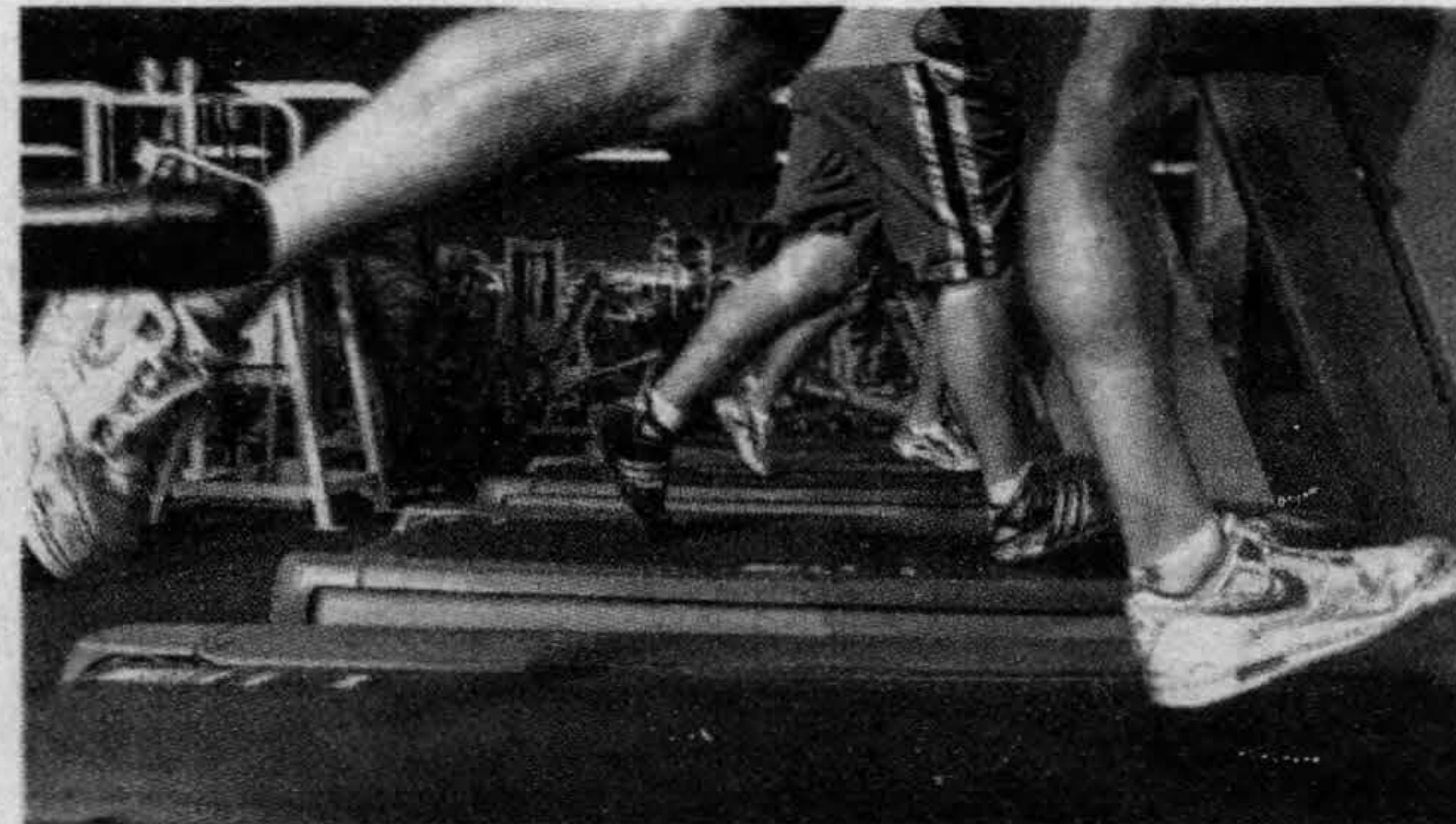


Elements of success

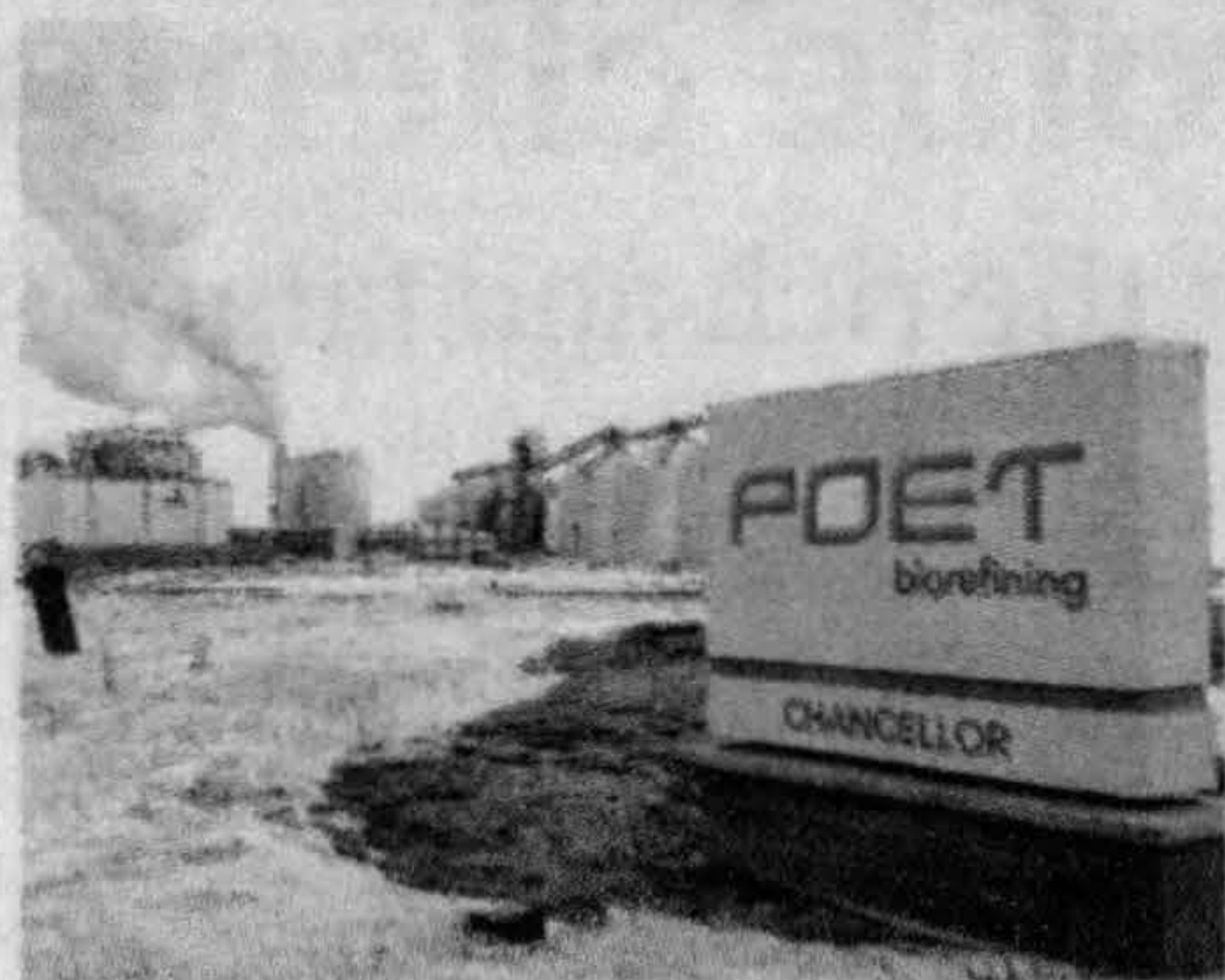
Sioux Falls

BIZ.2010

A special section of the Argus Leader and Sioux Falls Business Journal □□ December 2010



25 BUSINESSES THAT STAND OUT



Success in business can be defined in many ways. Financial success is usually the gauge. However, the road to positive cash flow can be lined with many other achievements. Expanding a business with a new building or additional location can be a noteworthy accomplishment, for example. So can the successful introduction of a new product or service.

Or a marketing campaign that achieves results. There are others. Finding business success in a down economy is especially challenging. In this issue of Biz.2010, we spotlight 25 success stories from the Sioux Falls business community.

Biz.2010 is a joint production of the *Argus Leader* and *Sioux Falls Business Journal*.

Among the successes profiled in this special report are:

- Raven Industries enjoyed record sales and earnings despite the national downturn.
 - After years of hope and speculation, a movie theater finally opened on the city's east side.
 - Poet has established itself as a national player in the design and operation of ethanol plants.
 - Hy-Vee furthered its dominance in the Sioux Falls grocery store market by acquiring and converting two Sunshine stores.
 - Thirty-five years after opening, The Empire Mall continues to attract shoppers and other retail development to its neighborhood.
- Read inside about these and 20 other successful ventures of the recent past.

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Lewis builds empire by sticking to basics

BY JENNIFER SANDERSON HYK

For the Sioux Falls Business Journal

The first item sold at the newest Lewis Drug was a loaf of bread.

That's fine by president and CEO Mark Griffin, who hopes Lewis continues to be the "reliable place for basics" it was during World War II. Then, the shop on Phillips Avenue survived by selling staples such as milk and soap – and popcorn on movie nights, when crowds rolled into the State Theater.

"We think we still provide those essential services," Griffin says. "Those are our roots, and it's done us well for 68 years. We just have a little broader product selection now."

Griffin understates how well he has diversified the company his father co-founded. Lewis has evolved with Sioux Falls, selecting sites in emerging neighborhoods and expanding to surrounding towns. Altogether, Lewis has 32 stores in South Dakota, Iowa and Minnesota, with six in Sioux Falls.

The company has kept pace with technology, offering online prescription refills and photo services. It also has sought strategic partnerships with Sanford Health to provide clinic



EMILY SPARTZ / ARGUS LEADER

The newest Lewis Drug, at 69th Street and Louise Avenue, opened for business last month. The chain now has 32 stores in three states.

pharmacies and with grocery stores that house Lewis Express sites.

Lewis emphasizes respect and fairness in customer service – hallmarks that Griffin says never will change.

"The Lewis team is always a prior-

ity. Everyone here is committed to moving the company forward. I like to really know the people I work with, and that's the secret to our success," Griffin says.

It sounds simple, but staying connected to customers gets harder as

Lewis adds locations. It's why Griffin makes it a point to welcome shoppers at store openings.

Chris Snyder, who lives near 85th Street and Louise Avenue, didn't expect to see the company's top employee during her first-day visit. It was one of many pleasant surprises.

"We've needed something closer to home for a long time," says Snyder, who gives the store high marks for selection and reasonable prices. The working mother of two will move her family's pharmacy business to Lewis.

"Now, I can hit the post office and pick up prescriptions and a few groceries all in the same stop, without crossing 41st Street," she says.

Griffin admits it's sometimes hard to wait for rooftops to rise in a development area where Lewis plans to build.

"Being the home team, we're able to read the marketplace better than most," he says. "But we know that convenience isn't just your location. It's the environment inside – prices and layout and how you shop that store in our time-compressed world."

LEWIS FILE

BUSINESS: Lewis Drug, which has six Lewis stores in Sioux Falls

OWNER: Mark Griffin (Lewis Family Drug locations are run in a partnership between Griffin and Sanford Health.)

ESTABLISHED: 1942

PRODUCT OR SERVICE: Prescription and nonprescription drugs, and a variety of department store products and services

HEADQUARTERS: 2701 S. Minnesota Ave., Suite 100

WEBSITE: lewisdrug.com

ELEMENT OF SUCCESS: Added sixth Lewis location in Sioux Falls in November

EMPIRE FILE

NAME: The Empire Mall and Empire East
OWNER: Macerich, a publicly traded company headquartered in Santa Monica, Calif.

ESTABLISHED:
 Opened in 1975, with additions in 1978, 1988 and 2000. Former New Town Mall annexed as Empire East in 1988.

PRODUCT OR SERVICE: Department stores, specialty shops and dining. Newest tenants are Best Buy Mobile and Pirogues BBQ & Seafood.

ADDRESS: 5000 W. Empire Mall, near 41st Street and Interstate 29

WEBSITE: www.theempiremall.com

ELEMENT OF SUCCESS: Thirty-five years after opening, the mall continues to shape business development.

Empire Mall a beacon of retail success

BY JENNIFER SANDERSON HYK

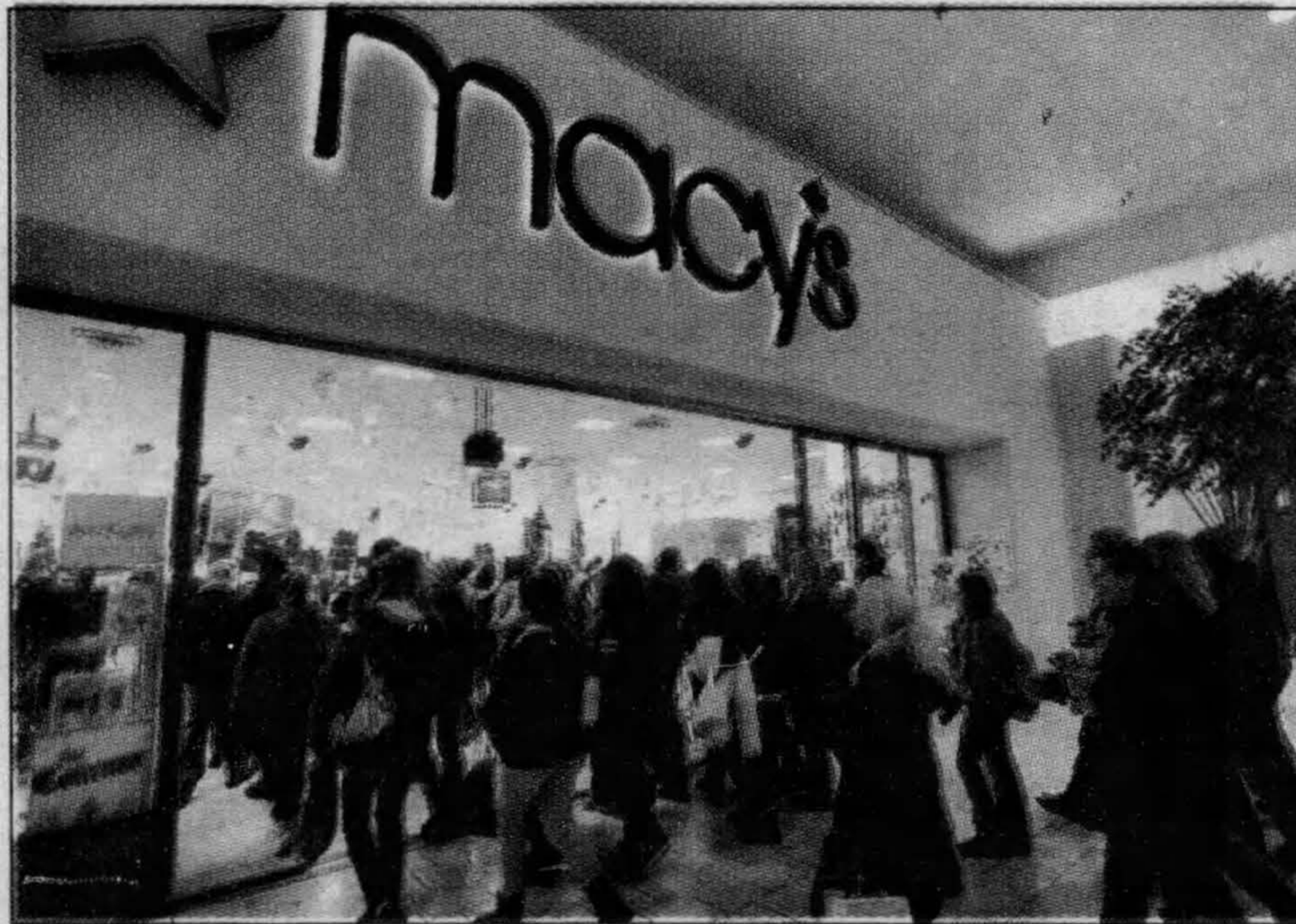
For the Sioux Falls Business Journal

The holiday shopping season can make or break a store, but The Empire Mall is a powerhouse all year long.

Together with Empire East, it draws more visitors annually than Mount Rushmore and stands as the largest retail complex between Minneapolis and Denver. The property and sales tax revenue it generates each year equals about 6 percent of the city's budget.

"We're a bellwether for the community in terms of how retail is going, and we're a driver for what happens around us," says Chrissy Spoo, The Empire's marketing manager. "When things are clicking here, they're clicking for everyone else."

It's hard to overstate The Empire's economic importance or its influence on options for shoppers, diners and fun-seekers along the city's west side. Thirty-five years after opening with a single anchor – JCPenney – the mall continues to be a catalyst for business development



ELISHA PAGE / ARGUS LEADER

Shoppers pour into Macy's at The Empire Mall shortly after the store opened at 4 a.m. on the day after Thanksgiving.

beyond its doors.

"The mall's impact isn't just local, it's regional," says Kristen Hegg Zueger, a Hegg Cos. real estate broker who matches tenants with

spaces. "A lot of retailers look there as the No. 1 place they want to be."

Those who can't find the right fit inside The Empire often do the next best thing: They check out the rest

of the neighborhood. That includes developments such as the Beakon Centre at Louise Avenue and 57th Street. The Bridges at 57th, along Western Avenue, is another high-visibility area where renters benefit from the mall's motor traffic but retain a boutique feel.

The Empire's strategic mix of tenants and its prime location along Interstate 29 draw shoppers to the retail corridor. Once there, they have choices.

"The former Linens-N-Things, Hollywood Video and Sportsman's Warehouse buildings all are perfect examples of how quickly large retail spaces fill up here," Hegg Zueger says. "It's a win-win for retailers, too, and it's something they wouldn't have in other communities."

Spoo is proud to note that several of The Empire's stores rank in their national chain's top 5 percent by sales volume.

"Our record of success is much, much grander than our record of failure," she says. "Once our retailers are here, we work very hard for them."

Poet stands at forefront of ethanol research

BY JENNIFER SANDERSON HYK

For the Sioux Falls Business Journal

Poet is a household name in South Dakota and perhaps the six other states where its ethanol plants employ more than 1,500 people.

Its 26 plants produce more than 1.6 billion gallons of ethanol each year, plus 9 billion pounds of high-protein animal feed.

It's what Poet considers a good start.

This year, the company moved to create greater demand for its products, launching a national advertising campaign. The spots were a first not only for Poet but also for the industry it leads worldwide.

Poet is banking that people in urban areas, thousands of miles from the nearest cornfield, are ready to hear the message: Poet and its renewable fuels are a creative, common-sense solution to the energy crisis.

"We have many competitors out there," says Greg Breukelman,

POET FILE

NAME: Poet LLC

OWNER: Jeff Broin and investors

ESTABLISHED: 1987

PRODUCT OR SERVICE: Ethanol production, plant design, and management; biofuel research and development

ADDRESS: 4615 N. Lewis Ave.

WEBSITE: www.poet.com

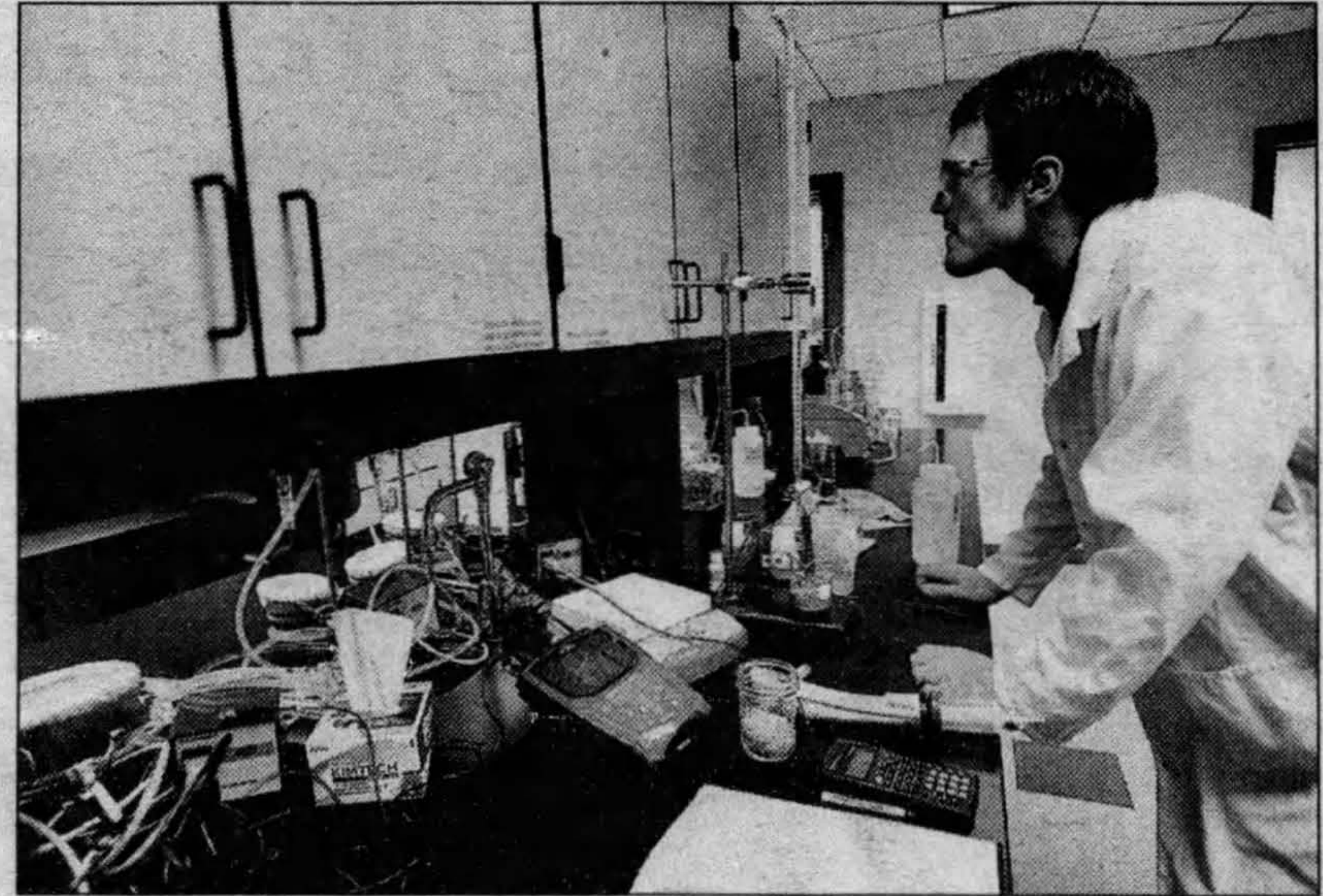
ELEMENT OF SUCCESS: Launched national ad campaign and in the hunt to be the first U.S. company with a commercial-scale cellulosic ethanol plant

Poet's senior vice president of communications. "They've been talking to the public directly for a long time, and they've not been portraying us very accurately. We thought it was important to get the names and

faces of the ethanol industry in front of a larger audience."

The stakes and players have changed dramatically since the industry's early days. Then, farmers and farmer-owned cooperatives did most of the experimenting. Today's research takes place in university labs and research departments such as the one at Poet. Its pilot-program cellulosic plant uses corn cobs and other crop residue as feedstock, and the group is on the short list of U.S. companies with a real chance to take the process to the commercial scale. For most manufacturers using corn-crop refuse, it's thought that profitability requires a capacity of at least 25 million to 30 million gallons a year.

Poet's construction depends on a crucial loan guarantee program from the U.S. Department of Energy, and, of course, on finding the most effective way to get to the usable components within plant matter's rigid molecular structure.



ELISHA PAGE / ARGUS LEADER

Steve Veurink, a lab technician at Poet, works on research last summer at the ethanol company's Sioux Falls headquarters.

"It's analogous to a concrete pillar reinforced with rebar," said William Gibbons, a professor in the department of biology and microbiology at South Dakota State University. "Cellulose and hemicellulose are the chains of sugars, and lignin is a sort of glue that surrounds and protects them."

In partnership with researchers at the School of Mines & Technology, Gibbons and his team are in the hunt to develop some of the same

techniques that Poet is exploring. Two leading ideas have emerged. Poet uses biochemicals such as enzymes and microorganisms to gently break apart cellulose's bonds, while others employ the "sledgehammer" of high temperature and pressure to do the work.

"No one knows which will be the most efficient approach," Gibbons said. "The company that answers those questions will have a huge advantage."

Fresh Produce helps clients get noticed

Ad agency built on bold campaigns

BY JENNIFER SANDERSON HYK

For the Sioux Falls Business Journal

The team at Fresh Produce asks only one thing of prospective clients: Be sure you want to get noticed.

"There's an open-mindedness that's required," co-owner Ted Heeren says of his ad agency's unconventional bent. "A lot of what we do is identifying a client's story and bringing it to life in a compelling, memorable way. We hope they appreciate the point of view we have and that they really do want to stand out."

Neighborhood Dental, with clinics in five cities, passed the gut-check test. So did SDN Communications, the South Dakota State University Foundation and Bell Inc. packaging. Each got a new look to infuse its brand with approachable humor and bold graphics.

What is Fresh Produce's secret to selling edgy, eye-grabbing campaigns to some of the region's most buttoned-up clients? According to Jack Hansen, a three-decade veteran of the media industry, the trick is there's no trick. There's a reason for every seemingly off-the-wall concept, and it's grounded in a sophisticated marketing strategy.

"They just smack me in the chops with such interesting ideas. They get the message across with more power than anyone else I've experienced in the advertising world," says Hansen, who stacks up Fresh



JAY PICKTHORN / ARGUS LEADER

Ted Heeren (clockwise from left) Jessica Rice, Andrew Osborn, Kat Burdine and Mike Hart hold a staff meeting at Fresh Produce advertising and marketing agency.

Produce's work against that of agency giants he worked with during his WCCO-TV days in Minneapolis.

Mike Scott is another fan. He and Neighborhood Dental partner Dr. Nick Shawd asked Fresh Produce to break the lab-coat mold.

"We wanted a different feel," says Scott, who added a clinic in Beresford and a second Sioux Falls site this year. "It's scary to put yourself out there, but you want to evoke an

emotion. Once you get that response, people won't forget it or you."

Heeren and Fresh Produce co-owner Mike Hart founded their company in Brandon in 2004, recording their first spots in Hart's basement. They moved to Sioux Falls in 2008, eager to be part of downtown's creative culture. Their office features the Ipsos Gallery, where area artists display work. Being surrounded by great ideas feeds the

team's brainstorming sessions.

"I think it's easy to sell people short because you think you know what they want to hear," says Heeren, who remembers being intimidated by early meetings with SDN Communications. "But we're not afraid to share an idea knowing it might make people a little uncomfortable at first. Our clients collaborate and take part. It's important to us that it be a very shared process."

FRESH PRODUCE FILE

NAME: Fresh Produce

OWNERS: Ted Heeren and Mike Hart

ESTABLISHED: 2004 in Brandon; moved to Sioux Falls in 2008

PRODUCT OR SERVICE: Advertising and idea development

ADDRESS: 400 N. Main Ave., Suite 100

WEBSITE: www.pickfresh.com

ELEMENT OF SUCCESS: Making a splash with eye-catching ads and helping launch Pomegranate Market health-store concept



DEVIN WAGNER / ARGUS LEADER

Plastic Surgery Associates' new headquarters is under construction on South Minnesota Avenue. The 10,000-square-foot building will open in spring.

Conservative approach pays off for cosmetic surgery practice

BY JENNIFER SANDERSON HYK
For the Sioux Falls Business Journal

Dr. Vaughn Meyer stakes his practice on conservative decisions in an industry often celebrated for the radical.

At Plastic Surgery Associates of South Dakota, Meyer and his partners evaluate cosmetic trends and stay up to date on emerging techniques. But they also take cues from patients, carefully matching the right procedure to the person and the effect desired. Those patients include breast cancer survivors wanting to feel whole again, septuagenarians trading droopy eyelids for a broader field of vision and people of all ages wishing their outer appearance reflected their inner vitality.

"Everybody's living longer, and they're staying healthier longer. It's no big secret that cosmetic surgery is becoming an option for more people—we see it on television almost every day," Meyer said. "But people in our area are not usually interested in being among the first to have a procedure, and we're

PLASTIC SURGERY ASSOCIATES FILE

COMPANY: Plastic Surgery Associates of South Dakota Ltd.

OWNERS: Dr. Vaughn Meyer, Dr. L. Patrick Miller and Dr. J. Anthony Breit

ESTABLISHED: 1984

SERVICE: Cosmetic and reconstructive surgery

ADDRESS: 911 E. 20th St., Suite 602

WEBSITE: plasticsurgeryassociatesofsd.com

ELEMENT OF SUCCESS: New building scheduled to open in spring 2011 on Minnesota Avenue south of Interstate 229

not interested as a group in making that our focus. So we always have to be conservative about trying things that haven't really had a proven history or that could be too drastic for a particular patient."

The steady approach has worked well for Meyer and his partners, Drs. L. Patrick Miller and J. Anthony Breit. In fact, Meyer thinks it's a driving force behind the practice's reputation for intelligent analysis before a procedure and thorough care afterward.

At a time when many of their colleagues nationwide are trying to retain a patient base, Plastic Surgery Associates is positioned to expand into a space that almost will double its footprint, to slightly less than 10,000 square feet. Slated to open this spring, the new building is on South Minnesota Avenue between Interstate 229 and 57th Street.

According to the American Society of Plastic Surgeons, overall cosmetic procedures declined by 1 percent from 2008

to 2009. Purely surgical options took a 9 percent hit. The drop-off was caused in part by an increasingly wider selection of minimally invasive treatments. But there's no denying the down economy plays a large role. Elective cosmetic surgeries are costlier than in-office laser treatments or injectable fillers, require a longer recovery time and often are not covered by health insurance.

Still, there's no price tag on feeling comfortable in one's own skin. Meyer's patients want to be the best version of themselves, and they trust him and his partners to help set realistic expectations.

"So many people who come to us worry they'll be perceived as vain," Meyer said. "But we've found that these improvements give them a sense of pride and satisfaction when they look in the mirror. Sometimes we'll hear from a spouse or friend that a patient really has a lot more self-confidence. The benefits that come with looking your best and feeling well are not vanity."