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'Itch' leads entrepreneur to green venture

A former retail executive teams with other firms to pursue growth through green products.

By **TODD NELSON**, Special to the Star Tribune

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As a Target executive, Joseph Mudd helped small companies pursue business opportunities with the giant retailer.

That experience triggered an "entrepreneurial itch" that inspired Mudd to start his own company, which he launched in 2008 after 13 years at Target.

"I knew once I left corporate America, I wanted to do something on my own to see if I could create and build a business," Mudd said. "I wanted to see if I could apply it for myself."

Mudd's New Hope-based company, Muddco Inc., is an importer and distributor that specializes in providing environmentally friendly "green" products.

"I'd been in the incubator for quite a while," said Mudd, who for five years led Target's business development team, which evaluates and consults with potential small-business partners, those owned by women or minorities in particular. "It gave me the opportunity to know what buyers and strategic sourcing leaders look for and also be prepared for that entrepreneurial side."

Mudd also learned the value of forming partnerships and alliances that can enable small companies to create the scope they need to get contracts with Fortune 500 companies.



He has applied that approach at Muddco, which has five employees and last year had revenue of \$1.5 million. Building on retail and distribution contacts, Mudd quickly got placement with Supervalu, Kowalski's and Lund's of Muddco's line of specialty compostable tableware.

"We felt like we needed to create a niche ... to compete with the larger guys in an area that they have not penetrated yet," Mudd said.

The same strategy is in play now as Mudd teams with Circle Pines-based bioplastics maker Natur-Tec to distribute its Natur-Bag line of certified biodegradable and compostable bags.

"If we're going to talk to a Supervalu, I know what Supervalu's looking for from a supplier, so partnering with people like Natur-tec gives us the strength to be able to supply chains that have 5,000 stores," Mudd said. "Otherwise, I couldn't do that alone."

The partnership came together earlier this year as, in January, most residents of the seven-county metro area who bag their yard waste for pickup had to begin using compostable plastic or paper bags instead of the old black plastic ones.

Natur-Tec, a division of Northern Technologies International Corp., lacked "the go-to-market arm" Muddco provides, said Vineet Dalal, vice president and director of global market development.

"It's a win-win situation because Joe has all the retail and distribution strength and we have the technology and the product portfolio," Dalal said. "Together, I think we can make a very credible offering to the market. The fact that two Minnesota companies can come together and go after the larger bioplastics market is really the message that we want to drive home here."

A natural partnership

Natur-Tec's focus here is on research and development, Dalal said. Most production is overseas, though manufacturing in this country may soon expand. Northern Technologies has 45 employees, most of them in Circle Pines, and had \$12 million in revenue last year.

Both companies are working to convey the role compostable bags play in a broader, growing effort to divert organic waste from landfills to composting facilities, a move that experts say is better for the environment and, likely, our pocketbooks.

Organic waste -- food scraps and food-soiled, non-recyclable paper products -- generates methane when it decomposes in landfills under anaerobic conditions, or without oxygen, said John Jaimez, organics recycling specialist with Hennepin County environmental services. Methane, he said, is 20 times more dangerous than carbon dioxide as a greenhouse gas.

Tipping fees and taxes are lower for separated organics, Jaimez said. Composting also reduces solid-waste volume, which could result in a lower trash bill for businesses that can get by with less frequent pickups.

Six private haulers now have organic routes serving commercial accounts in the county, up from just one two years ago, Jaimez said. Customers range from small organic restaurants and coffee shops to corporate headquarters and major retailers.

Dave Svobodny, with Mark Settergren of Diamond Lake Ace Hardware and Settergren Ace Hardware stores in Minneapolis, said Natur-Tec bags have worked well for him. Minneapolis residents won't be required to

switch to compostable bags until 2013, but Svobodny said 60 percent of customers at the two stores are choosing compostable paper or plastic bags.

"None of these (compostable) bags are as strong as the old-fashioned bag but as far as compostable and biodegradable, it's the best we've found," Svobodny said. "It's one of the stronger ones out there. We haven't heard any complaints from customers, and our two stores have sold a number of boxes of them."

The expert says: Dileep Rao, who teaches new business development and financing at the University of Minnesota's Carlson School of Business, said he sees many factors in Mudd's favor, including forging partnerships he has made.

"He has formed alliances, which is very important in a young company, assuming he has done the right ones, because it is difficult to do it all," Rao said.

Another smart step was sticking to an industry he knows and where he has connections, Rao said. "The industry is emerging and expected to grow, and it should be easier to grow in a growing company," he said.

Mudd should watch areas such as inventory control and cash and expense control to make sure the company does not go too far ahead of its capacity.

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