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### Dick Youngblood: Inkjets propel company's profits skyward

By Dick Youngblood, Star Tribune

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Bill Hoagland has built a thriving company in an arcane corner of the printing business, never mind that he had little understanding of the industry in the beginning.

It's called coding and marking and involves high-speed industrial inkjet printers that literally spit ink dots onto products and packaging to form bar codes, lot and batch numbers and other data. They are systems so sophisticated they can change the codes from one application to the next.

With absolutely no background in the business, Hoagland started in 1992 mixing bargain-priced replacement inks for industrial printers in the garage of his Brooklyn Park home.

Later, despite the lack of any engineering training, he designed a line of printers and now operates a Spring Lake Park company that has been growing at a 28 percent annual clip for the past seven years -- with no slowdown in sight.

The result: a business with sales of \$11 million in fiscal 2004 ended Sept. 30, headed for a 36 percent jump this year, to \$15 million. The company offers 35 printer variations and 350 different ink formulas for use in all printing systems.

Considering Hoagland's lack of background in the industry, you have to be impressed with the gent's enterprise, not to mention his intestinal fortitude. Also his quirky sense of humor, which came into play when he named his company Squid Ink Manufacturing Inc.

"Black ink was our only product in the beginning, and I was trying to find something people would remember," said Hoagland, 55. "Squid Ink seemed to fit the bill. It made people smile."

And ask odd questions: "Do you have a squid farm?" one person queried. "How do you milk the squids?" asked another. Like the man said, a memorable name, although a wag might suggest that it would have been even more memorable if he'd left out "Manufacturing" and just made it Squid Ink Inc.

#### Garage-based startup

A native of New Jersey and a 1972 graduate of the University of Wisconsin-Stout, where he earned a degree in manufacturing, Hoagland spent most of the next 20 years in a variety of sales positions. During that time, he bought a struggling manufacturer of equipment designed to collect scrap paper off printing presses, turned the company around and sold it after four years.

The brief fling in business ownership only whetted his entrepreneurial appetite, which he satisfied after a chance meeting with a friend who was a salesman for a large manufacturer of industrial inkjet printers

"I was intrigued by the technology," Hoagland said. "But what really caught my attention was the price his company was charging for replacement inks for their printers. I thought they were way too high."

In short, he saw a business opportunity. So he started studying the chemistry books and talking to resin and dye experts, winding up with an 80-year-old chemist in Chicago "who offered to tell me how to make ink if I'd take him to lunch."

The rest is history -- long, difficult and sometimes uncomfortable history. Hoagland started out mixing, filtering and dissolving resins in his basement, which soon filled up with a variety of odorous containers.

"My wife thought I'd snapped," he said.

It took him four months of experimentation to come up with about 2½ gallons of workable product. Then he moved into his garage, where he spent the next year manufacturing his water-based inks.

Considering that the space was unheated and he was filling his 100-gallon tank with an outside garden hose, you can see that there might have been a few problems during the winter. He solved those problems -- sort of -- with a whole bunch of lamps with 100-watt bulbs.

Labeled a 'pirate'

But the product, costing about a third the price of replacement ink offered by the printer manufacturers, was selling briskly -- never mind that the competition labeled him a "pirate" and falsely warned customers that the Squid product would ruin their machines.

Hoagland started with \$125,000 in savings, a portion of it supplied by the sale of his previous business, and went two years without a salary while working up to 18 hours a day.

"I'd start selling on the phone at 6 a.m., ship product in the afternoon and make ink every evening till midnight," he said.

By the end of 1993, after moving to a small warehouse in Brooklyn Park, Squid Ink's sales reached \$650,000. Three years later, after a brief stop at a facility in northeast Minneapolis, it settled at its present headquarters, a 30,000-square-foot facility in Spring Lake Park.

While Hoagland is no engineer, he admits to "a fairly high mechanical aptitude." Translated, that means he tore engines apart and built stock-car racers as a youth and applied that aptitude in 1996 to design his line of inkjet printers.

Since then, Hoagland has broadened his product line in part with acquisitions, including a Texas manufacturer of inkjet printers and an Eden Prairie producer of ink-drying and curing equipment.

The most recent addition is a California company with \$3 million in annual sales produced by a different technology for ink-drying and curing, an acquisition that Hoagland figures will help boost sales above \$21 million in fiscal 2006.

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