

Getting creative to keep thriving

● Nice niche: A marketing staffing firm has found space to grow between traditional advertising agencies and freelancers

By TODD NELSON • Special to The Star Tribune

A grim 2009 could still be good for Creatis, a Minneapolis-based creative and marketing staffing and services company set to grow here and begin expanding to other cities next year.

Creatis, for that matter, also thrives in good times—remember those? That's because of what President Chuck Swensson said is a unique, flexible combination of studio and staffing services. The company employs 110 full-time experienced graphic designers, copy writers, project managers and other creative and marketing professionals, Swensson said.

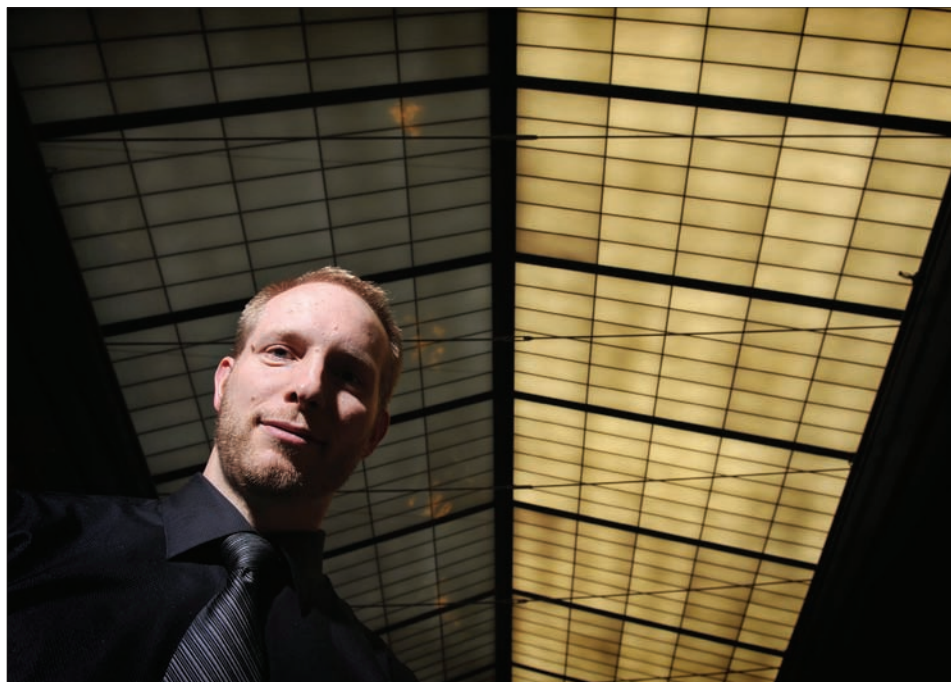
They work in clients' offices—sometimes on team-based projects that continue for years—or in the Creatis studio, where business has been booming this year in part from adding clients. Current clients include Best Buy Co. Inc., Target Corp., Medtronic Inc., UnitedHealth Group Inc. and Thrivent Financial for Lutherans.

The ability to outsource or in-source services enables Creatis to provide customized work at what Swensson said is a lower cost than using ad agencies or full-time hires.

That's something the company's Fortune 1000 clients likely need, Swensson said.

As a result, Creatis is that seemingly rare company that is growing—revenue this year is estimated at \$7.25 million, up from \$6.7 million in 2007 and \$3.5 million in 2001—and preparing to expand.

By the end of 2009, Swensson said, Creatis intends to open an office possibly in Houston, Dallas or Chicago. That would be the first of what could be 10 Creatis offices opening in the next five to 10 years.



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President Chuck Swensson in Creatis' headquarters in the Minneapolis Warehouse District. By the end of 2009, Swensson said, he hopes to open a new office, possibly in Houston, Dallas or Chicago.

“Here in the Twin Cities we've done a really good job, especially with a lot of our current clients, of changing the way they look at their marketing ... and how they get that done,” Swensson said. “We want to continue the vision forward and see if it's actually applicable on a larger scale.”

The expansion depends in part on finding “somebody who shares our DNA,” who could replicate the Creatis culture and is well-connected in another market, Swensson said. Creatis likely would use internal financing to expand.

Part of the Creatis vision Swensson refers to involves providing cost savings.

Rates at Creatis typically are 40 percent less than those at ad agencies, Swensson said. Agencies in some cases now focus on developing higher-end materials to replace revenue lost from other services.

Creatis provides managed staffing to Medtronic, a long-time client, in that company's cardiac rhythm disease management (CRDM) department. The

arrangement saves time and money, and helps Medtronic avoid hiring additional full-time employees to produce sales materials.

“If we were to bring in an ad agency, it would be at a much different pricing level,” said Lori Gorshe, Medtronic's manager of CRDM creative communications. “We work on a pretty lean model. We have the primary design functions at Medtronic internally, but the ability to expand at a reasonable rate based on workload is very appealing.”

Gorshe said five to seven Creatis employees work with her department each day, most of whom have five years or more experience working on Medtronic projects. Gorshe sometimes sends projects electronically to the Creatis studio.

“They provide great creative support, they have great people and I can always trust that there's a certain consistency in the support,” said Gorshe, who worked at a predecessor of Creatis 15 years ago.

Thrivent has been outsourcing customized ad work to Creatis for the past five years, according to Gene Smaciarz, director of creative services.

“They’ve been handling our overflow work that we can’t handle internally,” Smaciarz said. “They’re getting the work done efficiently, to the point where they’re seen as an extension of our creative services shop. It’s as close to seamless as you can get these days.”

Creatis has grown even as it has undergone a transition from an entrepreneur-run company to a managed one.

Owner Dodd Classen founded what would become Creatis in 1991 as a division of a broad-based staffing company that his parents owned, Swensson said. Classen bought the division and in 1998 spun it off as Creatis.

Swensson joined Creatis in 2001 as director of operations. Before then, he had been a Creatis client as interactive media manager at Medtronic.

Like many entrepreneurs, Classen became interested in stepping back from day-to-day operations to pursue new things. Unlike many, Classen turned over management of the company. The transition took place over the past few years, with input from a board of advisers.

“Dodd is an idea guy,” Swensson said. “He wanted some balance in his life. He wanted someone responsible to push the company forward.”

As Creatis expands, the company is trying to target potential clients to let them know how the model works.

“With the mission of being able to change the way companies utilize creative and marketing services, there are so many companies that don’t even realize there are other ways to do this that that’s the exciting challenge for us,” Swensson said.

The expert says: Avinash Malshe, assistant marketing professor at the University of St. Thomas Opus College of Business, said Creatis occupies an interesting niche between big ad agencies



CREATIS

Founded: 1998 **Headquarters:** Minneapolis **Web:** www.creatis.com

Business: Partners with Fortune 1000 Companies to provide creative and marketing services, short- and long-term staffing, outsourcing and in-sourcing of customized programs and initiatives and direct placement of full-time employees through talent recruitment.

Executives: Dodd Classen, owner; Chuck Swensson, president; Brent Otto, account executive; Elizabeth Volkman, studio account director; Barbara Smith, controller.

Employees: 110 **2007 revenue:** \$6.7 million

Strategy: Carry out growth strategy by opening a new office next year; shift employees from on-site to studio work as client needs change and make new clients aware of its model.

Creatis senior creative designer pfofer created one of the company’s marketing campaign pieces emphasizing that Creatis can be the missing piece to a company’s needs.

and freelance creative professionals.

Going forward, Creatis wants to avoid the possible perception that it might not be big enough to handle bigger jobs, Malshe said. The company also will want to avoid being seen only as a creative outsourcing outlet.

“They might want to think about coming up with unique products of their own, which utilize their capacity and their people and their studio,” Malshe said.

“They have to come up with their own branded products so they can come forward and play in a different league.”

The expansion plans make sense if the company can find employees who are on par with those they already have here, Malshe said.

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