company, 75F, won the competition last year. Thanks to the mentoring of Bob French and Mary Pat Blake, 75F leapfrogged far ahead of where it would have been. These two seasoned entrepreneurs and business leaders helped Singh refine his business plan, sharpen the strategy for 75F, and connect him with high-level industry executives to gain their feedback. “It’s invaluable to have that sounding board from mentors. You can flounder around and try to find your own way, but these people have gone through the process before,” says Singh.

BETTER EACH YEAR

Each year’s MN Cup Competition reaches new heights. “This year’s inflow of entrepreneurs has set another record, and the quality was tremendous across all divisions,” says John Stavig, director of the Gary S. Holmes Center for Entrepreneurship at the University of Minnesota. “We’ve expanded sponsorship and funding that goes directly to the most promising start-ups.”

While the MN Cup Competition boosts $327,000 to award to new ventures, it’s about more than prize money. Litman and Mallin—along with founding partners Wells Fargo and the University of Minnesota—aim to give entrepreneurs an essential boost that propels their businesses from start-up to success.

Thanks to collaboration with other organizations that support entrepreneurs, year-round educational programming, and numerous professional resources, Litman has seen continuous improvement in the quality of competing businesses each year. For example, MN Cup now hosts a Women in Entrepreneurship conference each year. “The year-round programming has been really powerful,” Litman adds. “There is no month that we’re not sponsoring or holding an event to benefit early-stage entrepreneurs.”

EXPERIENCED MENTORS

Businesses compete in seven divisions for $35,000 ($30,000 for division winner, $5,000 for division runner-up) in prize money each—plus $50,000 for the grand prize winner. Perhaps more important is the integral support and assistance they receive from mentors and judges. MN Cup matches each competing business with one or two mentors. They typically are experienced entrepreneurs, business leaders, or

*“It’s very powerful for entrepreneurs to have their ideas validated and to get objective mentoring from someone who has many years of experience. Mentors make MN Cup what it is.”* —Melissa Kjolsing, MN Cup director
professional advisors like lawyers, academics, or venture capitalists. This year, 81 mentors worked with competitors on their business plans, strategies, and presentations.

Combined with the assessments of 163 competition judges, MN Cup participants benefited from more than 2,800 hours of volunteer advice and feedback, says Melissa Kjolsing, MN Cup director. Many of the mentors and judges return annually to share industry-specific experience, and many fill in skills gaps, such as financing or operations, that a team might lack.

For a lean organization such as MN Cup, these expert volunteers are essential to making the competition thrive. “These are high-profile, successful people who contribute and really bolster the credibility of MN Cup,” says Kjolsing. “It’s very powerful for entrepreneurs to have their ideas validated and to get objective mentoring from someone who has many years of experience. Mentors make MN Cup what it is.”

LASTING CONNECTIONS

Many mentors return each year and may also stay on with the companies they coached during the competition. Some serve as informal advisors, while others go on company boards, or even join the business. This was the case with Bob French, who served as a mentor for grand prize winner 75F last year.

Deeply impressed with Singh and his company, French wanted to continue helping Singh execute his plans for 75F. He closed the doors on his own lighting efficiency company to become the chief evangelist for 75F, tackling such duties as growing sales, building a distribution channel, and recruiting an operations team. French says, “It was such a strong opportunity that I felt like working with 75F was more promising and exciting than continuing my own business.”

A veteran entrepreneur with several successful start-ups under his belt, French has been mentoring MN Cup competitors for years and serves as an entrepreneur in residence at the Carlson School of Management. He returns each year as a MN Cup mentor to help other entrepreneurs avoid the missteps he’s made over the years.

Advice and guidance from mentors and judges is invaluable to early-stage businesses and helps competitors improve their strategies and presentations. MN Cup and its deep network of backers from varied industries and professions are united behind its mission to encourage, support, and guide entrepreneurs to succeed.

---

**2015 MENTORS OF THE YEAR**

- Lee Jones
  Rebiotix
- Michael Miller
  CEO Roundtable
- Kyle Rolffing
  Savvy Sherpa
Astropad

As the grand prize winner of this year’s MN Cup competition, out of nearly 1,300 participants, Minneapolis-based Astropad started with just one simple observation that skyrocketed it to success. One day while jogging, Giovanni Donelli noticed a billboard for a Microsoft product that allowed people to work with graphics packages using a stylus. He asked himself, “Why can’t I do that on an iPhone or an iPad?”

Donelli and Matt Ronge, both former Apple engineers, worked together over the next year and a half to create the Astropad app, a creative tool that allows a user to turn an iPad or iPhone into a full-featured graphics tablet. Unlike commercial graphics tablets that come with their own stylus, the Astropad app allows users the freedom to work with a variety of pressure-sensitive pens. “We really wanted to develop our own product,” says Ronge. “We both had explored graphics tablets that used a stylus, but we were frustrated with them.”

The team had met in 2007 when they roomed together in Apple corporate housing. Donelli remained in California, while Ronge moved to Minneapolis when his wife enrolled in law school at the University of Minnesota.

Astropad acts as an input to Mac creative tools like Photoshop, Manga Studio, and Illustrator. While the primary market for Astropad is the professional illustrator and photographer, the Astropad app is very affordable compared to a graphics tablet, which sells for about $300 to $3,000. The iPad Astropad app, however, both Ronge and Donelli now work full time on their product and continue to grow revenues.

PRIZES FOR THE WINNER

$50,000 grand prize.

$30,000 in seed capital.

Business organization (or services of similar value) from Gray Plant Mooty.

Accounting assistance from Lurie.

Professionally produced and edited video of final pitch at Grand Prize judging round courtesy of TECHdotMN.

Scholarship to the Minnesota High Tech Association’s Annual Minnesota Venture Conference.
Giovanni Donelli and Matt Range, co-founders of Astropad, grand prize winner.

“Think of it as screen-sharing technology. It lets you work with a graphics package on an iPhone or iPad while seeing the results on a larger screen and storing the files on a desktop.” —Matt Range, co-founder of Astropad
Clinical psychologist Dr. Russ Morfitt was troubled by the growing number of people suffering from anxiety who couldn’t get an appointment due to a shortage of psychologists and therapists. He was also aware of solid research that showed the effectiveness of online therapy. After conferring with Dale Cook, a business consultant with an MBA from the University of Chicago, Morfitt, along with Cook, decided to launch an online therapy program.

Learn to Live began as a consumer retail site, offering an eight-lesson cognitive behavioral therapy program for those suffering from social anxiety. Earlier this year, Learn to Live rolled out a package of three cognitive behavioral therapy-based programs for corporate and health insurance partners. Based on its eight-lesson retail program, the three programs offer help for social anxiety, depression, and stress, anxiety, and worry. Corporate partners pay a fee to Learn to Live and, in return, their employees receive free access to the programs. Once logged in, users answer a four-part questionnaire that then details their level of anxiety, depression, or stress. Users also receive feedback on whether they would benefit from one of the programs and, if so, which one.

“On the retail side, we try to price this at a place where someone says, ‘This is a couple months of a phone bill or cable bill,'” says Cook. Learn to Live’s consumer retail program costs $149. “Even with insurance, a person would pay a minimum of $300 or $400 for comparable face-to-face therapy. Without insurance the cost would be $1,400 to $1,600,” Cook notes. Fees for corporate partners vary depending on number of employees and other factors.

“Over the course of a lifetime, 13 percent of the population will suffer from a clinical social anxiety problem, and up to 40 percent of the U.S. population reports suffering from extreme shyness at one point in time,” Morfitt notes. Cook translates that into a market of more than 100 million people who suffer from these symptoms.

What sets Learn to Live apart from its competitors is that its programs offer community forums. “Our content is very engaging,” says Cook. “As a member, I can connect anonymously with other people in the program, and program alumni are willing to mentor other members.”

While the average engagement rate for employee assistance programs that offer similar online therapy is about 1 to 5 percent, Cook notes that Learn to Live has a strong engagement rate, which he attributes to the firm’s community forum.

“We also have the largest social anxiety community on Facebook, with more than 16,000 ‘likes,’” Cook says. “Even though these people suffer from social anxiety, when they move into the online format, they are very vocal.”

While Learn to Live has yet to make a profit, both sides of its business are generating revenues. In early September, the firm had 3,000 people who were currently in or had already completed one of its programs. “Our goal is to be at 1 million members by 2018,” says Cook.

“Over the course of a lifetime, 13 percent of the population will suffer from a clinical social anxiety problem, and up to 40 percent of the U.S. population reports suffering from extreme shyness at one point in time,”

—Dr. Russell Morfitt, co-founder and chief psychology officer of Learn to Live
When former Gophers football running back Damola Ogundipe decided to launch a civic engagement platform for the iPhone, he was not new to civic discourse or action. Civic Eagle is the brainchild of Ogundipe, a finance graduate from the Carlson School of Management, along with co-founders Arthur Green, Lesley Adewunmi, Shawntera Hardy, and Ken Thompson.

Civic Eagle’s social networking app is designed to engage people on civic and political issues in an effort to reduce apathy and get out the vote. Civic Eagle’s secondary platform and its potential money-maker, called Eagle Eye, is a data analytics subscription service for government leaders that is currently being tested and is expected to launch soon.

During his college years, Ogundipe was a member of the Alpha Phi Alpha fraternity, a historically black organization that has supplied voice and vision to the struggles of African-Americans and people of color.

Soon after college graduation, Ogundipe considered the lack of information available to the public on important issues. “Often we get issues about legislation, but it is generalized,” he says. A critical issue at that time and the one that particularly caught his attention was the Affordable Care Act. “The available information on the Affordable Care Act was very general and mostly opinions that people tried to state as facts,” he adds. When trying to identify how the legislation would affect him, his family, and his friends, he got the idea for the Civic Eagle app.

The app allows Civic Eagle’s 4,700 users to debate using micro-videos or text messaging. “You choose the issues you care about and then select those issues,” Ogundipe says. “We make those issues top of the app, but we don’t limit the issues to those you selected.” Topics are generated both by the Civic Eagle team and by users.

The firm’s secondary platform, Eagle Eye, is for cities, elected officials, and policy organizations that want to get in on the debate occurring on the Eagle social networking platform. “Eagle Eye subscribers can host virtual town hall meetings or poll Eagle users using Eagle Eye,” Ogundipe notes. “For example, if Minneapolis Parks and Recreation needed to close a park, they could poll our users.”

Civic Eagle’s use of video-debating technology allows users a more personal, face-to-face debate site. Typically, when people discuss politics and social issues, they do it around the dinner table, while at a party, or by the water cooler at work, he says. Civic Eagle and Eagle Eye bring that type of face-to-face civic discourse to the mobile platform.

The Civic Eagle app and Eagle Eye currently run on Apple iOS, but the team expects to have them also operating on Android devices by the end of the year.

The young entrepreneurial team has high aspirations. “Our goal is to revolutionize civic engagement in the United States and democracies throughout the world,” Ogundipe says.
The average age of the 12-person Woodchuck USA team is 25 years old, and everyone is a graduate of the University of Minnesota. Launched in 2012 by founder Ben VandenWymelenberg, Woodchuck USA is a North-east Minneapolis-based manufacturer of wooden gift products. Woodchuck's mission—other than making money—is threefold: bring nature back to people, bring jobs back to America, and bring quality products back to consumers.

The Woodchuck concept came to VandenWymelenberg one night while building a model for a final class project at the University of Minnesota School of Architecture. He decided to stick a wooden adhesive to his iPhone and, before long, he was making phone skins for friends and selling them at University of Minnesota Bookstores.

“We are now at 300 percent year-over-year growth, 2014 to 2015, and we are on track to have $1.8 million in revenue this year,” says John Guenveur, the company’s minority owner and chief financial officer. VandenWymelenberg is the company’s CEO and majority shareholder.

Guenveur and VandenWymelenberg first met as freshmen at the university, but they went their own ways. Then, in 2012, Guenveur, a recent graduate of the Carlson School of Management, came across VandenWymelenberg’s profile on LinkedIn. “I was bored with my corporate job, so I told Ben I’d volunteer to help him on the back side of the business,” Guenveur recalls. After six months, Guenveur had put the tech skins in 1,800 Target stores. Soon the company was selling to other big-box retailers as well.

“We got beat up a little bit by the big-box retail market with its cutthroat margins,” notes Guenveur. In 2014, the business shifted strategies and launched 75 new wholesale products for the corporate gifting market, offering everything from wooden cutlinks to flask to bottle openers and, of course, tech skins for laptops, tablets, and smartphones. “We hit the phones, cold calling, and tried to overhaul our business,” he says. “Two years ago, skins were 100 percent of our business. Now, they are 5 percent.”

Woodchuck manufactures all of its products at its Northeast headquarters using laser-cutting technology and hand assembly. The firm also offers wooden plaques and awards, and can customize its products with corporate logos.

Guenveur says the firm’s goal is to employ 50 people within three years. “We are really grateful for our experience at the University of Minnesota,” he says. “Hopefully we can give back in a few years as we build Woodchuck, or as we say, ‘Woodchuck the world.’”

The company donates a share of profits on two of its gift lines to Outdoor Nation, a nonprofit focused on engaging millennials with the outdoors, and Folds of Honor, a charitable organization that provides educational scholarships and aid to spouses and children of military men and women killed or disabled while serving the country.

“We are now at 300 percent year-over-year growth, 2014 to 2015, and we are on track to have $1.8 million in revenue this year.” —John Guenveur, minority owner and chief financial officer of Woodchuck USA
Homeowners and recreational vehicle enthusiasts who currently wrestle with a hefty, 200-pound generator can soon own a viable alternative. Stratetek, a Buffalo-based start-up company, is revolutionizing the market for lightweight, portable generators—the type used to power homes, recreational vehicles (RVs), and drones, otherwise known as unmanned aerial vehicles (UAVs).

“Our engine is half the size and weight of best-in-class commercial engines,” says Mark McNitt, CEO and founder of Stratetek. The company’s StreamLine Engine can deliver more than 100 horsepower from a 50-pound assembly the size of a breadbox, and the 10 horsepower StreamLine Engine is about the size of a 2-liter soda bottle and weighs only 5 pounds.

“The market for lightweight, portable generators and UAVs is projected to be $30-plus billion by 2020,” says McNitt.

In addition to being aerodynamic, lightweight, and 30 percent more fuel-efficient than comparable engines, the StreamLine Engine will be cost-effective, with less than half the number of parts of today’s commercial engines. The engine is also easily installed and, instead of being overhauled, McNitt says, it can be replaced cost-effectively.

McNitt earned a bachelor’s degree in aerospace engineering and mechanics and a master’s in management of technology. He has 20 years of experience in the aerospace and defense industry. He recently brought on lead investor Matt Johnson, a retired U.S. Air Force officer, as chief financial officer. Johnson is a graduate of the Wharton School, with 20 years of experience in private equity and banking.

The firm’s technology development partner, GSE Inc., in South Lake Tahoe, California, is currently building and testing a 10-horsepower prototype, which is expected to be completed next year. GSE has a 30-year history in innovative diesel engine systems development for military applications.

McNitt expects the StreamLine Engine to be market-ready by 2018, with strong market adoption by 2023. He also projects that the engine will generate around $100 million in revenue for the company by 2023.

Future applications for Stratetek’s StreamLine Engine in the 10 horsepower range include portable diesel generators, drones for agricultural and military use, and other systems requiring small, efficient engines. “Applications for our StreamLine Engine in the 100 to 300 horsepower range include military and industrial diesel generators, marine engines, automotive engines, and propeller-driven aircraft,” McNitt says. The company will first pursue the U.S. portable diesel generator market before delving into the general aviation market.

The firm was a MN Cup semifinalist in 2013, and is looking to raise about $10 million in funding over the next three to five years.

““Our engine is half the size and weight of best-in-class commercial engines.””
—Mark McNitt, CEO and founder of Stratetek
Ryan Rosenthal and Michael von Fange became friends in elementary school, remained friends through high school, and roomed together in St. Paul as University of Minnesota students. Today, they are business partners and the founders of SIMPLS—a retail outlet for fresh, on-the-go, locally sourced and organic foods.

“I grew up in a co-op family,” says von Fange. “My mom was all about organic food.” Rosenthal says his eating habits growing up weren’t quite as healthy as his friend’s, but he migrated toward healthy eating while studying supply chain management at the Carlson School of Management.

After graduating from college, von Fange and Rosenthal continued to room together, and it was during this stage in their lives when the active-lifestyle friends started to think about going into business together.

“We were both working corporate jobs. We had busy, traveling lifestyles and a need for better food,” says von Fange. “When we wanted something fast, it was crap. You can’t eat McDonald’s and Burger King and still maintain your physique.”

Rosenthal, who enjoys camping, hiking, and biking, agreed: “If I was cramped for time, I had to settle for food that I didn’t feel good about eating or food that didn’t make me feel good after eating it.”

In September 2014, von Fange and Rosenthal opened SIMPLS in the Minneapolis skyway at 601 Marquette Ave. The retail outlet’s mainstay offerings of soups, salads, and sandwiches are made with fresh, healthy ingredients that are locally sourced and organic when possible—all wrapped in convenient take-out packaging. Depending on the season, nutrient-packed ingredients include mozzarella, tomatoes, basil, kale pesto, quinoa, spinach, feta, and beets.

SIMPLS also features muffins and hot oatmeal for breakfast, and healthy snacks, such as Thousand Hills Cattle Co. beef sticks and cheese curds from Ellsworth Creamery, as well as beverages like Joia all-natural sodas, Peace Coffee, and Organic Valley milk. SIMPLS also delivers catered group platters to feed large crowds, or catered bagged lunches for smaller groups, which include a half-sandwich, half-salad, and a side for $9.75.

“We are both passionate about the food we sell and want to help people eat better food when they are crunched for time,” says Rosenthal. And it shows. SIMPLS rates four and a half stars on Yelp.

Predicting the future of the business can be tough. "Mike and I have been discussing throughout the MN Cup process how the competition has helped us plan for multi-year growth," says Rosenthal. “It’s easy to put that off when you are in the trenches.” SIMPLS hopes to open another two or three stores in the Minneapolis skyway, as well as in areas such as the North Loop, University of Minnesota Minneapolis campus, and Calhoun Commons.

Rosenthal currently works for SIMPLS full time as its general manager, supervising seven employees. In 2016, von Fange, who still works full time in a corporate job, hopes to join him.

Co-founders Michael von Fange and Ryan Rosenthal.

PRIZES FOR THE WINNER

$30,000 in seed capital.
In-kind services from the Minnesota Department of Agriculture.
Environmental marketing audit and $1,000 toward display element from Star.
Professionally produced and edited video of final pitch at Grand Prize judging round, courtesy of TECHdotMN.
Scholarship to the Minnesota High Tech Association’s Annual Minnesota Venture Conference
When Elise Maxwell moved from Portland, Oregon, to Minneapolis, she was shocked that many of her friends had never heard of the menstrual cup, an alternative to tampons and bulky sanitary napkins. In fact, the University of Minnesota Carlson School of Management student was so appalled at the lack of information and availability of products tied to women’s intimate health that she decided to take action. She built and launched the Ova Woman website.

First, Maxwell needed to do some research to find out why more women didn’t use the menstrual cup to catch blood flow. “The cup is a greener option,” notes Maxwell. “One cup can last several years, so you aren’t throwing away all this menstrual material.” Her research included interviewing 160 women over the course of a year and performing a trial with 30 women this past spring. “Eighty percent of them preferred the cup,” she says.

More importantly, she says, the interviews also showed that women were frustrated by the lack of products that are readily available for other intimate health issues, such as nursing, incontinence, and painful intercourse. “Women’s intimate health is underserved,” she says. “And we don’t talk about these issues.”

Ova Woman addresses that concern. The e-commerce website aggregates women’s health products offered by small companies from around the world. Before offering a product, Ova Woman vets the item by setting up a small trial with 30 to 50 women who are willing to use it over a two-month time frame, conducting both pre- and post-trial interviews.

“Our goal is to find products that work and provide women the information they need to adopt the products that work for them,” says Maxwell. Currently, Ova Woman offers three types of menstrual cups in six different sizes. The firm also features Dear Kate undies that provide protection from mild incontinence, spotting, discharge, and menstrual overflow.

The Ova Woman website includes directions for selecting a menstrual cup based on life stages and personal situations, and details how to use the products. The website also features testimonials, the results of its trials, and a Q&A section, answering questions like “Can I use my menstrual cup if I have an IUD?”

Currently, the firm is testing a fertility-monitoring product developed by a Swedish company. “We are hoping to bring on six additional products in the near future,” says Maxwell, who is also considering hiring her first employee; she currently works with independent consultants.

As both an entrepreneur and a women’s health advocate, Maxwell has big plans. “Over the next three years, we want to put together a health brand and introduce the Ova Woman brand to brick-and-mortar stores,” she says.

PRIZES FOR THE WINNER
$30,000 in seed capital.
Professionally produced and edited video of final pitch at Grand Prize judging round, courtesy of TECHdotMN.
Scholarship to the Minnesota High Tech Association’s Annual Minnesota Venture Conference.

“Our goal is to find products that work and provide women the information they need to adopt the products that work for them.” —Elise Maxwell, founder of Ova Woman
Breaking Bread

Breaking Bread Café & Catering is a community-driven eatery that utilizes healthy, wholesome food to bring about social change in North Minneapolis, according to Michelle Horovitz, co-founder and executive director of Appetite for Change (AFC). During one of this nonprofit’s workshops, Horovitz heard from community members that they wanted a “real food” restaurant in their neighborhood. “There was no place to get made-from-scratch meals in our area,” she says.

The community sounded off on the saturation of fast-food places and lack of job opportunities for youth. This input inspired Breaking Bread, giving training and jobs to at-risk teens while providing the community with a café and menu with flavorful comfort foods, and vegetarian, vegan, and gluten-free options.

The entire North Minneapolis neighborhood has benefited from Breaking Bread’s mission to offer healthy food choices and engage teens in community development. Since it opened on April 30, 2015, Breaking Bread has provided 27 at-risk youth with on-site, on-the-job training in its restaurant and catering business.

LitWeaver

Author and former educator Will Weaver says his company, LitWeaver, is “about connecting authors, teachers, librarians, school administrators, and students—all through reading.” Weaver is one of four co-founders of the Bemidji-based provider of digital literature for English teachers of students grades six through 12. “We joke that we are Netflix for English teachers,” he says.

As today’s publishing industry transitions from print to digital, “the needs of teachers are unique and distinct,” says Weaver. Schools are now investing more heavily in tablets like iPads and Chromebooks and cannot afford to buy both new technology and new print books. LitWeaver solves this dilemma by giving students access to short stories, essays, poems, one-act plays, mixed-genre pieces, and select novels—all on their mobile devices.

Additionally, LitWeaver allows teachers to post online discussion questions and utilize a teaching guide if they so choose. A bonus is the cost savings; subscriptions run about $1.50 per student per year.

LIFE SCIENCES AND HEALTH IT

POPS! Diabetes Care

In 2014, four engineers from the local medical device industry founded POPS! Diabetes Care, a firm focused on glucose management products. One of these engineers, CEO Lonny Stormo, a diabetic himself, understands the tediousness of diabetes glucose management.

For years, diabetics like Stormo have been pricking their fingers at least three times a day to draw blood for glucose testing, an inconvenient and painful proposition that often discourages adequate monitoring. POPS! Diabetes Care solution completely changes the testing experience, says Stormo. “It’s as easy as carrying your phone, much less painful, and motivates patients to be in control.”

The firm’s glucose management system reduces the 14 steps in traditional glucose testing to one step and automatically sends the results to the user’s health care provider. The disposable attachment connects to the back of a smartphone and has three built-in lancets that use a less-painful technology than those being used today. Stormo says the product should be ready for market in the next 12 to 24 months.

Gila Therapeutics, Inc.

Special diets and weight loss programs may soon be in competition with something new to curb appetites—chewing gum. Within five years, Minneapolis-based Gila Therapeutics hopes to provide the growing number of obese and overweight people in the United States with a chewing gum that creates a feeling of fullness.

“We are targeting the 45 million obese and overweight Americans with safety issues,” says Thomas Vasichek, CEO and one of three co-founders of Gila Therapeutics. The chewing gum contains a natural human protein that evokes the sensation of early fullness, which can lead to weight loss. “It’s simple and safe obesity therapy,” says Vasichek.

Gila Therapeutics needs to raise $1.5 million in seed funding before human trials begin at Rochester’s Mayo Clinic. Gila Therapeutics expects to receive FDA approval within five years, with a pharmaceutical partnership to start sooner.
Kipsu

Stores, hotels, hospitals—in fact, all businesses—are at risk of online customer complaints. Sometimes a business isn’t aware of a problem and won’t have the opportunity to connect on a personal level with a customer before a situation is posted on the web. “Everyone is using a connective device to communicate,” says Justin Porter, vice-president of operations at Kipsu. “Nowadays, it is so easy if you are upset about something to go online and vent.”

Minneapolis-based Kipsu offers businesses a solution in an app called Real Time Engagement (RTE). The app gives hospitality, retail, and health care organizations a platform to connect with customers via text messaging, quell their frustrations and, ultimately, provide better service.

By engaging customers in the moment, Kipsu makes it easier for businesses to preserve the human connection. The company says the result is significantly improved social reviews and enhanced survey scores.

Kipsu launched its product in September 2011, and is expecting 250 percent year-over-year annual growth for 2015.

Prevent Biometrics

Sports-related concussions can create serious neurological issues if not identified and treated. To address this issue, a new Edina-based company called Prevent Biometrics is introducing a product that prevents concussions from going undetected in young hockey, football, and lacrosse players. Founders Steve Washburn, Dan Brett, and Frank Grazzini II are behind Prevent Biometrics sports system, a mouth guard designed with imbedded sensors and a mobile app. This innovative system alerts athletes and/or their parents when the athlete receives an impact that exceeds predictive thresholds for a concussion.

“Every year there are nearly 4 million sports-related concussions, and half are going undetected,” says Grazzini. The Prevent Biometrics mouth guard, which is expected to hit the market in 2016, could make contact sports safer by detecting concussions early after impact, he says.

The Prevent Biometrics team licensed working prototypes with Cleveland Clinic and is now converting it into a product that can be sold in sporting goods stores.

Cooper & Kid

While running her wildlife safari company in Tanzania, Nichole Smaglick noticed how youths in Africa are initiated into adulthood by women helping daughters and men teaching sons. In the United States, she says, the modern father often needs help engaging with young kids.

Smaglick’s new business, Cooper & Kid, is changing that. “Today, millions of men want to be super-engaged fathers. But they’re busy and don’t have time to plan awesome things to do with their kids.”

Her solution is the Cooper Kit, a subscription box that provides men with entertaining ways to bond with their 5- to 9-year-old kids. Every quarter, the dads receive a themed box filled with projects they can do with their kids. Each box contains an activity, a bedtime story, a dinner menu and recipe, and links to related activities and resources.

Cooper & Kid started selling Cooper Kit subscriptions in 2014. The firm had 20 subscribers in January and 200 by September of this year. Within five years, Smaglick hopes to grow revenue to $18 million and expand kit offerings to dads with infants up to kids 5 years of age.

The Patchery

Amber Gunn Thomas used to make clothes for her kids. “I was frustrated, though. I was tearing out seams more than sewing,” Gunn Thomas says. “What I liked was putting together the fabrics and styles.”

The realization that she would rather design clothes than actually sew them led her to create The Patchery, an online retailer that lets people choose the size, style, and fabrics that will eventually be sewn by The Patchery’s skilled contractors.

The Patchery, based in Plymouth, launched its website in January, offering clothes for kids ages 2 to 6. In September, The Patchery expanded to include clothing for kids ages 7 to 10, and hopes to add infant clothing by the end of the year.

Gunn Thomas says revenues have grown month over month, and sales volume doubled from the first quarter to the second quarter.

“In 2016, we’ll probably get into women’s wear and, in three to five years, I see us in nursery and kids’ bedroom décor,” she says.
ENERGY, CLEAN TECH, AND WATER

Viroment

Paul Koenig was helping his younger brother spread chicken manure on a farm field when he had an epiphany. “I couldn’t believe how expensive it was just to move the manure,” says Koenig. “And I thought, ‘How can I separate the manure from the solids?’” Koenig’s idea was to create a process that turned sludge into two byproducts—reusable water and energy pellets—in order to eliminate the cost of moving it. He patented it and, in 2014, he was ready to market it.

In late August, Koenig’s St. Louis Park-based Viroment closed its first deal for $750,000, and was negotiating with a large hog farm that could provide $7.5 million in revenue. The company not only serves livestock operations, but also food processors, municipal wastewater treatment plants, and other industries that produce organic waste sludge.

Viroment returns the water byproduct, which is safe for surface discharge in the United States, to its customer for free. The company ships the pellets to Southeast Asia for use in pyrolysis plants, which produce energy with 70 percent less carbon emissions than coal, he says.

IrriGreen

Gary Klinefelter refused to buy the underground irrigation system his wife wanted, because his pet peeve was seeing lawn sprinklers watering streets and driveways. So instead, he designed an electronic sprinkler system that only waters a lawn’s footprint.

“Outdoor water use represents 50 percent of all residential water use,” says Klinefelter. “The impact we can have by saving a percentage of that water is very large.” According to the U.S. Environmental Protection Agency, half of all lawn irrigation water is wasted due to inefficient sprinkler systems.

Today, Klinefelter is the largest shareholder in Edina-based IrriGreen, which has been selling its IrriGreen Genius Sprinkler System since fall 2013. The system has multiple digitally controlled motors and heads that spray multiple streams, all controlled from a mobile app that eliminates wasteful overlap sprinkling. Within the next year, IrriGreen hopes to be in as many as 20 distributor outlets in three to five cities, expanding to as many as 50 outlets in 10 to 15 cities in 2017.

FOOD, AGRICULTURE, AND BEVERAGE

Bare Honey

One way to beat the problems plaguing the honey industry is to raise hardier bees. The most commonly farmed bees in the United States are Italian bees, but they are susceptible to deadly parasitic mites.

In 2010, former chef Dustin Vanasse and his wife, Grace, began raising mite-resistant Russian bees while Dustin was attending the Carlson School of Management. “We had to start a sideline business,” he says. By 2013, they were running the business on a full-time basis.

“We are dedicated to figuring out different methods of keeping bees that are sustainable,” says Vanasse. Maplewood-based Bare Honey’s Russian bees provide the honey, while the Vanasses provide the creativity for their gourmet honey spreads. The products combine simple gourmet spices, such as cinnamon and vanilla beans, and raw honey to appeal to consumers concerned about the environment and health.

Bare Honey products can now be found in more than 300 grocery outlets in the Upper Midwest, as well as on the East and West coasts. Since 2013, the firm has seen 200 percent year-over-year growth.

Joyce Foods

Matt Joyce grew up eating toum, a garlic dip made from a special recipe his great grandparents brought to the United States from Lebanon in 1923. Joyce was just a week out of school at Boston College in 2011 when he decided to work on commercializing his great grandparents’ recipe. “I always wanted to start my own business,” says Joyce, founder and sole owner of St. Paul-based Joyce Foods. “I wanted to do to toum what Sabra did to hummus.”

Prior to opening Joyce Foods, Joyce sold his version of toum, called Gardip, at the Minneapolis Farmers’ Market. He recalls selling more than 450 containers within eight hours. “Taste Gardip on anything and you will want it on everything,” he says. This light, fluffy garlic dip with a lemon twist has all-natural ingredients and is dairy-free, gluten-free, and low-carb. Gardip is now sold in Lunds & Byerlys, Kowalski’s Markets, Hy-Vee, and Buon Giorno.
RED Food

While attending St. Olaf College, Camille Morley, Katie Myhre, and Malika-Naomi Dale decided to turn their love for good, healthy, locally sourced food into a business and came up with RED Food, which stands for Restaurants Eat Direct. St. Paul-based RED Food provides an online database that allows Minnesota farmers to sell directly to restaurants that want to serve fresh, local fare.

“We think restaurants need to serve more local food to help people understand what they are eating,” Dale says. “Local food is good for the environment because it cuts down on transportation emissions, creates economic stability in farm communities, and is healthier because fresh food retains nutrients.”

The team also provides marketing for the restaurants in the form of pamphlets and stickers that indicate local produce is being served, as well as videos and press releases.

RED Food is now working with growers in southern Minnesota and two Minneapolis restaurants and plans to roll out its full online database next spring.

Rakuna

What started out as a class project turned into a start-up company for husband-and-wife team Trong Dong and Ngan Pham. Their company, called Rakuna, helps companies acquire campus hires through cloud-based recruiting. “We are on a mission to help companies acquire their most important resources—campus hires,” says Dong, the company’s CEO.

The firm’s product, Rakuna Recruit, is a mobile and web-based app that allows recruiters to eliminate stacks of paper résumés and jotted-down notes that they would gather while attending campus job fairs. “They can take snapshots of résumés and hand-written notes through their personal phones using our Rakuna Recruit app,” says Dong. “Rakuna Recruit saves 30 percent of campus recruiters’ time by eliminating the intense paper burden.” In addition, it helps automate follow-up activities and allows better interaction with candidates.

Rakuna is currently testing its app, and recently moved its headquarters from Minneapolis to the San Francisco Bay Area due to a job change for Pham.
It works for taking your next step

We’re here to help you reach your goals

At Wells Fargo you’ll find all the products and resources you need to move your business forward, along with the support and guidance of a banker from your community.

That’s what Wells Fargo Works for Small Business™ is all about. It’s our commitment to helping small business owners in more ways than ever before.

Visit wellsfargoworks.com to:

• Learn how Wells Fargo works for you and your business by providing innovative products, services, and programs that can meet your business needs.

• Explore videos, articles, and other resources covering a wide range of business topics including credit, cash flow management, real estate, and marketing.

Stop by or call and speak to a local banker today.