

# FINANCE & COMMERCE

## Business News

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### Using Internet, Thread Logic creates fast-growing logo embroiderer

by Dan Emerson Special to Finance & Commerce

"I can do this better than the people who make a living at it."

It's the sort of thought that occurs to many of us, when we experience bad service or a poorly made product. But Jeff Taxdahl followed up on the thought – using insights he gained from a negative encounter to build his Jordan-based firm, Thread Logic, into one of the industry's most successful startups.

Taxdahl, 46, grew up in Waseca and graduated from the University of Wisconsin-LaCrosse, before earning an MBA at the University of Minnesota. One of his first career mentors was Tom Hansen, owner of First Community Bank in Savage, where he worked after finishing college.

"From him, I learned a lot about running a small company, about marketing, but primarily the importance of establishing relationships."

After getting an education at the University of Wisconsin-LaCrosse and the University of Minnesota's Carlson School, the Waseca native worked in marketing positions for small- and medium-sized companies.

"In a lot of those situations, I was the guy who was buying the logo apparel for employees or customer giveaways. So I became a somewhat knowledgeable about the industry. There was one bad experience with a local provider who embroidered a logo incorrectly, and we weren't happy with the way they resolved the situation. And I thought that, if I was ever in the business, I could do better on a service level."

Taxdahl seized the opportunity in 2002, after he was laid off from a marketing management position. Along with focusing on service, Taxdahl also developed an effective, web-based marketing model that has enabled him to quickly build a national customer base.

Most logo-wear shops develop their customer bases within a 10-mile radius. But most of Thread Logic's customers come from outside of Minnesota, finding the firm through search engines.

"We've been able to grow because we're swimming in a really deep pool; our market is the entire U.S. It goes back to a marketing problem: know who your customer is and clearly communicate to them your value proposition – what makes you different from the competition. We've been successful in doing that," said Taxdahl, whose wife, Wenda, joined the company in 2005.

To court prospective customers, Taxdahl developed an online interface that allows them to upload their logo and receive a free evaluation to ensure the logo will work in embroidered form. About 30 percent of submitted logos convert into orders.

Taxdahl also developed a strategy of focusing on pay-per-click ads, keyword research and landing-page testing. But he also stresses the importance of "understanding your market, knowing your point of differentiation, and then delivering that message."

"You can buy lot of the same products at Wal-Mart as at Target, but you have a different experience in each store. A web site is similar; we've built our site to attract the customers we want to attract."

Unlike most of its competitors, who also sell spirit-wear, magnets, pens and coffee mugs, Thread Logic's line consists solely of embroidered logo apparel such as shirts, hats, jackets, T-shirts, sweatshirts and accessories for use as corporate apparel and uniforms. Handling production in-house enables control of product quality and turnaround time, and faster, more efficient production, according to Taxdahl.

One Thread Logic Customer, Molly Johnson of St. Francis Hospital in Shakopee, said Taxdahl's success is well-deserved.

"As a vendor, he makes my job easy. He offers suggestions on which items would be best received by different clients and how my logo would be best displayed," said Johnson, who is the hospital's communications, marketing and public relations specialist. "Jeff is also great at helping me problem solve."

In the process of developing a market niche, "we broke some rules," Taxdahl said. Rather than following the industry tradition of basing prices for custom-logo garments on the number of stitches needed to create logos, Taxdahl opted for standardized pricing. "It makes it a lot easier for the customer to know the cost. That's one way we've 'broken through.'"

It seems to be working. Thread Logic surpassed \$1 million in revenue for the first time in 2009, putting it in the top 10 percent of embroidery companies nationwide within just seven years. The firm has posted consistent double-digit annual gains, including 25 percent growth last year. To allow continued growth, the company moved in February to a new, larger space that's more than double its previous size.