

Business Record

DECEMBER 31, 2007

CENTRAL IOWA'S INDEPENDENT, LOCALLY OWNED BUSINESS WEEKLY

PRICE: \$1.50

©2007 Des Moines Business Record
Reprinted with permission from Business Publications Corp.

032 defies the ad-agency model

■ Firm has grown to 150 clients in two years; more growth is ahead

By Sarah Bzdega

Joe Nicholson and Sharon Soder have worked in stressful environments and seen firsthand how some advertising agencies treat employees, customers and vendors poorly. These experiences inspired them to do things differently at their own firm, O Thirty-Two Design Group.

Since September 2005, the Urbandale-based firm has grown to five employees and has 150 active clients. In the first year alone, the owners say, they grew from 30 to nearly 100 clients and handled almost 900 projects between the two of them and one intern, who came on board in the spring.

The reason for this, they say, is a focus on personalized service that only comes with a smaller agency.

"The philosophy with our company is simple," Nicholson said. "We really wanted to develop a company that did things right by the client." This includes sticking to the price they quoted in bidding for a project, allowing all employees to work directly with the clients and being honest with clients about what they need.

Nicholson said that he has gained a reputation for being "brutally honest" with clients. "I tell (clients) that I can either be honest or I can waste your money. You pick.

"My point to those clients out there is simply: Look, what we do costs money. When I see something that's terrible, they're getting cheated." In fact some of o32's business comes from calling a company when they see a Web site or marketing piece that is subpar.

Though the owners still call o32 a design studio, it is quickly moving toward becoming a full-service ad

agency. It already can handle a full media campaign, including ad placement on television, print and Web-based programs. By this spring, it will open a public relations division based in Boulder, Colo., after working with contacts out there and having clients in the region.

The company also is in the process of doubling its Urbandale office area by moving into the space next door. This will allow it to hire a few more people, including an account coordinator, and bring Deno Kouris from his home office in Ames. Kouris will help launch o32 Interactive, a subsidiary of o32 Design that will focus on digital and Web-based projects, by late 2008.

Web site development is already a strong area for o32, with about 15 Web site projects going on now. The firm custom-builds all its Web sites, rather than using proprietary language and templates like some competitors use, the owners say.

"Custom doesn't mean more expensive," Soder said. "It doesn't mean we're going to create programming language or any of this stuff. We use the tools that are available to us and do what the client wants and will benefit them best."

O32 also helps design a wide range of products, from putting a logo on a mug or pen, to doing table-cover banners, wine labels and most recently vehicle graphics. It added an exterior design to a Stivers Lincoln-Mercury car, which led to more business from Stivers Ford in Waukee and the city of Bondurant to design graphics for its fire trucks.

Unlike larger advertising agencies that chase multimillion-dollar national accounts, most of o32's work is for regional clients on a smaller scale across a variety of industries, such as Amerigem, the Village of Ponderosa and Wellmark Blue Cross and Blue Shield. However, it does have clients through-



Photo by Duane Tinkey

Sharon Soder and Joe Nicholson, founders of O Thirty-Two Design Group, are expanding the agency to include a Web/digital design subsidiary next year.

out the United States, including Texas, Chicago and South Carolina, and is working on a safety campaign that will extend across North America.

"I often joke with my clients that I love kicking the crap out of the big agencies," Nicholson said. "We have some really large clients. My largest client, when I started off on my own, I took from Strategic America. They were the world's largest legal insurance company. I did a \$50 postcard for them as a freelance designer, and that's all it took to take them away from, at the time, Des Moines' largest capitalized billing agency."

The key to handling 150 clients with a staff of five is taking "a no-nonsense approach to what we do," Nicholson said. "We know there's not a lot of time to sit around and play and waste time. But on the flip side of that, we have systems and procedures in place that allow us to track our work and move our work to get things out and get done."

Nicholson implemented a system he developed at another ad agency, where every project that comes in is assigned a number, gets put on a master job list, and has a job folder with a ticket that details the job and a time sheet that allows employees to track how much time they spend working on the project. The company staff meets once or twice a week to assign tasks and discuss any new work.

Soder said when the system was first implemented at the other agency, employees went from working until 8 or 9 p.m. to working mostly from 8 to 5. "It wasn't management by crisis anymore," she said. "We had a plan."

Though employees at o32 are held accountable for a heavy workload, they still make time to talk about ideas over shuffleboard or

shut the office down for an afternoon to watch a movie together.

The owners' other strategy is to hire multitasking employees. Nicholson and John Nadler are both photographers, in addition to Nicholson handling the business operations and some graphic design projects and Nadler being a Web developer. Soder and Megan Ostrander have a wide range of design talents, including graphic design and illustration.

Nicholson and Soder established a professional relationship while working at the same advertising agency, with Nicholson being the production manager and Soder the senior art director. "We worked together very well," Soder said. "And under pressure, if you don't kill each other on a daily basis, you figure it's a pretty good relationship."

As Nicholson's freelance business began to grow under that agency's open-freelance policy, he eventually had enough work to freelance full time. After a few years of freelancing, with a short stint at Vivamedia Inc. sandwiched in between, Nicholson decided to start his own agency with the encouragement of one of his bigger clients. He called Soder first.

"I put it on the table pretty straight," Nicholson said. "I have a short list of people I'm going to talk to. So, yes or no now and if you say no, I'm not looking back."

Though o32 is on a growth spurt, the owners plan on continuing to reject the large-agency model.

"We don't want to grow into a giant agency," Soder said. "I'd rather keep it small and personal and service-oriented as opposed to all those cogs in the wheel that we don't necessarily need." □

What's in the name?

The name, O Thirty-Two Design Group, came about over a brainstorming session involving Joe Nicholson and his wife, Megan, Sharon Soder and the restaurant staff at Outback Steakhouse in Ankeny. Nicholson and Soder were looking for something that wasn't too trendy and yet significant

to the industry.

O32 signifies the brightest red in Pantone Inc.'s color matching system, the standard color set in the printing industry. Joe often quotes his favorite saying: "If you can't make it good, make it big. If you can't make it big, make it red."