

SCOTT PAULUS

Brad Rake . . . "The biggest challenge when you're a startup is you're new and you're small."

Esker Tech zeroes in on flagship product

Startup developed, sold two other lines before introducing ZeroWire

BY JENNIFER BATOG
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After 25 years of conducting research and development in the automotive technology industry, Brad Rake believed he was wasting his ability to see the big picture and create new products.

He'd always wanted to start his own business, but the need for a steady paycheck continually trumped his desire to be his own boss. Rake decided to strike out on his own in 2003 using personal savings, a home refinancing and a small pool of investors.

I 'I think they're looking at technology that has the potential to have an **IMMEDIATE IMPACT** in the marketplace.'

Todd Kearney
Wisconsin Department of Commerce

transmitters and receivers that eliminate the need for

He founded Esker Technologies in Milwaukee, which makes testers for hazardous materials suits and joy sticks used in heavy equipment. Rake is relying on those two products to generate cash flow while he develops what he considers Esker's flagship product, ZeroWire. Startup costs were about \$35,000, he said.

Now, Rake is preparing to roll out ZeroWire, which consists of digital

LESSONS LEARNED

- **TOUGHEST BUSINESS DECISION:** "When to 'give up' on pursuing a potential customer. There is a fine line between being persistent and being a pest. I try to make sure that I'm working with the decision maker."
- **BIGGEST MISTAKE:** "Not having an advisory board to gain insight from. Creating a board in 2006 is a priority."
- **GOAL YET TO BE ACHIEVED:** "Successfully introduce the ZeroWire digital communication and control system to targeted niche markets."
- **MOST IMPORTANT LESSON LEARNED:** "Be assertive. Act with integrity. Once I learned the differences between being passive, assertive or aggressive — and making the conscious effort to be assertive — I've seen the difference it has made in my relationships, both personal and professional."
- **SMARTEST MOVE:** "Surrounding myself with people who know what they're doing. It can be expensive to pay for expertise, but I believe it is far more costly not to. I've been very fortunate to find and work with excellent legal, accounting, business and technical professionals."

Responses from Brad Rake

numerous wires in cars, planes, satellites and other vehicles. ZeroWire communicates codes along a single wire to run multiple functions, such as a car's automatic seat or power windows.

ZeroWire has applications in several industries, including automotive, aviation and boating.

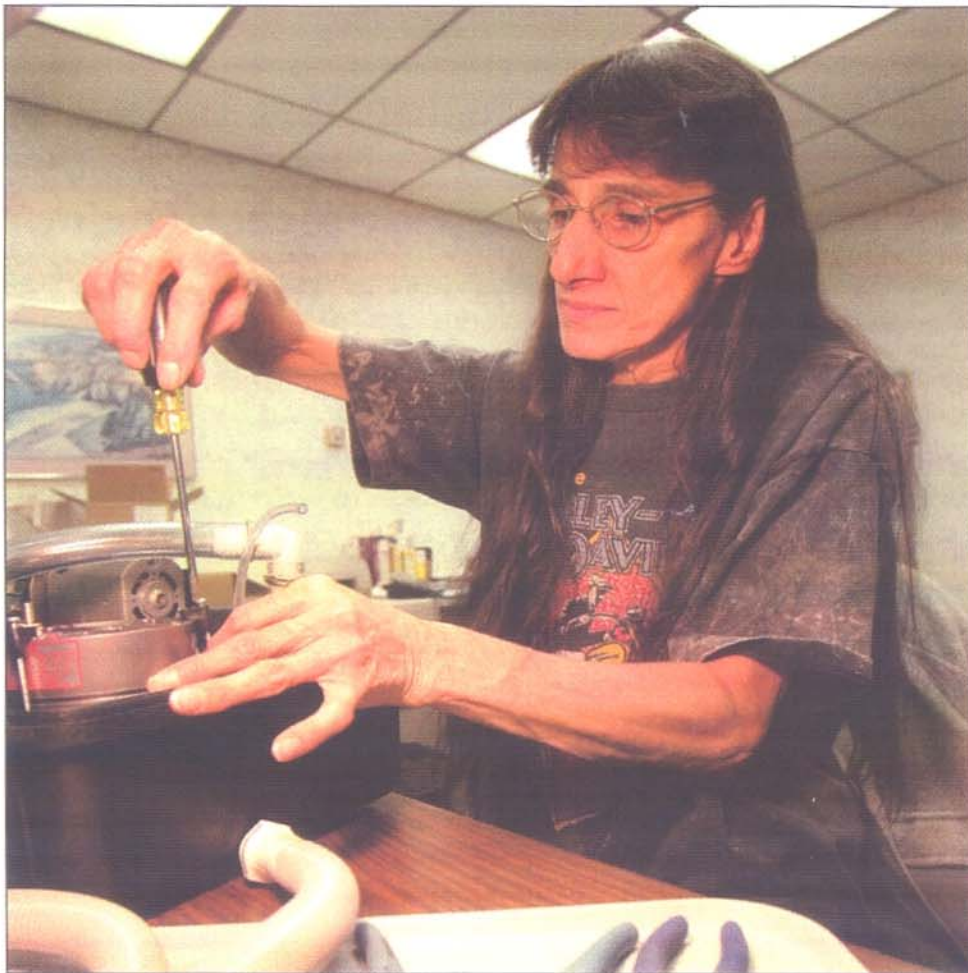
Rake received a Technology Assistance Grant from the Wisconsin Department of Commerce to pay for hiring professional business planners. The \$6,000 grant paid for help in writing a proposal on ZeroWire for the U.S. Air Force and to hire a consultant to

develop a business plan. He can provide the plan to potential angel or venture capital investors or grant programs.

Rake plans to move the company in late summer or early fall from its 1,000-square-foot office space in Milwaukee to 4,500 square feet in Sussex. He also plans to hire five to 10 people within the next 18 months. Esker currently has three employees.

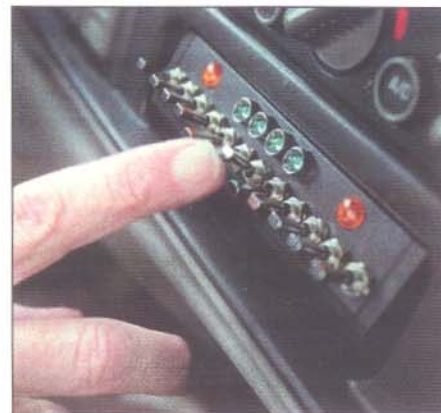
Esker shipped ZeroWire to its first customer, Lime Works Speed Shop in Whittier, Calif., in mid-January.

While developing ZeroWire, Rake began selling the



Technician Rose Barnett assembles a field test kit.

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The control panel for ZeroWire.

ESKER TECHNOLOGIES

ADDRESS: 5915 N. 55th St., Milwaukee

OWNERS: Brad Rake and Bob Uhren

NUMBER OF EMPLOYEES: 3

WEB SITE: www.eskertechologies.com

2005 REVENUE: Not disclosed

PROJECTED 2006 REVENUE: \$350,000 to \$500,000

BUSINESS PLAN: Develop and manufacture digital communication and control technology for users of DC voltage systems including aviation, marine, specialty automotive, trucks and industrial equipment.

GROWTH PLAN: Establish strategic partnerships with market leaders. Develop and license the next generation of Esker's ZeroWire line and spin-off technology such as vehicle diagnostic equipment. Possibly sell Esker products directly to vehicle manufacturers.

joy sticks and portable testers. The firm designed a manual tester based on its customer's specification and Esker also invented an automatic tester that operates from a touch screen.

Esker sells the joysticks to manufacturers.

Rake realized that he couldn't market ZeroWire to the big players in the auto or air industry initially because the industries are slow to change. Also, the business hasn't established a name for itself in the industry and gaining entry would be difficult because large manufacturers are unlikely to do business with a small firm, he said. Large equipment makers often run their own research and development departments.

"The biggest challenge when you're a startup is you're new and you're small," Rake said. "If we did exactly the same thing and if we were established, sales would already be much higher."

So he set his sights on specialty industries, including firms which supply components to high-end custom car manufacturers, police and emergency vehicle makers and manufacturers of small planes and yachts. Those types of companies usually can't afford to develop their own technology and depend on suppliers such as Esker, he said.

Rake hopes to build credibility before he approaches the bigger firms such as Toyota or Boeing, he said.

SEEKING FUNDING

Attracting funding from investors to expand continues to be a challenge, Rake said. He has taken advantage of grant programs, such as the Technical Assistance Grant program, to fill the gaps. He also has applied for a state program under which the village of Sussex would provide a low-interest loan when he moves the business there.

The Commerce Department also designated Esker Technologies as a qualified new business venture, which means investors can receive a 25 percent tax income credit on their investment, said Todd Kearney, the department's business development deputy division administrator.

The technology Esker developed would simplify finding wiring problems in vehicles, Kearney said. For example, a typical RV has three miles of wiring in it.

"I think they're looking at technology that has the potential to have an immediate impact in the marketplace," Kearney said.

Another early challenge Rake faced is customers' concern that because Esker is a new company, it might fold after a few years and its products would no longer be available. Rake allays that concern by offering customers licensing agreements which guarantee the product they buy will always be available, even if Esker isn't.

The firm gains clients through word of mouth and through sales calls and direct mailings. Rake creates mailings and then follows up with phone calls.

Price Engineering, Hartland, became a customer because an employee at the firm knows one of Esker's employees. Price distributes and manufacturers hydraulic, pneumatic and electrical components for equipment such as fork lifts, logging equipment and cranes. Esker provides the joy sticks Price uses to control the hydraulics, said Craig Wagner, Price's warehouse manager.

Price has been an Esker customer for about 18 months. Wagner said the firm stays with Esker because its employees understand what the firm needs in terms of how the joy sticks should be assembled. Esker also works quickly and listen to suggestions, he said.

"As a customer, that's really what you look for. Do they listen? Do they understand your pain and are they able to make it go away?," Wagner said. "They do all three."

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