

Upsize  
Minnesota  
**BUSINESS  
BUILDER**  
awards  
2012

# PEOPLE PERSON

## ABOUT THIS PROJECT

**The Upsize Business Builder Awards**, presented by **Winthrop & Weinstine**, is an annual contest designed to recognize Minnesota entrepreneurs for driving smart, sustainable growth. From nominations, Upsize selected three finalists: **Bob Hildreth** of **ESP Systems Professionals**; **Melanie Nelson** of **Learning ZoneXpress**; and **Craig Kruckeberg** of **Minimizer**. They presented their stories in a private session in December, after which judges named **Craig Kruckeberg** and **Minimizer** the **Upsize Business Builder of the Year**. Upsize is proud to present all three impressive entrepreneurs in these pages, in hopes that every business owner will draw wisdom and inspiration from their tales.

articles by  
**BETH EWEN**

photography by  
**JONATHAN HANKIN**

---

---

**“BUT WHAT IF** I have a great idea?” asked Bob Hildreth’s young son years ago, told to be quiet when tagging along on a business meeting—and the CEO of ESP Systems Professionals started listening.

---

---

**“OUR MISSION** is to always place people first,” says Bob Hildreth, CEO of ESP Systems Professionals, an IT staffing company in Minneapolis that has nearly doubled its revenue in each of the past three years, to \$5.35 million last year, and wants to do it again by 2015.

Key to the effort will be a new niche practice, ESP Health IT, launched with a couple of consultants in Colorado in October and planned to go nationwide. Hildreth aims to get his share of the information technology business as health care providers race to convert to electronic medical records.

The foundation of the company will remain its people, he vows, and he crisply details four principles that he believes make for business success. No. 1, hire the best, and he’ll interview candidates four or five times, sometimes stretching the process for months and involving all staff members, to really get to know someone.

“I always ask, Can you picture being here





Bob Hildreth is CEO of ESP Systems Professionals in Minneapolis, where there's a genuine Miro print on headquarters walls.

## UPSIZING BUSINESS BUILDER AWARDS



“Bob is No. 1 for three-year revenue growth, and for articulating his best practice.”

— **DEAN WILLER, WINTHROP & WEINSTINE,**  
about ESP Systems Professionals

for years?” Hildreth says, and if the answer is no he keeps the discussion going to find out why.

No. 2, set mutual expectations. “Most set expectations of the employee. I think we’re good at finding out their expectations for us,” Hildreth says. The process continues after the hire, too, during quarterly reviews in which he briefly shares the numbers and then asks the same set of questions each time. “I ask more intimate things: How can I improve? What’s the best part of your job?” he says. “It’s amazing what you can find out.”

No. 3, give employees the tools to succeed. “I spend more than others” in the IT consulting business, he says, outfitting the ESP staff with laptops years ago before everyone did that, going “to the cloud” for data hosting long before it became the rage, “always spending money on apps.” Each week one person in the company trains the rest on their topic of choice.

His topic each year is trust, which he’s researched intently. “The one thing that can undermine trust is duplicity, otherwise known as gossip,” he says. “So we talk about it.”

No. 4 “is my favorite,” Hildreth says: get out of the way. A simple example, he says, is they don’t track PTO or paid time off. “We trust people will take the time off they have coming to them.”

Hildreth has honed his philosophies over several decades—he’s already bought and sold a couple of IT consulting businesses—and swears by the insights he’s gained through his long-time participation in Vistage, a CEO group with a professional facilitator that guides each member through business problems.

That included the dark days of 2001, when his company had just leased the top floor of a downtown Minneapolis

office tower and the IT market crashed. “There must have been a memo that went out to every hiring director in the country that said no more hiring and cancel every project,” Hildreth says with a rueful laugh. “It was a tough time for us.”

Burned out by 2007, he took a sabbatical for just under a year and came back to the business with renewed energy, starting the growth spurt that gained him recognition as one of three Upsize Business Builder finalists this year.

Now he’ll navigate the tricky challenge of building a new niche practice in health care IT around the country, while maintaining the culture that’s remarkable at a fast-growing company for its detail and its CEO’s commitment.

He relates the tale of his young son years ago, told to be quiet when tagging along with Dad on a business meeting. “What happens if I have a good idea?” his son said. “Everybody in the company, no matter what department, just like my son—if anyone has a good idea, I want to hear it,” Hildreth says.

## FIRST PERSON

### THE FINALIST:

### ESP Systems Professionals

#### Bob Hildreth, CEO

Minneapolis  
612.337.3000  
bob@esp.com  
www.esp.com

#### 51 employees

2011 revenue: \$5.35 million

2010 revenue: \$3.45 million

2009 revenue: \$1.8 million

### ABOUT THE JUDGES

Judges for the **Upsize Business Builder Awards** were asked to consider three criteria: three-year certified revenue growth, impact of the best practice on company performance, and sustainability of the growth model. They are: **Dean Willer**, attorney, and **Deb DuBois**, marketing director, **Winthrop & Weinstine** law firm in Minneapolis; **Kevin Moquist**, **Moquist Thorvilson Kaufmann & Pieper**, the Edina accounting firm; **Terri Banaszewski**, **Park Midway Bank** in St. Paul; and **Wes Bergstrom**, publisher, and **Beth Ewen**, editor, **Upsize Minnesota** in Minneapolis.

## UPSIZE BUSINESS BUILDER AWARDS

### QUOTABLE:

“CEOs have to keep focused on their purpose and their mission, and not let other things distract them.”

— **Bob Hildreth,**  
**ESP Systems Professionals**

**ABOUT THE COMPANY:** We’re an IT staffing company that specializes primarily in the technical side or application development side of the IT departments, supplying programmer analysts, project leaders, business analysts, web development people, quality assurance. We’re 44 years old; we were founded in 1968. I came in as an owner and president in 1986. I took a sabbatical in 2007; I was burnt out. I came back with a clear vision of what we wanted to do, and we’ve had an amazing run of growth, from \$1.8 million in 2009 to \$5.35 million last year. It’s amazing what a sabbatical will do for you.



**ABOUT OUR BEST PRACTICE:** ESP Professionals has four fundamental principles for creating a successful team. 1. Hire the best. A thorough interview process creates a team with diverse personalities and complimentary skills sets. 2. Set mutual expectations. We spend considerable time understanding the expectations our employees have of us as a company. 3. Give employees the tools to succeed by providing consistent training, the latest in technology and a fun and ergonomic workplace. 4. Get out of the way. Employees are given support without being micromanaged. We operate on a foundation of trust and believe everyone’s a leader.

**WHY IT’S IMPORTANT:** I used to have this saying that we all do many things well and many things poorly. As I’ve gotten older and wiser I realize we all do a couple things well and we do a lot of things terribly. So often I see in companies that they hire people like themselves or similar people. I’ve always tried to bring complementary skill sets together, so if I see a strength in somebody that nobody else possesses in the company, that’s good for the team. Hiring people that are different from each other makes challenges in management but I think it builds much stronger teams.

**THE GLORY YEARS:** We had a lot of growth in the 90s. When I started it was less than a million dollar company. In years past on the direct hire side we grew to \$5 million. I started another company that did the consulting side of the business, and that grew to \$15 million at the time of our sale, and we did that in seven years.

**THE NOT-SO-GLORIOUS:** And then we got caught up in 2001. There must have been a memo that went out to every hiring director in the country that said no more hiring and cancel project. It was a tough time for us. We downsized considerably. I took a sabbatical in 2007. I just had to learn to be, so I’d get up in the morning and had no idea what I was going to do. It was hard in the beginning. It was very therapeutic. Then I felt I was ready to go again, in the spring of 2008. It’s been a fun ride.

**A TURNING POINT:** We saw a new trend coming in the IT departments, and we’re trying to partner more with them. Back in the 90s there was a real differentiation between the permanent side of the house and the consulting side of the house. Today it’s more of a blend.

### GROWTH EQUALS CASH DRAIN:

As our growth really started spiking, one of the challenges was cash. We’re hiring all of these consultants and we’re paying them good salaries. Just keeping up with that was tough. These consultants are highly paid. The first year we brought on 20 consultants. The next year we added another 15 plus. And then we added a lot of internal staff also. So our payroll went from modest to much, much larger.

**HOW TO FIX IT:** I was able to fund some of it myself. But it got to be a point where I had to fund it like a business. We worked with our bank and the growth was rapid. At one point we had some very rapid growth, and to handle some short-term cash needs we even did some factoring. I had never done it before. It’s exorbitant rates when you look at it. Banks were a little more cautious back then. It was one of those things where you do what you have to do. We do not factor any more, and we had to rebuild those relationships.

**ONE LESSON LEARNED:** There are hundreds of things that can go wrong in the business and it’s important to keep your eye on all of them, but CEOs have to keep focused on their purpose and their mission, and not let other things distract them. It gets to my four principles described above. There are a lot of things to keep an eye on, and if I focus on those four things we’ll do well.

— **Bob Hildreth, ESP Systems Professionals,**  
as told to Beth Ewen