

MINNEAPOLIS ST. PAUL BUSINESS JOURNAL

October 14, 2005



CRAIG DIRKES / THE BUSINESS JOURNAL

(L to r) Solutia's Michael Possehi, consulting manager, Rick Kuula, president; and Tom Dick, consulting director; compensate for the lack of a building by meeting each month and e-mailing. This photo was taken during a company meeting at Stillwater Dunn Bros.

Solutia thrives on virtual vigor

BY TIM RAWAL
STAFF WRITER

When Rick Kuula and his wife started a consulting firm in their Stillwater home in 1997, they figured the day would come when their company would get a building of its own.

But they learned that growth doesn't depend on brick and mortar — a lesson that helped them to survive.

In its first year Solutia Consulting added five employees, but it continued as a virtual company because as providers of information technology consulting, the work was largely carried out in the offices of its clients.

Consulting firm skips brick and mortar to survive downturn

By 2000, Solutia had grown to 25 employees, so Kuula bought some land to finally build a home for the business.

"We wanted more control as a company," he said. "[We wanted] to design a building that reflected our company's culture."

Owning a building would have given the company flexibility to grow. Plus, Kuula planned on keeping Solutia in half of the building and leasing out the other half,

SOLUTIA CONSULTING

City: Stillwater (virtual)

President: Rick Kuula

Business: Management and IT consulting

Founded: 1997

Employees: 40 full time, 25 subcontractors

2005 projected revenue: \$7 million

Web site: www.solutia-consulting.com

making it a good financial investment.

But as the economy took a nosedive in 2001, Kuula balked at breaking ground on the project. "We realized we didn't need it as much as we thought," he said.

Kuula and his employees felt that they compensated for their lack of a building by

meeting each month and communicating through e-mail and phone calls.

By staying virtual, Solutia thrived during the economic downturn, while many of its competitors shrank or folded.

Solutia has continued to grow since then and now has more than 40 employees, about 20 of whom have joined in the past year. The company's success without a building has affirmed the feeling that virtuality is right for Solutia.

"It's an ideal company to be a virtual company," Kuala said.

One of its clients, Minneapolis-based MRM Partners, has seen the benefits of having Solutia consultants on site. MRM, a

marketing and advertising agency, is using Solutia to work on a Web-based project for one its own clients.

"It's been awesome," said Rob Duran of MRM. "[We have] a lot of guys working a ton of hours on a project [for] a client that was shifting requirements on a regular basis."

Another Twin Cities company that has embraced the virtual label is St. Paul based consulting firm Harbinger Partners Inc. Harbinger CEO and President Scott Grausnick said virtuality has many advantages. "Some people are night people, some are morning people," he said. I tend to work late at night." Grausnick said working

the kind of hours he prefers would not be possible if the company had a central brick-and-mortar office. Harbinger's employees, like Solutia's, also work at clients' offices and Grausnick has never considered moving into an office.

As Solutia grows, Kuala is keeping an open mind about a future headquarters.

"I think we'll eventually have a building," he said. "If we find a clear reason, then we'll do it."

trawal@bizjournals.com (612) 288-2109

Reprinted for web use with permission from the *Minneapolis/St. Paul Business Journal*. ©2005, all rights reserved.

Reprinted by Scoop ReprintSource 1-800-767-3263