

WHAT BEST BUY DOES BEST ♦ 12th ANNUAL GUIDE FOR SMALL BUSINESS

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BUSINESS

Guy Mingo

HE QUIT SCHOOL AT 16,
BECAME A JANITOR,
AND WORKED HIS WAY UP
TO CEO OF 6,000-EMPLOYEE
MARSDEN HOLDING.
YOU SHOULD SEE
HIS FIVE-YEAR PLAN.



By Fran Howard

Cleaning Up

★ **GUY MINGO** STARTED OUT
AS A PART-TIME **JANITOR**
AT MARSDEN BUILDING MAINTENANCE.
NOW HE'S ITS **CEO**—AND HAS PLANS
TO **INCREASE** REVENUES
BY **50 PERCENT** IN FIVE YEARS.
BUT THEN, HE'S ALWAYS MOVED **FAST**.

PHOTOGRAPHY *by* MIKE HABERMANN

Guy Mingo's office is spotless. Not a paper is out of place.


This isn't surprising. Mingo is CEO of Marsden Holding, LLC, a \$160 million company headquartered in St. Paul that owns Marsden Building Maintenance, American Security, and five out-of-state building maintenance companies. Marsden makes sure that businesses in eight states—including roughly 30 percent of the office space in the Twin Cities—are clean and presentable each day. Mingo himself is impeccably groomed in a dark suit and starched white shirt with monogrammed cuffs. One could mistake him for a man who has made his way through life at a leisurely pace, thanks to the successful family business that he has inherited.

One would be wrong.

Mingo has been running hard since dropping out of Minneapolis North High School at age 16 to escape his underprivileged upbringing. He worked hard enough to impress his way into a management position at a local convenience store while still a teenager, and then worked his way from a janitorial job at Marsden to become CEO in August 2002. Though Mingo is not a member of the Marsden family, he could be considered one of the company founder's heirs. Like Mingo, Skip Marsden was a poor kid who made up for his background with smarts, toughness, and hard work.


Mingo's still sprinting as he tries to make Marsden a national leader in commercial-building maintenance. It won't be easy. But he's used to things not coming easily.


Kindred Spirits

 Marsden Building Maintenance provides cleaning and specialty services, including window washing for skyscrapers, and is responsible for cleaning 85 million square feet of office space every night for roughly 700 companies, including local giants Target, Toro, Wells Fargo, Imation, and Thrivent Financial for Lutherans. Founded in 1952, Marsden Building Maintenance consistently ranks either number one or number two (alternating with San Francisco-based ABM Industries) in revenues among the metro area's largest building services companies.

Marsden Holding's other locally based business, American Security, which it acquired in 1976, is the largest independently owned, full-service security agency in the Midwest. It provides security, investigative, armored car, and cash management services to about 100 businesses in Minnesota, Wisconsin, Iowa, Michigan, and Colorado, including locally based U.S. Bank and TCF Banks—in all, 40 percent of businesses in the Twin Cities metro area. Besides cleaning and uniformed security, Marsden companies also provide services such as document destruction and background checks of potential hires. All told, Marsden Holding employs around 6,000 people.

Overseeing a business of Marsden's size was a dream Mingo harbored since his early 20s. He grew up poor near the intersection of West Broadway and Washington in North Minneapolis. "It was a part of town


{ "We think we can become a strong national service company within a 10-year window," Mingo says. Last fall, his company bought four building maintenance firms and added 1,225 employees. }


that wasn't well off," recalls Mingo, who has partly Native American ancestry. His parents divorced when he was 10, and Mingo's mother raised him and his five siblings with the help of welfare. He chafed against the restrictions of his childhood: "I didn't like not having choices." Determined to better his situation, Mingo applied for his first job at age 15. "It was my way to change things," he says.

That first job was hustling empty bottles to the basement of a North Minneapolis Country Boy store and carrying up refills for the soda case. There he met Monroe Hordoff, the store's owner and the person Mingo considers to be his first mentor. Soon after he was hired, Mingo was made a cashier. At age 16, he was the store's night manager. Hordoff, Mingo recalls gratefully, "gave me an opportunity. And he trusted me with a lot of his money—and his store."

Then at age 17, Mingo got a tip from his friend (and later wife) Patsy Riddle, who was working for a company called Marsden Building Maintenance, which she talked up as a company that treated its employees well. Mingo hid his age—the company required its hires to be at least 18 years old—and got a job with Marsden on the cleaning crew at the Hennepin County Government Center. Two years later, Mingo had worked his way up to district manager. That's when he met the company's owner and founder, Skip Marsden.

"I got called into Skip's office," Mingo recalls. "He introduced himself and he handed me a check for \$500, a bonus check." That first handshake with the company's founder set the stage for the remainder of Mingo's career. "Skip did not know I was only 19 when his son promoted me," he confesses. "If he had known, I'm sure he would not have given me that position."

As a 19-year-old district manager, Mingo was in charge of \$4 million of what was then a \$23 million business. "Skip trusted me with a lot of his business, which was hard for him. He's a very hands-on manager." Skip Marsden became Mingo's second mentor. "I told him, 'I want to run the company someday,'" Mingo recalls. At 24, Marsden made him a vice president of operations. "He handled every assignment I gave him," Skip Marsden recalls. "I could take it to the bank."

Marsden not only saw in Mingo a reliable employee—he saw a lot of himself. He also had come from a poor family and had dropped out of high school in the ninth grade.

"Guy has the same initiative as my father," says Mary Marsden, vice president of communications for Marsden Holding. "They grew up at different times, but they are cut from the same mold. When they are around people, they absorb information. They both grew up in tough neighborhoods, where they had to fight for everything."

That toughness manifested itself early in Skip Marsden's career. With a wife at home, an eighth-grade education, experience cleaning a church, and a two-year hitch in the Merchant Marine, Marsden opened his building services business in June 1952. Odd jobs kept him in business that summer. Then he landed his first big customer, International Harvester.

It didn't happen right away. Marsden went to his first meeting at the farm-implement manufacturer's St. Paul plant, on University Avenue near Highway 280, dressed in jeans. "I didn't have a suit," he says. International Harvester thought his price was too high, and they gave the account to somebody else.

When its first choice didn't work out, International Harvester got back in touch with Marsden, but again told him his price was too high. Marsden held firm and told his potential client that he had based his estimate on what it would take to provide the quality job the company wanted. He landed the account, and kept it for 46 years, even after the plant was converted into an office complex. (Marsden Holding's current headquarters are just a stone's throw away on University Avenue.)

Keeping clients is certainly essential for the health of a company. But for a service business, an equally pressing issue is: How do you keep employees?

Hire Power

★ For most workers, janitorial jobs are looked upon as short-term, stopgap work. When Mingo started with Marsden, he looked at it as a part-time job to earn some extra cash. "It's not the type of job you come into hoping to make a lot of money," he notes. "It's looked at as the job at the bottom of the food chain." Mingo says that average industry turnover for full-time custodians is close to 100 percent, and for part-time custodians, turnover is about 300 percent on an annual basis.

"In service, you sell a promise, and that's what's challenging," Mingo says. If a janitor fails to show up or doesn't do a good job, the company falls short of providing the service it has promised. Plus, there are the costs of continually having to find and hire new staff.

But Marsden Building Maintenance says that it has managed to cut turnover of full-time employees to around 30 percent; for part-timers, it has brought that number down to about 100 percent. How has Marsden accomplished this? Benefits help: Even part-timers receive paid holiday, bereavement, and vacation time (after being with the company for three years). But Mingo himself personifies the bigger part of the answer: Give all employees, no matter how humble their first job in the company, the chance to move up the ladder.

"Ninety-five percent of our management personnel has come up through the ranks," Mingo says. Seventy percent, he adds, have been with the company for 10 years or longer.

The company's "Career Pathways Manual" offers a roadmap showing how an employee can move from cleaner to executive. After a general cleaner has been employed for 90 consecutive calendar days and maintained a good attendance record and demonstrated basic skills, he or she can begin preparing for the next career level within the company by following the steps in the manual. This includes completing specific training requirements and demonstrating mastery of various skill sets. Each step up the career ladder is defined, from general cleaner to director of operations.

Besides retention, the other big employee challenge that a company like Marsden faces is ethnic diversity.

A great many of its employees are immigrants with an imperfect grasp of English. So Marsden teaches its janitorial orientation sessions in five languages: English, Arabic, Oromo (one of the chief languages in Ethiopia), Somali, and Spanish.

"When I started the HR program in 1972, 2 percent of our workers were minorities and 5 percent were women," Mary Marsden says. "Today, 55 percent are minorities and about 55 percent are women." By 1990, the company ranked first in overall employment of minorities among the top 50 private-sector employers in the Twin Cities metro area. "Diversity has been key in helping our company grow," she says. "We have a lot of bilingual managers."

The company invests 2 percent of annual gross revenues in training programs, not only its language programs, but also management, life skills, and communication programs.

Big Steps

★ In August 2002, Skip Marsden, then 74, sold his businesses to Encore One, a trust established by the Rauenhorst family (family patriarch Gerald Rauenhorst founded Minnetonka construction giant Opus Corporation) that invests in and purchases other family businesses. At the time of the sale, Marsden Building Maintenance, American Security, and Clean Power (a Milwaukee-based building-maintenance company that Marsden Holding purchased in 2000) had combined revenues of \$130 million. Guy Mingo was president of the building services unit.

"When the company was acquired, the new ownership asked me to pick someone to run the overall company," Skip Marsden recalls. "I named Guy. He technically reported to me for 25 years. Now I report to him. I almost look at him as one of my kids." Mingo was then 42. Marsden moved himself over to head the company's acquisitions efforts.

Thanks to its purchase by Encore, Marsden Holding is well positioned to expand. "We think we can become a strong national service company within a 10-year window," Mingo says. "The ownership change has left us largely alone to run the business. And it left us with a lot of acquisition capital—\$30 million in annualized revenue."

Mingo looks to build that national presence through a mix of acquisitions and strong organic growth in Marsden's current strongholds as well as in new markets. And he believes the company's expansion will be supported by the growth of its clients. As those businesses become more regional, national, and even international in their operations, they're looking for service providers that offer bundled services—janitorial, uniformed security, armored car services, and Marsden's other capabilities—for all of their facilities, wherever those facilities might be located.

When it was purchased, Marsden Holding had operations in Minnesota, Wisconsin, Iowa, Nebraska, and Colorado. Last fall, it bought four building maintenance firms—some competitors, others in new markets—in California, Nebraska, Arizona, and Ohio, a \$30 million shopping spree that added 1,225 employees to the payroll.

"We're still a fairly young management team, and we can take the business to a size that Skip couldn't even have imagined," Mingo says. His five-year plan is to bring the company from its current \$160 million in annualized revenue to about \$250 million, for an average annual growth rate of about 10 percent.

Mingo's goals are ambitious. But like his spotless office, that should come as no surprise. **TCB**

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