

## BACK PAGE

SALO's founders on growing from \$0 to \$42 million in five years.

"We both are passionate that if you try to be everything to all people we'd be a mediocrity."

— JOHN FOLKESTAD, CO-FOUNDER, SALO LLC.

### [3 questions]

*Financial staffing firm SALO LLC of Minneapolis started in 2002 and did \$55,000 in revenue its first three months. The next year, revenue hit \$3.2 million, then \$9 million, then \$21 million, then \$32 million, then \$42 million in 2007. Meanwhile, they've starting mini-companies Oberon and NumberWorks, which are growing at similarly fast rates. Co-founders and business partners Amy Langer and John Folkestad, both CPAs, take a break after their fifth-year anniversary to explain how they're generating those numbers.*

**John Folkestad:** We knew we were going into a heavily competitive landscape, when we started. So our vision was, neither of us wanted to work for a firm. We wanted to work for *the* firm. We were going after sharp talent, so to attract those people you have to offer competitive differentiation. Before we even paid ourselves, we paid benefits.

**Amy Langer:** Not only medical and dental, but also holiday pay, vacation pay. The whole philosophy of it is treating contractors as employees. Like the orientation class we had today, that's very different from other staffing firms. It's important to get the top talent and keep them.

**John:** On people's birthday we send a cake to the client location.

**Amy:** It's not about just eating cake. Think of a contractor. Where do they belong? That has been a downside in this industry, so how do we make the contractors feel part of the team?

A lot of firms can place a person once or twice, but you need to do it over and over again. It would be very easy to forego quality. Just being really true to our vision, it's hard. People would say we were crazy to turn away business. But what defines a company isn't only what

#### FOR AMY LANGER AND JOHN FOLKESTAD

- 1. Which is more important, talent or experience?** "Talent. You can teach experience." — Amy Langer
- 2. Money or ideas?** "Ideas, with execution. At SALO, the execution has been kept in check by following the plan." — John Folkestad
- 3. What's one thing they should have told you, about being an entrepreneur?** "The highs are so high. Just being able to celebrate that. If someone had said every little milestone—relish them." — Amy Langer

they do but also what they don't do.

At the beginning, we funded the benefits package. I had taken out a mortgage. We didn't have a lot of money. I was 30 at the time. We were the only salespeople, so foregoing our salaries to fund benefits is how we did it.

We also asked for help. For example, in branding and marketing. We're both accountants. Somebody had talked to us that brand is important. But us being able to judge branding and marketing, it was hard for us. A couple people helped us and did it for free. We said, if we get to this point we'll pay you more than we would have otherwise. Fortunately it worked out.

**John:** Our vision was to be freaky high service. We wanted to know every contractor in the industry. So we started doing and saying, to potential clients, who are you looking at? So we'd say, this person [at another firm] is good, better than ours, you should go with them. This was unheard of. So again the concept was, what does the firm need us to do.

*continued on page 55*



ERIC MOORE

We have friends with firms like ours all over the country. The difference is, they might say, I'm here to make a lifestyle, or I'm here to sell in three years. Our vision has been focused around being the firm. So when we were so desperate for the dollar we could've taken a shortcut, but we've learned not to be all things to all people.

**Amy:** For example, two days before we launched a president of a company in town said he needed a CFO. I said sure, can we do it contract? He said no, they wanted permanent placement. But we needed the money. It felt good because we got a nice check at the end, but it felt bad because we weren't furthering the business we wanted to further.

After we did that we said thank you, and we did not do a permanent placement until we started that business 1 1/2 years ago.

**John:** How do we work together? Well, we finish each other's sentences.

**Amy:** We're very similar in where we want to go, but everyone who's spent two hours with us says it's clear you handle things differently.

**John:** How did we get started? Tell

about the infamous flight.

**Amy:** We knew we weren't going to retire there, at Robert Half. We were on a flight and there were crappy seats and a baby crying. We had a discussion about what could it possibly look like? At that point, on that flight, we made a decision to leave. I was in my 20s. I had a very good job. I grew up on a dairy farm, very poor, so my mom thought I was nuts.

The day we gave notice was September 12, the day after September 11, 2001, and that started the noncompete clock ticking. We own it 50-50.

**John:** Now we're starting new companies under new brand names to go after certain markets. We both are passionate that if you try to be everything to all people we'd be a mediocrity.

**Amy:** So if you look at us, people here are CPAs, MBAs, everybody comes from a finance background. When we rolled out Oberon, to fill human resources positions, we said, we're CPAs, but our Oberon team is made up of HR professionals. It's 18 months old, with a total of 60-ish people.

It's the same model but in different segments. They're aligned, and they're

focused.

Going after A level talent and screening for that is so important. We've made some mistakes early. So putting a process in place in terms of hiring made a big difference.

**John:** No one [at competing firms] has ever spent energy on just knowing a market. Amy and I love going into a restaurant and knowing a bunch of people. People encourage us to open up in other cities, or to sell. But we like our families.

I would like to be able to walk into that restaurant and know three-fourths of the people there. Not for some celebrity thing, but to know that I've helped them.

How long will that take? We have years to go.

— As told to Beth Ewen

## [contact]

**John Folkestad** and **Amy Langer** are co-founders of **SALO LLC** in Minneapolis, and of Oberon and NumberWorks: 612.230.7300; johnfolkestad@salollc.com; amy langer@salollc.com; www.salollc.com